

Annual Report 2015 – 2016





Department of Infrastructure

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The Hon Nicole Manison MLA
Minister for Infrastructure, Planning and Logistics
Parliament House
Darwin NT 0800

Dear Minister

I am very pleased to present you with the annual report of the Department of Infrastructure for the financial year ended 30 June 2016. The report describes the performance and key achievements of each of the department's output groups, as required by section 28 of the *Public Sector Employment and Management Act*.

On 12 September 2016, new Administrative Arrangement Orders were enacted that transferred all functions from the former Department of Infrastructure to the newly formed Department of Infrastructure, Planning and Logistics:

This annual report profiles the work undertaken by the Department of Infrastructure during 2015–16 under the leadership of the then Chief Executive, David McHugh.

I advise, to the best of my knowledge and belief, that:

- a. proper records of all transactions affecting the department are kept, and employees under my control observe the provisions of the *Financial Management Act*, its regulations and applicable 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. no breach of legislation or delegation, major error in, or omission from, the accounts and records exists
- d. in accordance with section 15 of the *Financial Management Act*, I advise that as at 30 June 2016, the department had adequate internal audit capacity and the results of all internal audit matters have been reported to me
- e. the financial statements included in the annual report have been prepared from proper accounts and records and in accordance with the Treasurer's Directions
- f. all Employment Instructions issued by the Commissioner for Public Employment have been satisfied
- g. the department is working in compliance with the *Information Act*.

Yours sincerely



Andrew Kirkman
Chief Executive

30 September 2016

Purpose of the Report

This annual report provides a record of the activities and achievements of the Department of Infrastructure for 2015–16.

It aims to inform the Legislative Assembly, Territorians and other stakeholders of:

- primary functions and responsibilities of the department
- significant activities undertaken during the year, highlighting specific achievements against budgeted outputs
- the department's fiscal management and performance.

The department, in delivering the Northern Territory Government's infrastructure program, is a major contributor for the Northern Territory Government to achieve its set strategic priorities.

The 2015–16 annual report is divided into five key sections. A summary of the various sections of the report is as follows:

SECTION 1 - THE AGENCY

Introduces the department, its purpose, objectives and functions and provides an overview of each section of the department.

SECTION 2 - PROJECTS AND ACHIEVEMENTS

Provides a detailed summary of the department's major project achievements throughout the 2015–16 period. An output performance table reports on the department's performance against the measures published in Budget Paper No. 3.

SECTION 3 - CORPORATE GOVERNANCE

Outlines the department's corporate governance arrangements including performance of the four corporate governance committees.

SECTION 4 - OUR PEOPLE

Provides an overview of the department's people and details human resource management and fulfillment of corporate social responsibilities.

SECTION 5 - FINANCIAL PERFORMANCE

Provides the financial statement for the Department of Infrastructure.

Chief Executive's Message

ANDREW KIRKMAN



I am pleased to present the annual report for the former Department of Infrastructure for the year ended 30 June 2016.

New Administrative Arrangement Orders have transferred the functions of the former Department of Infrastructure, to the newly formed Department of Infrastructure, Planning and Logistics. This annual report is a reflection of the work undertaken by the department during the previous financial year under the leadership of the then Chief Executive, David McHugh.

This annual report provides a comprehensive account of the department's functions and performance against approved budgets and resources for 2015-16. The report also provides information about the department's responsibilities, corporate governance arrangements, performance against outputs and financial position.

The Department of Infrastructure managed a record infrastructure program worth \$1.7 billion for the Northern Territory Government in 2015-16, achieving \$766 million in expenditure.

This was an increase of 49 per cent from the \$515 million spent on delivering infrastructure across the NT in 2014-15.

A total of 1019 contracts were released to the market in 2015-16, creating a steady flow of work into the Northern Territory construction industry.

The department has begun to see the success of innovative reforms to the procurement process, including fast tracking of tender assessment through a shortlisting process and applying an increased weighting of 30 points for local content to all tender assessments

from April 2016. More than 96 per cent of Tier 3, 4, and 5 tenders awarded in 2015-16 were awarded to local enterprises.

Of the tenders released in 2015-16, more than \$57 million has been nominated for Indigenous employment through the Indigenous Provisional Sum, which allocates a percentage of a contract to paying wages for Indigenous employees. The department is committed to improving employment opportunities for Indigenous Territorians and this initiative is progressively contributing to real employment outcomes.

The department has continued to listen to industry stakeholders and act on their feedback, including increasing the scope of the Indigenous Provisional Sum to include all apprentices and trainees.

As a result of ongoing consultation with industry, modifications were made to the Buy Local Plan to ensure all local businesses get equal opportunity to share the delivery of construction projects across the Territory. Other initiatives will be introduced to measure contractor compliance against commitments to use local sub-contractors and suppliers, including an audit program on contracts awarded by the department.

The 2015-16 year was a busy one for the department with a wide range of projects being delivered across five regions – Darwin, East Arnhem, Katherine, Tennant Creek and Alice Springs.

The \$88 million project to duplicate Tiger Brennan Drive between Woolner Road and Berrimah Road is on track to be completed in the third quarter of the 2016 calendar year, with some significant time and money savings achieved through innovative construction methods.



Commuters around Palmerston will also soon be enjoying the benefits of a \$57 million roads package that will deliver eight road projects to cope with the growth and future development of the city.

The department helped coordinate an unprecedented infrastructure spend on hospital infrastructure in the Territory in 2015–16, including a \$40 million project upgrade to the Royal Darwin Hospital's outpatients and entry and two other projects to upgrade two wards. A further \$170 million is being spent to build the 116-bed Palmerston Regional Hospital, with all contracts awarded as of 30 June 2016 being awarded to local companies in the Northern Territory.

Large infrastructure projects are underway in the East Arnhem region, including \$24 million for housing in Galiwin'ku, a \$20 million boarding school in Nhulunbuy and a \$5 million school in Milingimbi.

Work continued on a \$24 million police station in Wadeye, while improvements are being made to the Daly River Road, Port Keats Road and bridges over the Roper and Wilton rivers on the Roper Highway to improve wet season access.

In Central Australia, a world-class netball centre is being built in Alice Springs at Ross Park in time for the Masters Games and the last critical section of the Mereenie Inner Loop is being sealed to improve access for locals and tourists alike.

A project to seal, widen and extend the airstrip at Canteen Creek, near Tennant Creek, was a success for the nearby community of Owairtilla, with residents helping to construct an alternative strip during the project.

Projects to improve education infrastructure in schools began in 2015–16 throughout the Northern Territory, with more than 60 projects to be delivered through the NT Government's \$53.5 million 'Building Our Economy' package.

I would like to congratulate the department staff who played a key role in the Northern Territory Government's response to the Daly River floods in December 2015, which saw 500 residents evacuated to Darwin. Tasks included making sure essential services were in place in Darwin to house the evacuees, as well as road closures, assessing Daly River flood damage and helping to coordinate the clean up efforts.

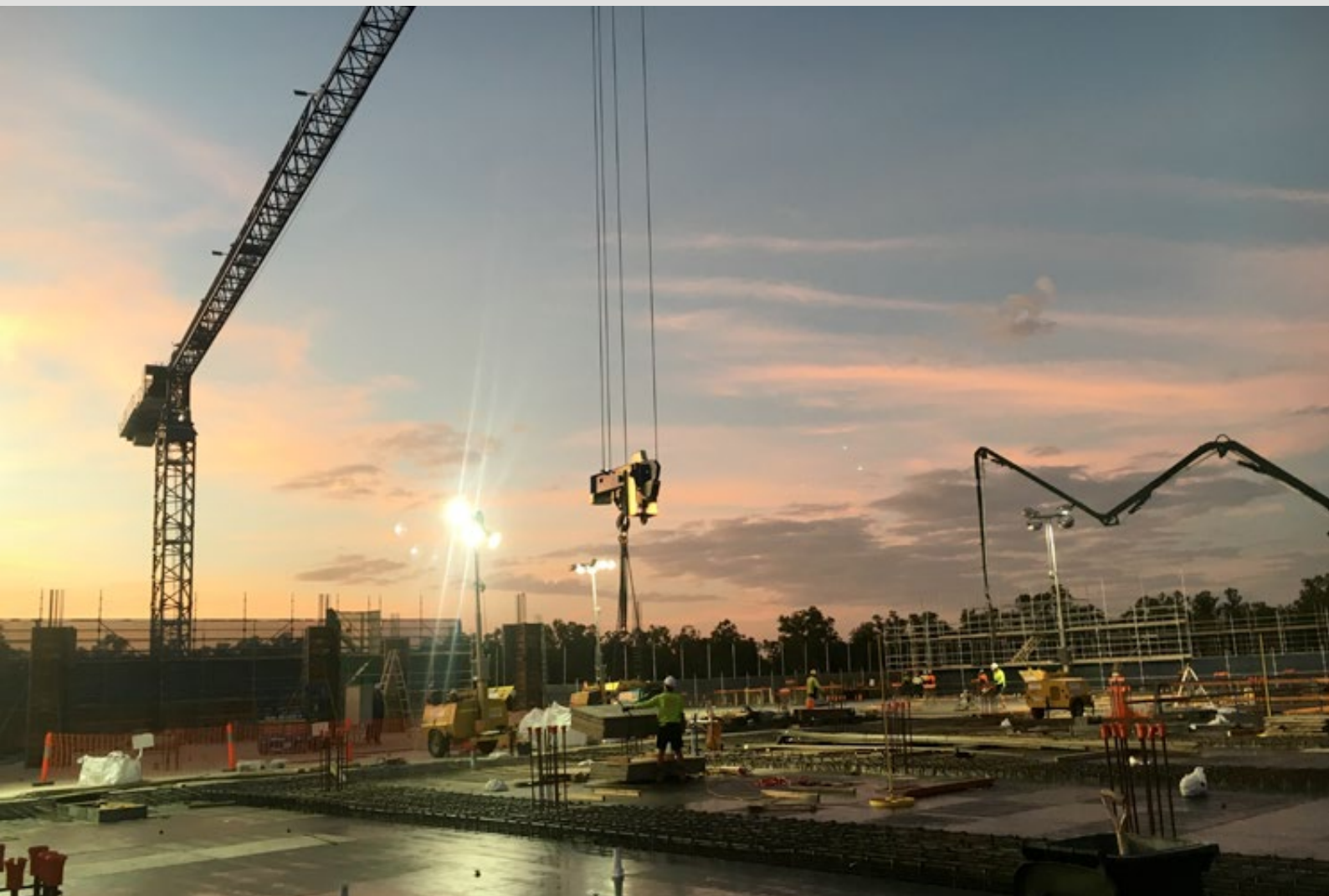
The department is proud to have supported Northern Territory consultants by outsourcing a total of \$24.3 million in contracts to external consultants in 2015–16.

ANDREW KIRKMAN | CHIEF EXECUTIVE

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1

The Agency



Our Purpose



The Department of Infrastructure is the lead provider and construction authority for public infrastructure across the Northern Territory. The department employs staff in professional, technical and administrative positions.

Operating in alignment with the Northern Territory Government's strategic priorities, the department's three core functions are to:

- manage and deliver infrastructure projects ranging from capital works projects to minor new works and ongoing maintenance;
- provide advice, support and expertise to allow clients to forward plan effectively for their infrastructure programs; and
- provide creative and innovative infrastructure delivery options to government that demonstrate value for money.

Focus priorities

NORTHERN TERRITORY GOVERNMENT'S AUTHORITY ON INFRASTRUCTURE DEVELOPMENTS

- Strengthen our role as the advisor on remote infrastructure requirements and strategies for future developments.
- Influence infrastructure policy development and planning.
- Develop initiatives for sustainable growth through proactive engagement with government and industry.
- Inform industry and the community of the department's infrastructure program delivery.
- Build strong industry relationships for long term development and maintenance of Northern Territory infrastructure.

INNOVATION AND VALUE IN PROGRAM DELIVERY

- Engage private industry to partner in the delivery of the Northern Territory Government's program.
- Balance program delivery to manage the continuity of work across the industry sector.
- Bundle works, including inspection and maintenance, for efficient program delivery.
- Develop a framework for minimising land tenure issues.

MAXIMISE INDIGENOUS EMPLOYMENT IN DELIVERING INFRASTRUCTURE PROGRAMS

- Stimulate employment and training opportunities for Indigenous Territorians across infrastructure programs.

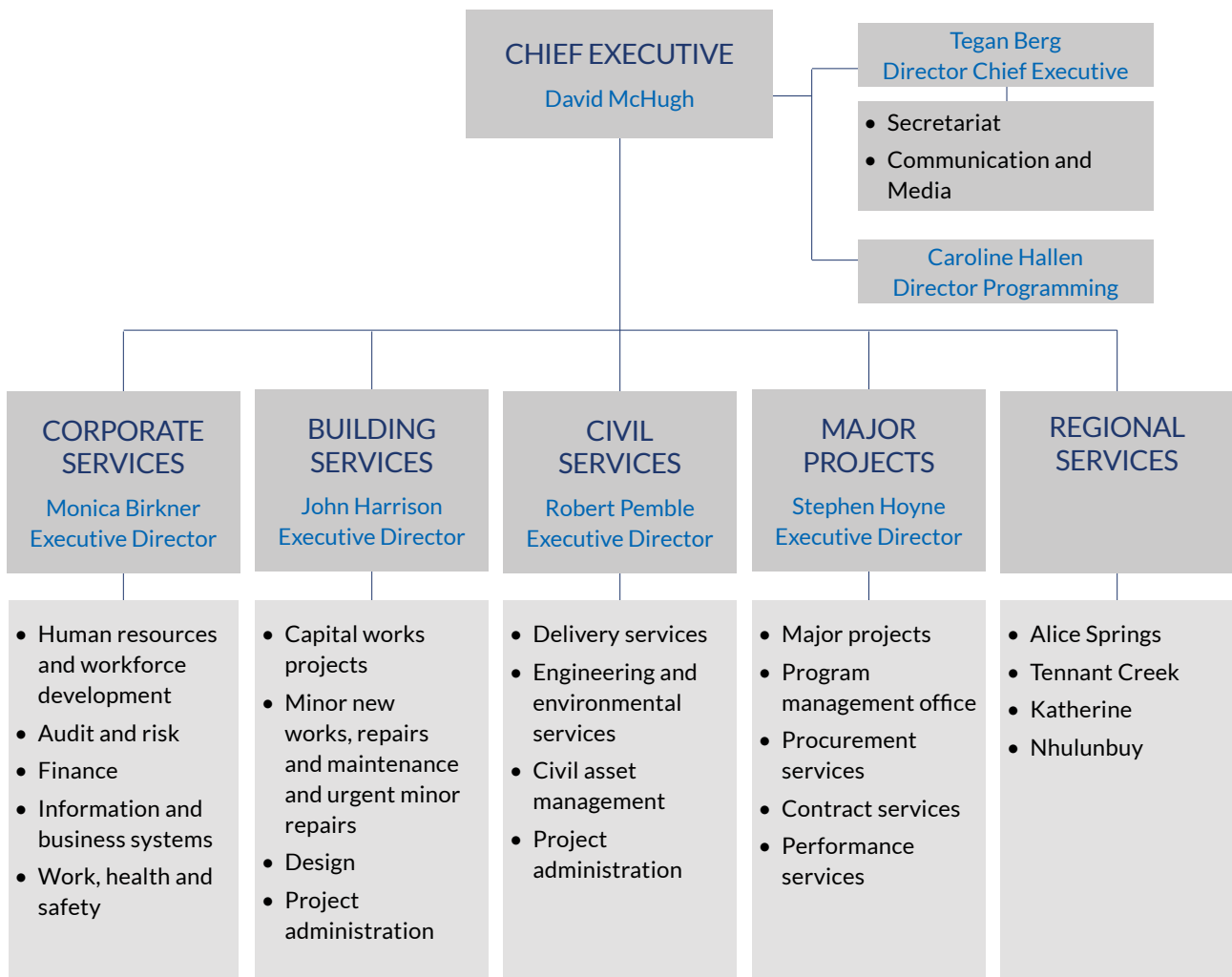
BUILD A SUSTAINABLE INFRASTRUCTURE SECTOR

- Partner with industry in risk sharing agreements to develop, maintain and enhance public and semi/public infrastructure.
- Work collaboratively with industry to deliver training and employment to develop all Territorians through the infrastructure program.
- Effectively plan an infrastructure program delivering a strong infrastructure industry for the Northern Territory.

A CAPABLE AND ENGAGED ORGANISATION

- Empower leaders and staff delivering quality infrastructure projects within a system of governance, consistency and accountability.
- Build a strong and safe workforce culture that supports, develops and values our people.
- Offer flexible work arrangements, which facilitate mentoring and training opportunities between employee and industry.
- Develop information technology enabled systems to deliver effective business solutions.
- Develop programs to increase workforce diversity.

Organisational Chart



Branch Functions

Chief Executive

SECRETARIAT UNIT

Liaises between the Minister's office and the Department of Infrastructure. The unit processes and maintains records of ministerial correspondence, provides advice on preparing, handling and procedures for ministerial, Cabinet and parliamentary documents and supports the Chief Executive and executives.

In addition, the Secretariat Unit coordinates:

- Departmental Cabinet submissions
- Budget Cabinet submissions
- comments on other department Cabinet submissions
- Legislative Assembly briefings
- Estimates Committee briefings
- quarterly forecasting of Cabinet business
- Cabinet decision implementation
- election commitments.

PROGRAMMING UNIT

Responsible for managing, reporting and providing program advice on capital works, minor works and repairs and maintenance for most departments in the Northern Territory Government.

COMMUNICATION AND MEDIA

An internal Communication and Media unit was re-established in the Department of Infrastructure on 1 December 2015 to provide communication, media relations and community engagement services to the department as part of the Chief Executive Services unit.

The department's corporate communication services were previously provided through a Communication Hub, hosted by the Department of Lands, Planning and the Environment. The Hub also serviced the Department of Transport, the NT Environment Protection Authority and the NT Planning Commission.

Key services provided by the previous Communication Hub and the department's Communication and Media unit in the past 12 months include:

- media management and ministerial liaison for media and communication strategies for capital works, minor new works and repairs and maintenance projects across the Territory, and media activities to keep the public and industry informed about departmental policies and initiatives

- media forecasting, proactive media services and management of reactive media into the department
- stakeholder and community relations services to support project delivery and communicate departmental initiatives
- crisis and emergency response communication
- developing and implementing strategic communication plans and initiatives to keep the public and industry informed about projects and the work of the department
- professional writing and design services and project management of outsourced design projects
- advertising design, production and management, including project signage
- sponsorship management
- event management
- after hours media management including maintaining RoadReportNT Facebook and the Infrastructure NT Facebook page.

Some of the key projects the previous Hub and the department's Communication and Media unit provided services for in this financial year included:

- Tiger Brennan Drive duplication between Woolner Road and Berrimah Road – communication and media management, brochure publications and event management
- Palmerston Regional Hospital construction – communication and media management, brochure publications
- Palmerston Road Upgrades – communication, media and stakeholder communication, brochure publications
- Pat Gallagher Indoor Netball Stadium Alice Springs construction – communication, stakeholder and media management
- Larapinta/Lovegrove intersection upgrade Alice Springs – communication and media management
- Roper/Wilton Bridges construction – communication and media management
- Urban Asphalt Program – communication and media management
- Litchfield Park Road upgrade and Lower Finnis River Bridge construction – communication and media management
- Mereenie Inner Loop sealing – communication and media management.

Building Services

CAPITAL AND MINOR NEW WORKS

Building Services provides the full suite of project management services to deliver the capital and minor new works program for a range of Northern Territory Government departments. It provides the single point of agency contact for program management. Projects include the Palmerston Regional Hospital, new police stations, schools and remote health clinic facilities.

REPAIRS AND MAINTENANCE

Building Services manages the majority of the repairs and maintenance infrastructure program for Northern Territory Government departments, including urgent minor repairs.

Experienced project managers deliver \$90 million worth of repairs and maintenance works across the Northern Territory each year.

DESIGN OFFICE

The Building Services Design Office is made up of professionals in the disciplines of architecture, mechanical engineering, structural engineering and quantity surveying. It works across regions to provide fit for purpose design solutions for infrastructure projects.

BUILDING ASSET MANAGEMENT SYSTEMS

The Building Asset Management team maintains building asset information to enable departments to manage property portfolios, ensuring a consistent, systematic and independent building asset management service across government.

PROJECT ADMINISTRATION

The Building Services Project Administration team provides administrative support to the project teams.

Civil Services

DELIVERY SERVICES

Provide services to construct roads (Darwin region), bridges and transport assets for Territory-wide projects including project management for capital works, minor new works and specific maintenance programs. This group also provides support services for counter disaster planning and response within the Darwin region.

ENGINEERING AND ENVIRONMENTAL SERVICES

Provide services in project development and planning, design and documentation, estimates, environmental management and approvals, cultural clearances, work health and safety, geotechnical services and programming for civil works throughout the Northern Territory.

CIVIL ASSET MANAGEMENT

Ensures efficient and effective work practices are used to deliver repairs and maintenance programs for roads and transport facilities in the Darwin region. A number of specialist areas include road maintenance, road operations and inspections. The traffic group and a specialist bituminous surfacing team deliver programs in partnership with industry. This group is central to delivering counter disaster services and flood damage rectification works.

PROJECT ADMINISTRATION

Provides administrative support to the project teams including managing the road reporting service.

Major Projects, Procurement and Contract Services

MAJOR PROJECTS

Deliver a diverse and complex portfolio of infrastructure projects on behalf of the Northern Territory Government. Projects are assigned to Major Projects on the basis of cost, uniqueness, complexity and risk profile. The team manages projects as diverse as bridges, roads, housing and land development.

PROCUREMENT SERVICES

Provides operational support and procurement advice to the Department of Infrastructure through tendering, evaluation and contract management processes.

Develop and review the department's procurement practices, while providing direction and guidance according to the Procurement Framework and Principles, ensuring the department has a consistent and effective information source for the procurement of goods, services and the delivery of works.

The Tender Assessment Group (TAG)

The TAG provides the Department of Infrastructure with a specialised group of chairpersons who will lead tender assessments for Tier 3, 4 and 5 procurement activities. The chairpersons are based within the department's Procurement Unit.

CONTRACT SERVICES

Provides operational support with a focus on:

- guidance on contractor matters and disputes
- policy advice on contractual documents and requirements.

HOUSING PROJECTS

Provides the single point of client contact for the National Partnership Agreement for Remote Indigenous Housing (NPARIH) Capital Works Program. The group undertakes project and contract management of upgrades and new builds to identified Remote Community Housing dwellings in various communities across the Northern Territory.

Government Employee Housing and Public Housing Capital Works

Provide the single point of client contact for the Government Employee Housing (GEH) Program and Public Housing Program. It provides project management and program delivery services for GEH and Public Housing programs across the Northern Territory.

PROJECT MANAGEMENT OFFICE

Enables the department to improve and ensure consistency in its project management services, which involves providing standardised processes and templates, and the training, certification and mentoring of project delivery staff.

Sub-contractor Legislation

The Department of Infrastructure has become increasingly aware of situations where sub-contractors have carried out works in the performance of the head contract but have remained unpaid by the head contractor.

The department, with the support of industry, has developed a two-pronged approach to improve protections for sub-contractors. These initiatives are designed to strengthen and stabilise employment in the local construction industry, and include Project Bank Accounts and Sub-Contractor Protections (verifiable progress claims).

While there is no direct contractual relationship between the Northern Territory Government and the sub-contractor, these mechanisms seek to moderate payment practices between the head contractor and the sub-contractor.

The aim is to increase fairness and inclusion in business and go some way towards ensuring effective competition and value for money.

PROJECT BANK ACCOUNTS (PBA)

The PBAs are a trust mechanism. They use a dedicated trust account to facilitate payments directly and simultaneously from the principal through to the head contractor and participating sub-contractors. This improves security of payments to sub-contractors.

Benefits include:

- enabling sub-contractors to better protect themselves in the event that a head contractor experiences financial difficulty
- speeds up the payment process for parties lower down in the supply chain
- increases transparency and accountability in the payment process
- allows the principal to continue to effectively manage project budgets and costs.

The department is using a PBA for the Tiger Brennan Drive duplication project. This project uses the Managing Construction Contractor model, which provides opportunities for many smaller local sub-contractors to be engaged.

Project stakeholders have indicated their satisfaction with the PBA mechanism and to date there have been no material concerns or adverse reactions. PBAs are fully auditable.

SUB-CONTRACTOR PROTECTIONS (VERIFIABLE PROGRESS CLAIMS)

This initiative supplements the existing protections contained in the Construction Contracts (Security of Payments) legislation.

In practical terms, it is a form of payment confirmation and is a staged process. Before the head contractor submits a progress claim to the principal, the head contractor must provide to the principal a statement from the sub-contractor that confirms payment of monies owed, or if unpaid, details of the status of the dispute, such as what parts, if any, have been paid.

This initiative is at trial stage and is limited to Department of Infrastructure issued contracts.

Initially, the focus is on:

- head contracts within Tier 4 (\$500 000 but less than \$2 million) and Tier 5 (\$2 million and greater)
- individual sub-contracts valued at \$50 000 or greater that feed into those head contracts.

The department is working to minimise existing risks to sub-contractors by moderating practices that are harmful to business (in particular, small and medium-sized Territory enterprises). It is expected to:

- have a minimal impact upon existing, healthy head contractor – sub-contractor relationships (as these head contractors are already ‘doing the right thing’)
- provide a satisfactory deterrent to lazy or disorganised or, at worst, unscrupulous operators.

Sponsorship

The Department of Infrastructure maintains key sponsorship commitments with a focus on encouraging development across industry, training and collaboration to share knowledge and expertise.

The department supports the following organisations in recognising high achievement in the construction industry:

- Engineers Australia, Northern Division, Engineering Excellence Awards
- Australian Institute of Project Management NT Awards
- Civil Contractors Federation NT Earth Awards and Training Awards
- Australian Institute of Architects NT Architecture Awards
- Master Builders NT Excellence in Building and Construction Awards
- National Association of Women in Construction (NAWIC) NT branch Crystal Vision Awards
- Traffic Management Association of Australia NT branch traffic safety awareness campaign, including providing funding for a television advertising campaign to promote public awareness and safety around road works sites.

The department regularly collaborates with local and national industry groups through:

- industry information sessions for civil contractors between the department and Civil Contractors Federation NT
- providing guest speakers and subject matter experts from the department to speak at industry group events
- presenting projects at Australian Institute of Project Management information sessions
- participating in industry association events and committees
- entering department projects in relevant awards.

2

Projects and achievements



Tiger Brennan Drive

\$88 MILLION



Construction of the 9.14 kilometre duplication of Tiger Brennan Drive between Woolner Road and Berrimah Road was in the final stages towards completion in July 2016.

Traffic was switched over to the new road in April 2016 so work could continue on the five signalised intersections with minimum disruption to traffic. The project is nearing completion, with most sections opened, and resurfacing work continuing on the existing road, which will become the outbound lane.

A significant amount of work was completed this year, including the new Hidden Valley Bridge, the majority of the earthworks and upgraded drainage has been installed under Tiger Brennan Drive near the Benison Road intersection.

During the development, more than \$20 million has been saved using innovative delivery methods including recycling asphalt, street lighting, signage and vegetation.

A full length bicycle path has been constructed for the nine kilometre section of new road, which used asphalt recycled from the resurfacing works of the existing road. Excess clean fill from the INPEX Ichthys LNG Project at Bladin Point was used during the construction of the road and recycled concrete was used to build the median strip.

The timeframe to deliver the project was reduced using an innovative method to treat acid sulphate soils on site in a 500 metre mangrove mud area near Winnellie. A mass soil mixing technique was used to stabilise the ground, while treating any potential acid sulphate soils by mixing a lime/cement binder into the soil on site, rather than removing and treating the acid sulphate soils off site.

Indigenous employment has been high during the project with an average of 20 per cent of workers employed on the project being Aboriginal and Torres Strait Islanders. Local participation has been high, with local contractors making up 91 per cent of all contractors working on the job over the life of the project. BMD is the managing contractor for this \$88 million project.

Once completed, the new section will link up the two previous Tiger Brennan Drive duplications, initially from Berrimah Road to the Stuart Highway at Palmerston, and then Dinah Beach Road to Woolner Road.



Palmerston Regional Hospital

\$170 MILLION



The Palmerston Regional Hospital superstructure is taking shape.

Managing contractor Lend Lease was awarded the contract to design and build the hospital in July 2015 and construction began on the foundations in December 2015.

The 116-bed hospital will cater for a range of services including general medicine, surgery, maternity and child services. It will have a 24 hour, seven days a week emergency department and an outpatient facility.

By July 2016, the works were on schedule with 278 structural pads and 245 concrete columns erected. The ground floor slab, which was expanded to 22,400 square metres from the previous 18,000 square metres, is now complete, while construction of the sheer walls, lifts and stairwells is about 85 per cent complete.

The scope to provide extra floor space and facilities was expanded in consultation with clinicians and the Department of Health.

As at July 2016 a total of \$23 million worth of contracts had been released with 100 per cent of contracts awarded locally. A further \$28 million in trade packages were released in mid-2016. Averaging at about 50 workers on site each day, there is expected to be 300 workers on site in the peak of construction.

The majority of work to upgrade the Temple Terrace and Stuart Highway intersection has been completed to create the future access for the new hospital. A major water main has been installed along Wallaby Holtze Road to service the future hospital and head works continue to connect sewer and water mains to the greenfield hospital site.

These works include installing a new gravity main sewer and connecting it to the existing network in the nearby suburb of Farrar and extending the road access from the completed Temple Terrace intersection, and constructing three small internal roads on the site.

Work is on track and the hospital is expected to be completed and handed over to the Department of Health in March 2018.



Open Education Centre

\$12.9 MILLION



Hundreds of students from remote and regional areas around the Northern Territory will begin their distance education at the new NT Open Education Centre this year, with the project due to be complete in July 2016.

The \$12.9 million purpose-built facility was constructed on a 2100 square metre site at Bullocky Point, next to Darwin High School. It includes flexible space to accommodate 60 staff as well as studios and tutorial spaces to suit online study options, catering for Year 10 – 12 students.

An education program covering the full NT Certificate of Education and Training curriculum and Vocational Education and Training certificate courses can now be offered at the facility.

The new centre features a joint modern reception and administration area with Darwin High School, shared classroom space and a striking, new front entrance for the parents and visitors of both schools.

Territory company Probuild constructed the new distance education centre with an average of 40 workers on site each day during construction. The local builder employed 75 Indigenous workers on the job, of which 24 were trained in the Certificate II in Construction, and seven began apprenticeships.

The project was a success despite the challenges of working alongside a busy senior school, which

involved catering for traffic, parking and access during construction.

The new building replaces the old building in Rapid Creek with a state-of-the-art facility with \$3 million funded by the INPEX-led Ichthys LNG project.



Palmerston Special School

\$21.4 MILLION

Construction of the Palmerston Special School in Bellamack is on schedule to be completed in October 2016.

Stage one of the new purpose-built facility will cater for up to 84 children from pre-school to middle school with special education needs, including cognitive learning and physical disabilities.

The tender was awarded to Territory company Sunbuild in September 2015 to build the facility on a one hectare site which includes:

- three general learning areas consisting of 12 classrooms, withdrawal rooms and teacher preparation areas
- hydrotherapy pool and change rooms
- multi-purpose school hall
- specialised outdoor learning areas and covered walkways
- covered drop-off area for parents and buses
- administration building
- security for access control of all doors in the complex.

The general learning areas are being constructed in pods as self-contained areas featuring four learning areas interconnected by covered walkways. The school is designed so it can be expanded to cater for senior school students with special needs.

With more than 80 people working on site, the project was 80 per cent complete in June 2016, with four general learning areas almost completed and blockwork and structural steel completed for the general purpose hall and administration building.

The project, which has 10 Indigenous employees working on site and three apprentices, is due to be completed in September 2016 so it can be open for the first intake of students in 2017.



The Palmerston Special School is the fifth special school in the Northern Territory and was built following a review in 2013 that identified the need to increase capacity for students requiring special education.



Royal Darwin Hospital

PAEDIATRIC WARD
\$15.9 MILLION

NEGATIVE PRESSURE WARD
REDEVELOPMENT
\$6.23 MILLION



The Department of Infrastructure is delivering a complex redevelopment of the Royal Darwin Hospital with a number of projects underway simultaneously.

The paediatric and negative pressure wards are being upgraded as part of the Royal Darwin Hospital redevelopment. The two projects are being delivered as one contract which was \$22.13 million.

The project was awarded to Sitzler in August 2015 and work began in September.

The project's three stages involved demolishing existing wards, rebuilding a new ward and removing extensive amounts of hazardous asbestos from parts of the ceiling. The project was separated into smaller work packages to minimise the impact on the operation of the hospital, staff and patients.

The first stage of works included removing asbestos in Ward 4A and installing new ceilings, as well as beginning construction of the new paediatric area in Ward 5A. The new ward will house a nurse's station, single, double and four bed wards, ensuites and support facilities including an education centre and lounge for older children and teenagers.

Works to Ward 4A are almost complete with construction to Ward 5A on schedule to be completed in July 2016.

As part of Stage 2, Ward 4B will be demolished and a new ward will be constructed with negative pressure rooms, operation rooms, administration area and utilities room.

The final stage will involve building the remaining new paediatrics ward in Ward 5B which will also have a nurses' station, single, double and four bed wards, isolation rooms, ensuites, staff lounge and training rooms and administration support facilities.

The contractor worked with hospital staff to ensure that the shutdown of critical hospital services ran smoothly and that hospital areas remain accessible to patients and staff at all times.

An estimated 70 workers were on site during the project, including five Indigenous employees and four apprentices. The project is due to be completed in December 2016.

A negative pressure room was installed in the Emergency Department as a separate contract awarded to local builder, Semcorp.

Royal Darwin Hospital

OUTPATIENTS AND ENTRY REFURBISHMENT

\$40 MILLION



A major project to improve patient and visitor facilities at the Royal Darwin Hospital began in January 2016.

The project, which is being staged to avoid major disruption to the hospital while it operates, includes:

- building a new front entrance;
- upgrading the main foyer; and
- upgrading the outpatients area.

Other elements of the project include air-conditioning upgrades and work on the central core of the hospital, including the lift and stairwell to remove asbestos.

The redevelopment aims to make it easier for patients and visitors to find their way around the hospital and access the outpatients services. The design is based on contemporary models of health care and will help with patient flow in and transitioning out of the hospital.

The Receiver of Territory Monies, Indigenous liaison office, pharmacy and security will be relocated as part of the refurbishment, and a new transitional lounge for patients to wait in before leaving the hospital is included in the design.

The existing outpatients facility will also be upgraded as part of the redevelopment of the ground floor of the hospital.

The refurbished outpatients clinic will include pre-admissions and house the fracture clinic and eye clinic. The project is being constructed by Halikos in a staged approach to cater for the redevelopment work still underway at the hospital.

Approximately 150 workers will be involved in the construction project, with about 30 per cent being Indigenous workers. Work is expected to be complete in December 2016.

The project has been done in close consultation with hospital management and Department of Health to minimise impacts and maintain the safety of patients, staff and visitors in one of the busiest zones of the hospital.

Other smaller projects that are nearing completion including constructing:

- a culturally appropriate waiting room for the Emergency Department by local company, Probuild
- a new transit area for buses and car parking including a bus turnaround area on Damabila Drive by local company, Wolpers Grahl.



Palmerston Roads

\$57 MILLION



The Department of Infrastructure is delivering an ambitious package of road projects in the Palmerston region to improve safety and reduce traffic delays in the city.

Eight different major road projects are targeted in the Palmerston area, which will improve traffic access and movement as well as the future development of the city. The projects include:

BUILD PALMERSTON REGIONAL HOSPITAL ACCESS ROADS

Construction began on the \$10 million project to provide access and services for the future hospital began in May 2016. The access road from the Temple Terrace/Stuart Highway intersection is being extended and three small internal access roads are being built on the site.

UPGRADE STUART HIGHWAY/TEMPLE TERRACE INTERSECTION

The \$11 million project to improve safety and capacity through this key intersection was completed and became fully operational in March 2016. The project provided increased turning lanes and two new through lanes from Temple Terrace to the future Palmerston Regional Hospital. The project saw services and lighting installed and the landscaping works are expected to be completed in July 2016.

DUPLICATE ROYSTONEA AVENUE/TEMPLE TERRACE

This \$11 million project will increase safety and capacity for future development in Palmerston and includes a cycle path along Temple Terrace. Construction began in November 2015 and is due to be completed in October 2016. The contractor is using night works to minimise the impacts on the travelling public during the day and the project has been designed to cope with future development in Palmerston's CBD.

BUILD A THIRD OUTBOUND LANE ON ROYSTONEA AVENUE

Work continues on the \$13 million project to increase capacity on Roystonea Avenue for future development in Palmerston. The upgrade will improve traffic flow and includes upgrades to the intersections of Yarrowonga Road, University Avenue and The Boulevard and involves co-ordination with the developer of the Gateway Shopping Centre. The project is expected to be completed in December 2016.

OFF-RAMP EXTENSION ON TIGER BRENNAN DRIVE

The \$2.25 million project to increase capacity for this off-ramp helps cater for future growth in the area and expected increased traffic to the new shopping centre, with works completed in April 2016.



CONSTRUCT A CYCLE PATH ON LAMBRICK AVENUE

The \$1 million project to provide pedestrian and bicycle access from Howard Springs to Palmerston via Lambrick Avenue is anticipated to be completed in July 2016.

EXTEND ROYSTONEA AVENUE/LAMBRICK AVENUE TO OWSTON AVENUE

The \$7.4 million project to connect Lambrick Avenue to surrounding suburbs will see 1.2 kilometres of new road built to adjoin Owston Avenue, along with a shared user path and street lighting. The project will provide better connectivity and is a further stage to extend Roystonea Avenue to Channel Island Road. The project was awarded in January 2016 and is expected to be completed in March 2017.



UPGRADE THE ELRUNDIE AVENUE/BONSON TERRACE INTERSECTION

A new left turn lane was constructed as part of the \$650 000 upgrade to improve safety at the intersection. The contract was awarded in November 2017 and was completed in April 2016.

The department continued to keep commuters and other road users updated through 2015–16 about all of the road work projects while under construction.



Mereenie Inner Loop

\$25 MILLION



A critical section of a road in Central Australia is under construction to improve access for tourists and travellers to the Red Centre.

Design work on the project began in December 2015, which will see the last remaining section of the Mereenie Inner Loop sealed. The Mereenie Inner Loop is the main connection and access to the MacDonnell Ranges and can be cut off during heavy rains.

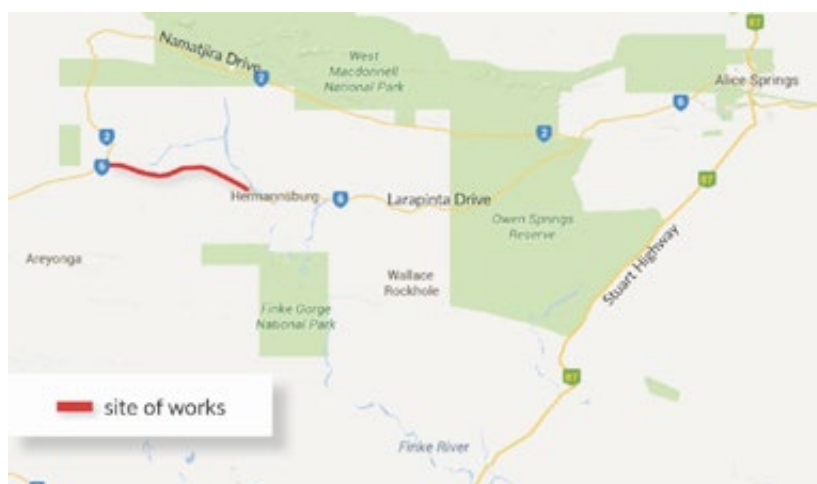
Territory company Sitzler Bros. Pty Ltd was awarded the managing contract, worth \$25 million, to design and then upgrade the 43 kilometre section of the road. The design was completed and construction began in June 2016.

Part of the Red Centre Way, the road is travelled by more than 140 000 people who visit the West MacDonnell Ranges each year.

The road upgrade will mean the Mereenie Inner Loop is safe to travel by two-wheel drive cars, all year round. Larapinta Drive will remain open during the works, with some delays for traffic expected.

The roadworks will be completed in four sections of about 10 kilometres in length. Sitzler Bros. Pty Ltd is working with the Industry Capability Network to release the packages of work for expressions of interest.

Works packages have been tailored to encourage local industry involvement on the project and maximise the opportunities for Indigenous employment. The project is due to be finished in early 2017.



Pat Gallagher Netball Stadium

\$6.25 MILLION



Construction has started on a world-class netball centre at Ross Park in Alice Springs.

The redevelopment will deliver a four-court indoor stadium with fully sprung timber floors at the Pat Gallagher Netball Centre, where the current courts are all outdoors. The project was awarded to Scope Building NT in March.

The work involves building the new stadium in the location of four existing outdoor courts and will provide a first class indoor facility capable of hosting national events and allow training during winter. The stadium will also allow local netballers to train and compete in a facility of a national standard.

The new netball stadium is on schedule for completion in time to host the Masters Games in Alice Springs from October 8-15 2016.

As well as an ambitious timeframe, the project faces several challenges including making sure the project does not impact on two sacred trees within the construction site footprint, including controlled craning of equipment. Two suspended slabs are being constructed over the root system of the trees to ensure they are not impacted.

The project is expected to employ 96 people on site, including 17 Indigenous workers and 25 apprentices, of which six are Indigenous.



Wadeye Police Station

\$24 MILLION



A project to build a new police station and accommodation facilities is on track in the remote community of Wadeye, 270 kilometres south west of Darwin.

An existing Power and Water Corporation facility, two houses and the existing police station have been demolished on separate sites to create a larger site for the new police precinct.

The new police station will be delivered over almost two years and includes accommodation for permanent and visiting police officers. The initial stage involved designing the police station in consultation with NT Police, Fire and Emergency Services and the local community.

Territory company Sitzler was awarded the contract to design and construct the new Wadeye Police Station in September 2015, with works starting in October 2015.

The \$24 million project will improve infrastructure for police stationed at Wadeye and help support the Northern Territory Police, Fire and Emergency Service to achieve a safer community.

Construction of the police station is due to be completed, along with one four-bedroom home, in September 2016. Other facilities to be delivered in this stage includes the:

- multipurpose room;
- communications tower;
- boat shed; and
- two storey, eight unit visiting quarters.

A future stage includes building nine four-bedroom and two three-bedroom homes, which is due to be completed in mid-2017.

The contractor and department have worked with the local community to minimise impact on traffic near the construction site as well as noise and dust from the demolition works. Demolition works have been completed and construction has started on stage three of the project.

Port Keats Road

\$20 MILLION



Work to upgrade two locations on Port Keats Road are due to be completed in July 2016 to improve access to several remote Territory communities including Peppimenarti, Palumpa and Wadeye.

The project includes realigning a three-kilometre section of the Port Keats Road, about 108 kilometres from the Daly River bridge. The second part of the project, which was awarded to Allan King & Sons, includes lifting an 18 kilometre section of the road through the Moyle River floodplain to improve flood immunity about 116 kilometres from the Daly River bridge.

The road is frequently closed during the wet season and subject to load restrictions. These works will decrease the amount of time Port Keats Road is closed or restricted due to wet season impacts.

Work started on these two sections of the road in late 2014 and are expected to be completed in July 2016.

The \$20 million project has been joint funded by the Australian Government (\$18 million) and the Northern Territory Government (\$2 million).



Roper and Wilton Bridges

\$40 MILLION



Work has started on the Roper Highway to build two new bridges at the Wilton River and Roper River crossings to improve access.

The bridges will minimise the time the highway is cut off during high rainfall, and improve access for the remote communities of Ngukurr and Numbulwar.

The project was awarded as a managing contract to Sitzler, who will build two bridges over the crossings, reconstruct 7.3 kilometres of approach roads and realign a section of the highway to increase flood immunity.

This project will improve flood immunity by reducing the road closures to an average of only one to two days a year. Both bridges will be dual lane with the Roper River bridge measuring 128 metres in length and the Wilton River bridge being 107 metres long. The bridges have been designed to withstand a one in two year flood event.

Work began on site in April 2016 with the construction of a workers' camp for the Sitzler team at the remote site. The first stage was to build a 1.5 kilometre detour at the Wilton Crossing to maintain access during the large construction project.

The project is made up of 35 different work packages and Sitzler aim to reach an Indigenous workforce of 30 per cent, with 16 of the packages awarded by June 2016.

The Roper Highway is a key road in the NT, linking cattle stations to domestic and international

markets as well as access for tourists to the East Arnhem region. The Australian Government has contributed \$32 million to the project and the Northern Territory Government is contributing \$8 million.

The project is on schedule to be completed in December 2017.



Daly River Flooding



The Department of Infrastructure played a key role in first response and recovery during the floods in Daly River in December 2015.

The quick response followed the emergency evacuation of about 500 residents from the remote community of Nauiyu, 230 kilometres south of Darwin, following heavy rainfall and flooding just after Christmas.

With residents housed in the Foskey Pavilion in Darwin during the Daly River floods, department staff worked to make sure essential services were available for the evacuees, including toilets, showers and fridges.

The department was involved in assessing the damage and coordinating the clean up following the flood, as well as road closures during the flooding. Once flood water levels began to recede in early January, staff joined Department of Housing staff to assess the impact of flooding on homes and infrastructure in the community.

Access to the waste landfill site and creating cells for waste deposits along with making the roads and airstrip safe were a primary action once conditions allowed.

Essential services, including water, sewerage, the store and health clinic, were restored and back on line by 11 January 2016, after a massive effort by staff. The clean up saw 76 of the 84 houses in the community ready for residents to return to at the same time.

Local contractors were used during the clean up and to repair water damaged properties, which mainly involved fixing doors, locks and stoves.

Road blocks were managed so police could approve access to residents and essential personnel only.

A great achievement of the department in this flood recovery stage included getting the local school re-opened in time for children to start the new 2016 school year and the repair of Wooliana Road and Boat Ramp in time for the fishing competition.

Canteen Creek Airstrip

\$2.5 MILLION



A small community has helped build its own airstrip after the NT Government provided \$2.5 million to upgrade the runway.

The airstrip was built for the Canteen Creek (Owairtilla) community, about 230 kilometres south east of Tennant Creek, to ensure it could be used 24 hours a day, all year round.

The project included:

- extending the runway to 1200 metres;
- widening the runway to 23 metres;
- sealing the runway, taxiway and apron to allow all-weather access;
- new line marking; and
- installing aerodrome signage.

Members of the Owairtilla community constructed an alternative airstrip to use while Katherine contractor Craven Diesel Services built the new runway.

The improvements mean the regular mail flight can carry passengers and provide an alternative to charter flights to the communities, as well as emergency access for police and aeromedical services, in all weather conditions.

Previously prolonged wet weather would close the airstrip as water impacted the unsealed runway.

Construction began in September 2015 and the airstrip was completed and operational by March 2016. Six people worked on rebuilding the main runway, including one Indigenous employee and one apprentice, while all of the workers who built the alternative strip were Indigenous.



Nhulunbuy Boarding Facility

\$20 MILLION



A project to build a boarding facility in Nhulunbuy is well underway and due to be completed in December 2016 in time to open its doors to students in January 2017.

The facility was designed so it can be extended to cater for 80 students and Territory company Norbuilt started work on building the 40-bed first stage in February 2016.

The boarding facility is being built on vacant land at the Nhulunbuy High School site and was designed with help from Traditional Owners and the school. The concept and design was well received by the local community members.

The facility will cater for students in outlying communities in Arnhem Land and once completed will include single, twin and four bed student rooms, a computer centre, music centre, basketball circle, stage and amphitheatre.

A commercial kitchen and large dining room with outdoor decks and a barbecue will be built on the site.

The facility is made up of four main structures, with two housing the accommodation units and the other buildings housing the administration area and main dining hall.

The facility will initially cater for students in middle school to senior school, and will be extended to cater for primary school students in the future.

The project is on track with Norbuilt working with the community to engage local suppliers and employ local people.



Cyclone Recovery Work

THE FOLLOWING PROJECTS ARE PART OF THE NORTHERN TERRITORY GOVERNMENT'S \$90 MILLION REBUILDING PACKAGE, WHICH WAS ANNOUNCED IN 2015 FOLLOWING THE DESTRUCTION CAUSED BY TROPICAL CYCLONES LAM AND NATHAN.

Galiwin'ku Housing

\$24 MILLION



Forty houses have been replaced in Galiwin'ku after they were substantially damaged in tropical Cyclones Lam and Nathan in early 2015.

Two Territory builders were awarded the contract to each build 20 of the three-bedroom homes, with emphasis on employing local Indigenous people, providing training and using local suppliers. Ngarda Civil is building 20 of the houses while joint venture Delta Reef Gumatj (DRG) is building the other 20 homes.

DRG is manufacturing materials locally including operating its own block making facility, milling its own timber and making roof trusses on site.

A further 36 homes that were damaged during the cyclones have also been repaired, allowing families to move back in after spending time in temporary accommodation.

More than 50 per cent of the workforce on this project is Indigenous, including 50 people from Galiwin'ku working on the homes.

The next stage of the housing recovery program will see 40 'slow build' homes constructed, which involves building the homes over a longer period of time to maximise local training, employment and business opportunities.

The 40 slow build homes have been designed in close consultation with the local community and include six three-bedroom homes, 20 four-bedroom homes, five five-bedroom homes and nine six-bedroom homes.



Milingimbi School

\$5 MILLION



A tender has been awarded to local company, SH Build who have started reconstructing cyclone damaged facilities at the Milingimbi School.

The work involved demolishing the existing damaged classrooms, home economics building music shed, homelands building, toilet block and other sheds on site. The project will see a new language production centre built, as well as a general learning area consisting of new classrooms and home economics classroom.

The project includes landscaping and site works to raise the floor level of the homelands building to protect against floods. The contractor is working closely with staff at the school, which will continue operating during the construction project.

Twelve of the 20 workers on site are Indigenous and one apprentice has worked on the project. The school is expected to be complete in late 2016.

Warruwi Cyclone Shelter

\$3.8 MILLION



A new cyclone shelter has been built in the remote island community of Warruwi on Goulburn Island to help protect residents during extreme weather.

Built in Warruwi by Territory company WTD Constructions, the cyclone shelter doubles as a multi-purpose hall for the nearby Warruwi School and local community.

The 375 square metre shelter has the capacity to shelter 300 people and is coded to withstand a Category 4 cyclone, with features including:

- natural ventilation and large ceiling fans for air circulation;
- an emergency back up generator; and
- water storage tank.

Shade structures, concrete pathways and landscaping were completed to help integrate the cyclone shelter into the school grounds and a community project will be completed with local artwork on the shelter's external walls.

Finding a suitable site was an initial challenge, however the Department of Infrastructure worked with Traditional Owners to confirm the site near the school.

The remoteness of the island, which is 300 kilometres north east of Darwin, also created a challenge, with all materials and equipment needing to be delivered to the project by barge.

Rocky Bottom Creek

\$15 MILLION



The site for the last bridges to be built over a permanent water crossing on the Central Arnhem Road has been cleared and earthworks are progressing on the project.

The Rocky Bottom Creek crossing is about 270 kilometres south west of Nhulunbuy and 400 kilometres from the Stuart Highway turnoff. The project uses a modular, pre-fabricated steel structure that creates a single-lane bridge that spans 30 metres.

The existing road is being used as a detour while new the new alignment of the road and bridge are being built.

Sitzler was awarded the project in August 2015 and after work was suspended during the wet season, the project is expected to be completed in August 2016.



Local Content



The Department of Infrastructure has been working with local industry to give local contractors and suppliers greater opportunities to bid for Northern Territory Government contracts.

As part of the Northern Territory Government's Buy Local plan the department increased the weighting of local content and benefits for Department of Infrastructure tenders from 25 to 30 points.

Modifications were made to the measure in response to feedback from industry on the Buy Local initiative. The department has been working with the NT branches of the Master Builders Association, Civil Contractors Federation, Housing Industry Association and Manufacturers Council.

The department will be conducting an independent audit of infrastructure contracts to ensure compliance with the Buy Local requirements.

Other modifications included:

- contractors will be required to submit an estimate of the value of sub-contracts and supply orders over \$100 000
- contractors will be required to submit a local contractor and supply price for all sub-contract and supply orders for which they have nominated an interstate sub-contractor or supplier
- contractor's commitments to use local sub-contractors and suppliers will be taken into account when assessing future tenders.

The aim is to ensure the greatest possible benefits are achieved for local businesses within the rules and regulations of a competitive environment.

As at 31 May 2016 more than 97 per cent of Tier 3, 4 and 5 tenders were awarded to local enterprises.

Indigenous Employment

The Department of Infrastructure has increased the scope for initiatives to improve Indigenous employment in Northern Territory remote communities by widening the program to include all apprentices and trainees.

The department introduced the Indigenous Employment Provisional Sum into all standard construction projects valued over \$500 000 in 2014, which allocated a percentage of the contract to pay the wages of Indigenous employees. Under the new policy, funds will be allocated to pay wages for apprentices and trainees working on large construction projects.

The initiative has had great outcomes for Indigenous employment in the Northern Territory with contractors providing monthly industry employment reports on the number of Indigenous employees working on construction projects.

By the end of May 2016 an estimated value of \$936 million has been released in tenders in the Northern Territory, which contain the provisional sum for Indigenous employment since it was introduced in October 2014. Of this tender estimate more than \$85 million has been nominated for Indigenous employment.

During the same period a total of 856 Indigenous Territorians have been supported in real employment on construction contracts.



Building Our Economy Package

\$53.5 MILLION

Schools and education facilities are receiving much needed infrastructure works with a new package of tenders released by the Northern Territory Government in 2016.

The Department of Infrastructure is working with local industry to release the tenders and deliver the works by the end of 2017. The tenders use local consultants to design and then local builders to do the work.

There are 60 projects to be delivered across the Northern Territory.

Work began on the construction projects in April 2016 and the first project to be delivered was a roof refurbishment and storm water drainage at Nakara Primary School.

The projects range from basketball resurfacing, external painting, to construction of new classrooms and library learning centres.

The initiative aims to provide work opportunities for smaller businesses across a range of trades in the NT and outsource design work to the local industry to stimulate the economy.

Key Deliverables

	2011-12 Actuals	2012-13 Actuals	2013-14 Actuals	2014-15 Actuals	2015-16 Original Budget	2015-16 Revised Estimate	2015-16 Final Actuals	2016-17 Original Budget
PROGRAM SUPPORT ¹								
Program reports delivered on time and to the required standard	-	-	-	90%	95%	100%	98%	100%
Building assets inspected	-	-	-	23%	30%	23%	23%	30%
Road inspections completed on time	-	-	-	86%	90%	75%	75%	90%
Procurement complaints resolved within 28 days	-	-	-	90%	90%	90%	98%	90%
Road reports provided	-	-	-	557	715	990	594	715
PROJECT DELIVERY								
Manage the capital works and repairs and maintenance programs for client agencies ²	\$1.06B	\$1.03B	\$1.042B	\$1.13B	\$1.291B	\$1.577B	\$1.559B	\$1.351B
Deliver projects on time	87%	85%	-	90%	85%	85%	92%	85%
Deliver projects on budget	100%	90%	96%	93%	93%	90%	90%	90%
CORPORATE AND GOVERNANCE ³								
Financial reports delivered on time and to the required standard	-	-	-	100%	100%	100%	100%	100%
Internal audits completed	-	-	-	5	5	5	5	5

Notes:

1. New Measures introduced after the disestablishment of the GBD Construction Division.
2. Excludes programs for Darwin Port Corporation, Land Development Corporation and Department of Housing.
3. New measures for whole of government Corporate and Governance output reporting.

3

Corporate Governance



Overview

The Department of Infrastructure has an integrated Corporate Governance Framework that identifies the principles, elements and mechanisms that drive and support the achievement of the department's strategic priorities and planned outcomes.

The department's governance structure illustrates the clear lines of reporting and accountability to ensure we achieve departmental objectives.

This section describes and reports on the department's corporate governance arrangements, referring to the principles that guide decision-making and the structures in place to govern our department.



Our Framework

VALUES

The Department of Infrastructure's values are underpinned by ethical practice, respect and a commitment to service. Staff are accountable for their actions and decisions and take responsibility for their work and behaviour. The department recognises the dedication and expertise of its employees and supports diversity in the workplace.

STRATEGIC OBJECTIVES

The Department of Infrastructure strives to:

- be the Northern Territory Government's authority on infrastructure developments
- be innovative and provide best value in program delivery
- maximise Indigenous employment in the delivery of infrastructure programs
- build a sustainable infrastructure sector
- be a capable and engaged organisation.

PRINCIPLES

Governance within the department is guided by the following principles:

COMMUNICATION

We are open and transparent in communication and decision making.

PERFORMANCE

We provide timely expert advice and pursue continuous improvement.

INNOVATION

We facilitate new and innovative infrastructure delivery options from a whole of government perspective.

Boards and Committees

Audit and Risk Management Committee

ROLE

The Audit and Risk Management Committee provides independent objective advice to the Chief Executive by overseeing and monitoring the department's governance, risk management, control and compliance frameworks and external accountabilities.

It is comprised of the following five members appointed by the Chief Executive:

- three Executive Directors of the department, one of whom is the Chairperson
- one external member who is the Deputy Chairperson from the Department of the Chief Minister
- one external member from the City of Darwin.

The committee, assisted by the Audit and Risk Management Services Unit, met four times during 2015–16 on the following dates:

- 10 August 2015
- 1 December 2015
- 2 March 2016
- 11 May 2016.

2015–16 PERFORMANCE

In 2015–16 the committee:

- endorsed the amendments to the Internal Audit Charter
- oversaw the implementation of the review of the internal audit and risk management report recommendations
- endorsed the risk management workshop outcomes
- endorsed the 2015–16 and 2016–17 audit rolling plan
- oversaw the implementation of the agreed management actions associated with the following audits and reviews:
 - Miscellaneous Payments Audits Report 3
 - Review of the Use of Period Contracts
 - Payments Verification and Approval Process Audit
 - Procurement Training Survey Report
 - Fraud Risk Register
 - Review of Contract Disputes
- endorsed the Audit and Risk Management Services Stakeholder Communication Plan.

2016–17 PRIORITIES

The Audit and Risk Management Committee's priorities for 2016–17 are to:

- oversee the implementation of the approved 2016–17 audit rolling plan
- review the new Gifts, Benefits and Hospitality Policy and the Conflict of Interest Policy
- review the amended Audit and Risk Management Committee Terms of Reference
- review approved audit reports
- review progress of all audit management actions
- monitor the implementation of agreed Northern Territory Auditor General's audit recommendations
- monitor the implementation of the outcomes of the Risk Management Workshop.

Procurement Board

ROLE

The role of the Department of Infrastructure Procurement Board is to ensure that the department applies procurement practices that optimise value for money outcomes within a quality controlled framework.

In 2015–16, the Chief Procurement Officer:

- oversaw the continuation of Northern Territory Government Procurement Reforms
- continued to monitor and ensure compliance with the Northern Territory Government Procurement Framework
- participated in discussions across government with regard to continual procurement reforms
- monitored the use of Managing Contractor Contracts
- monitored Indigenous Participation on Construction Project Policy and the associated Indigenous Employment Provisional Sum.

2015–16 PRIORITIES

In 2015–16, the procurement priorities for the department are to:

- participate in the implementation of the Northern Territory Government Remote Contracting Policy
- strengthen contractor performance reporting
- review the implementation of the Indigenous Participation on Construction Project Policy
- continue to review procurement policies and procedures to ensure the processes are efficient and effective and reduce red tape
- continue to ensure compliance with policies and procedures
- seek improved Indigenous employment outcomes on construction projects across the Northern Territory.

Safety and Environment Consultative Committee



ROLE

The Safety and Environment Consultative Committee provides a forum to consult and communicate with employees to ensure their views are considered in all matters related to work health, safety (WHS) and environment. The committee helps develop, review and distribute work health and safety and environment related practices, procedures and policies. In addition, the committee helps develop and monitor measures to ensure a safe, healthy environment and welfare at work.

2015–16 PERFORMANCE

In 2015–16, the Safety and Environmental Safety Committee:

- continued to promote staff consultation by supporting local WHS committees and regional work groups
- identified improvements to environment and safety performance in the department across all aspects of the business
- begin trials for in-car GPS monitoring and reporting systems to improve safety of workers travelling remotely
- contributed to developing competency based training for project and general staff to develop skills and knowledge regarding environment and WHS compliance on our projects.

2016–17 PRIORITIES

In 2016–17, the Safety and Environmental Safety Committee's priorities are to:

- continue to promote staff consultation by supporting local WHS committees and regional work groups
- make recommendations via formal submission to the Executive Management Team, identifying improvements to environment and safety performance in the department across all aspects of the business
- consolidate and improve delivery of workplace and construction project safety awareness education packages for all Department of Infrastructure staff
- continue to roll out competency based training packages to project and general staff to improve environmental and cultural compliance
- strengthen relationships between stakeholders in relation to cultural approvals and compliance.

Organisational Development Committee

ROLE

The Organisational Development Committee provides a forum for business units to influence and progress the department's Human Resources Strategic Plan and ensures the department's workforce is skilled and able to deliver on corporate objectives, now and into the future.

The committee strategically assesses the workforce and organisational development needs, taking a lead role in implementing the Human Resources Strategic and Corporate Plans. The committee presents discussion items and makes recommendations to the Executive Management Team, providing a collaborative approach to disseminating information across the department.

In 2015–16, the Organisational Development Committee:

- progressed the department's engagement and development of Indigenous employees in accordance with the Indigenous Employment Career Development Strategy
- oversaw the continued delivery of key capability development for staff through accredited qualifications in Project Management and Procurement
- endorsed the 2015–16 Corporate Training Budget and monitored delivery of the program.

2016–17 PRIORITIES

In 2016–17, the Organisational Development Committee's priorities are to:

- implement a review of the committee's charter and action recommendations regarding its future
- consolidate the Early Careers Program for the department
- review the department's Indigenous Employment and Career Development Strategy 2013–17 and endorse the 2017–2020 strategy
- measure the outcomes of the accredited training in project management and procurement delivery with staff in the department
- review and implement the department's Organisational Culture Strategy for 2017–2020
- endorse the Corporate Training Budget for 2016–17.

Audit and Risk Management

Audit is an independent and objective review and advisory service that:

- provides assurance to the Chief Executive and Executive Management Team that the department's financial and operational controls, which are designed to manage its risks and achieve its objectives, are operating in an efficient, effective and ethical manner
- assist management in improving the organisation's business performance.

Risk Management is defined as the coordinated activities to direct and control an organisation with regard to risk. Risk is an effect of uncertainty on objectives.

AUDITS AND REVIEWS

INTERNAL

In 2015–16, the department conducted six compliance and performance audits and reviews through the use of in-house and outsourced consultants and these are listed below:

- Review of the Use of Period Contract
- Quarterly Review of Miscellaneous Payments (non-contract payments)
- Procurement Training - Survey of Staff Knowledge and Ability
- Payments Verification and Approval Process Audit
- Review of Contract Management Disputes
- Travel Policy Compliance Audit (Six Monthly Audit).

Internal audits and reviews enable the department's Audit and Risk Management Committee and Executive Leadership Team to determine the efficiency and effectiveness of the agency's governance, risk management and internal control policies, processes and practices.

In 2015–16, probity specialists were engaged on eight civil and building projects to ensure that tenders conform to procurement legislation and regulations, and to ensure conformity with processes to achieve value for money. The probity process is aimed at preserving public and respondents' confidence in government procurement processes.

EXTERNAL

The Northern Territory Auditor General completed the Construction Division – Financial Statements Audit, year ended 30 June 2015.

In 2015–16, the Auditor General conducted the Agency Compliance Audit and made no significant findings associated with the internal control systems operating in the Department of Infrastructure.

The Auditor General completed a performance audit of the Palmerston Regional Hospital (PRH) to determine whether the processes leading to the awarding of contracts and construction management of PRH were undertaken in accordance with the procurement framework. The audit found that the overall contract management processes were undertaken in accordance with the procurement framework.

RISK MANAGEMENT

In 2015–16, a consultant conducted a strategic risk assessment workshop with the Executive Management Team. The workshop identified high-level strategic business risks that could impact on the ability of the department to meet the objectives and outcomes outlined in the Strategic Plan 2014–2017.

The risk mitigation strategies identified and agreed to in the workshop are being progressively implemented by the department's business units.

Work Health and Safety

The department's Executive Management Team and staff are committed to developing, implementing and maintaining a work health and safety management system to help eliminate work related injury or illness and develop a safety culture based on continual improvement. The department maintains a safety management system modelled on Standard AS/NZS 4801, Occupational Health and Safety Management Systems. Safety objectives are an integral component of the department's safety policy.

Corporate Services and work, health and safety (WHS) was reviewed within the department in October 2015. The report recommended centralising WHS and audit functions into one Risk Management Unit. In February 2016, legal advice clarified the nature and extent of the department's obligations under the WHS legislation and whether current processes, procedures and

practices were sufficient to discharge those obligations. Twelve minimum recommendations were made.

As a result, on 1 May 2016, the responsibility for managing and coordinating the department's safety management system was transferred into the Corporate Services Branch to re-form a central safety management unit.

A Safety and Compliance Unit was established with a primary focus to ensure the department meets its WHS obligations as a Person Conducting a Business or Undertaking (PCBU). Given the department's core business, a large degree of effort will focus on verifying contractor regulatory and contractual conformance of tender and contract requirements.

The department continues to minimise risk to health and safety, to the extent reasonably practicable, on its construction projects using

a methodology to identify certain factors to trigger selection of projects for audit. The use of such a methodology enables a step-by-step process to select projects for audit, based on risk recognition. The use of this methodology should ensure the Department of Infrastructure meets its shared responsibility obligations, to the extent reasonably practicable, relying on a contract with a third party to discharge its safety management obligation.

The department maintains a risk management methodology to identify and, where possible, eliminate or mitigate safety risks as far as reasonably practicable. This is supported by documented procedures to regularly identify hazards, analyse and monitor risks, and implement and review controls.

Legislation, Statutory Boards and Authorities

Part of the Department of Infrastructure's core business is to manage road closures, vehicle restrictions and other road related activities on behalf of the Department of Transport. This includes the department holding delegated powers under the *Control of Roads Act* and *Traffic Act*.

The department does not manage any other legislation, statutory boards or authorities on behalf of the Northern Territory Government.

LEGAL SERVICES

The ability to access professional legal advice is critical to the Department of Infrastructure's business. The Northern Territory Government's legal service is provided through the Department of the Attorney-General and Justice and involves lawyers reviewing and drafting legal documentation, participating in negotiations and referring matters to private law firms where specific expertise or services are required.

Access to Information

INFORMATION ACT REQUESTS	2014-15	2015-16
Applications carried over from the previous year	1	0
Applications to access personal information	2	1
Applications to access government information	7	2
Internal Review Request	2	0
Transferred to relevant agency	1	0
Requests withdrawn	2	1
Responses completed within 30-day period	12	5
Responses completed exceeding 30-day period	0	0
Applications on hand as at 30 June	0	0

4

Our People



Overview

Human Resource (HR) Services promotes best practice HR management and provides business units with high level advice and support on recruitment, case management and training and development.

The Department of Infrastructure is an employer of choice, ensuring it is attractive to employees both prospective and current, by providing opportunity and professional development. The department is building a diverse workforce with the capability to deliver its strategic objectives.

The department strives to maintain a workplace environment that is free from bullying, harassment and discriminatory practices and HR Services have implemented a policy, toolkit and training program to support these objectives.

Human Resource Services helps the department maintain a positive work culture by developing policy and providing advisory services using its knowledge and experience in best practice human resource management. This advice minimises risks by ensuring compliance with statutory requirements.

Workforce Development

The Department of Infrastructure recognises the value of investing in the personal and professional development of staff. Training opportunities and programs allow the department to grow an appropriately skilled workforce to deliver our corporate objectives now and into the future.

CAREER DEVELOPMENT

Human Resource Services regularly coordinate training for all staff within the Department of Infrastructure to enhance skills and meet needs as they are identified. For example, training is introduced to help staff with new technology and software programs, departmental policies, corporate initiatives and other relevant business related topics as they become available.

During 2015–16, the Department of Infrastructure supported staff to achieve qualifications that align to its core business objectives and strategic direction. This included qualifications in:

- Certificate IV in Civil Construction Supervision
- Certificate IV in Civil Design
- Certificate IV in Government (Procurement and Contracting)

- Certificate IV Diploma/Advanced Diploma in:
- Project Management
- Contract Management
- Engineering.

In line with the department's commitment to provide a safe working environment for its staff, the department invested in essential safety training for staff to obtain White Cards and work zone traffic management qualifications during 2015–16. The department delivered four-wheel drive/defensive driver, asbestos awareness, working safely with bitumen, and first aid training. A Corporate Training Calendar of workshops was also made available to staff, including programs that build awareness and understanding on a range of topics provided by the department and external providers.

EARLY CAREERS

The Department of Infrastructure's employment programs target entry-level recruits, including engineering scholarships, graduates, apprentices and trainees.

In conjunction with Charles Darwin University, the department supports a four and a half year scholarship

program in Engineering. The program is designed to entice local students to remain in the Northern Territory to work for either the Northern Territory Government or within private sector industry.

In 2015, the program was expanded to include a Bachelor or Masters of Engineering Science. In 2016 the department committed to a further three scholarships with one position specifically identified for an Indigenous participant. There are currently 17 scholarship holders in the program.

Four scholarship holders are due to complete their Engineering qualification in December 2016 and have been offered placements on the Graduate Development Program starting in January 2017, pending final graduation.

The Technical Trainee Program was introduced to the department to address skill shortages in the technical stream. The program incorporates full time work and vocational education and training to give participants hands on experience in the workplace and a nationally recognised qualification in Civil Construction Supervision or Design. The Technical Trainee Program is a key tool in transitioning school-based apprentices into full time traineeships within the department. In 2015, the department began a new trial program within the Building Services division where trainees study a Certificate IV in Project Management and apply their skills within the Building Services' infrastructure environment.

In 2016, the Technical Trainee Program increased by an additional four participants, who had successfully completed apprenticeship programs. The Technical Trainee Program had 16 participants. Two participants successfully completed the program in 2016.

The department continued to support work experience placements for secondary school students. The department endeavors to place students in appropriate areas relevant to their studies and career aspirations. The department has supported three students in Administration and Civil Engineering in 2015–16.

INDIGENOUS EMPLOYMENT

The Department of Infrastructure is committed to increasing the number of Indigenous employees by offering employment and training opportunities to Indigenous Territorians, as well as creating a positive work environment.

The department increased its Indigenous representation from 7.8 per cent in 2015 to 9.1 per cent in 2016 through three key Indigenous Employment Programs. The participants on the programs undertake a qualification ranging from a Certificate II to a Certificate IV in vocational education and training (VET), including Horticulture, Civil Construction Supervision and Design, Business and Project Management.

The three key programs are the:

- Technical Indigenous Employment Program, which saw four participants successfully complete a Certificate IV in Project Management and enabled a further three to pursue a technical career and undertake a Certificate IV in Civil Construction Supervision
- Indigenous School-based Apprentice Program, which saw four participants successfully complete their Northern Territory Certificate of Education and Training and transition to full time employment. Three completed a Certificate III in Civil Construction and one completed a Certificate II in Horticulture
- Business Apprentice Program, where two participants completed their Certificate III in Business and progressed to the Administration Officer Level 2 and are on their way to developing a career with the department in the administrative stream.

The department helps to create a positive work environment by:

- supporting Indigenous employees through the Indigenous Network (iNetwork) forum, which provides mentoring support, shares employment techniques and experiences, strengthens relationships and builds professional networks, as part of the department's retention strategy
- providing cross cultural training focusing on working with cultural differences, supervising multicultural teams and building capacity for Indigenous staff
- holding bi-monthly induction sessions covering Indigenous Employment and Equity and Diversity
- recognising and celebrating employee achievements through nominations in various industry awards including the 2015 Northern Territory Training Awards, the Civil Construction Federations NT Awards, the Chief Minister's Awards and the Group Training Northern Territory Awards.

THE HUMAN RESOURCES STRATEGIC PLAN

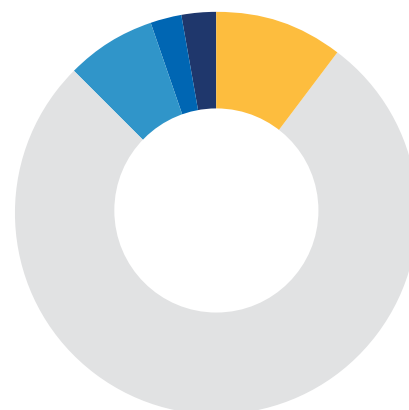
The Department of Infrastructure's Strategic Plan 2014–2017 ensures the department has strategies in place to deliver a capable and engaged organisation. The Strategic Plan is supported by the Human Resources Strategic Plan 2013–2017, to ensure the department has adequate human resources to meet the strategic goals and operational plans of the organisation.

The plan recognises that our people are our most valuable asset. It prioritises actions in three key areas to improve workforce capacity to deliver significantly better outcomes for the department and the broader Northern Territory Public Sector.

Key Statistics

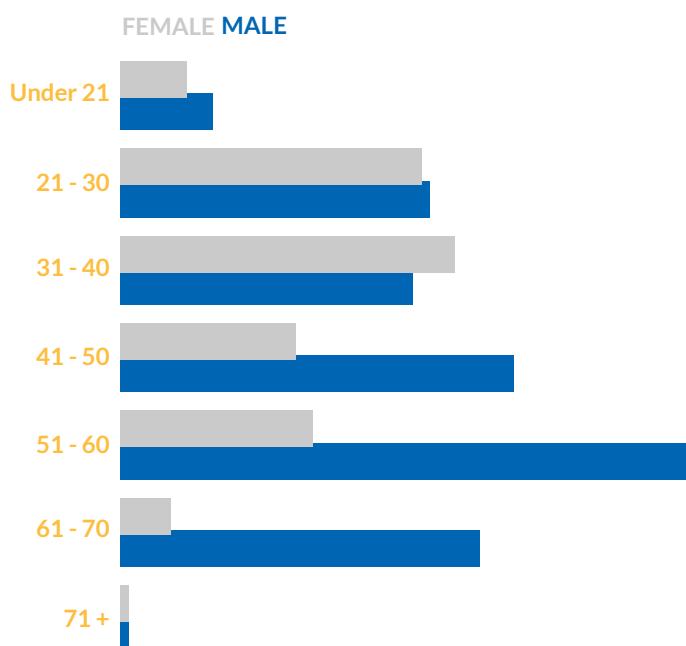
	2014-15	2015-16
Headcount	370	378
FTE	338.49	345.42
Female Staff	130	135
Average Age of Staff	43	43
Aboriginal and/or Torres Strait Islander	25	34
Non English Speaking Background	14	14
People with disability	6	6
Women in Senior Management Roles SA02 or above	11	11
Separation Rate (Cessation and Transfers out)	21%	15.34%
Separation Rate (Transfers out)	5.94%	4.76%

DISTRIBUTION BY LOCATION (HEADCOUNT)

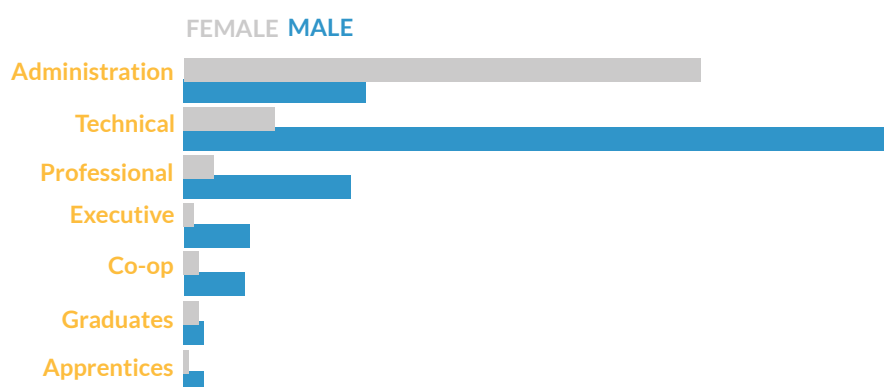


DARWIN
ALICE SPRINGS
KATHERINE
NHULUNBUY
TENNANT CREEK

DISTRIBUTION BY AGE & GENDER (HEADCOUNT)



DISTRIBUTION BY STREAM AND GENDER (HEADCOUNT)



Work Life Balance

The Department of Infrastructure is committed to providing staff with opportunities to balance work commitments with family, community and cultural responsibilities more effectively. Initiatives are promoted through the Health and Wellbeing Program.

The department supports flexible work arrangement options, as it is a valuable tool to help achieve greater productivity, as well as supporting employees to improve the balance they may need between work and personal commitments.

The work life balance initiative offered by the department is as follows:

- flexible working hours
- averaging hours
- time off in lieu (TOIL)
- part-year employment
- home-based work
- job sharing
- part time work
- individual flexible work arrangement
- variation to working arrangements for groups of employees
- transition to retirement
- short term absences for family and community responsibilities
- career breaks
- recreation leave at half pay
- advanced notice of extended leave without pay
- purchased leave
- special leave without pay.

HEALTH AND WELLBEING

PROGRAM	FREQUENCY	DESCRIPTION
Yogalates	Weekly	This exercise program encourages staff to be more active in their lunch break and to take a step in the right direction to improve their health.
Flu injections	Annually	The department of Infrastructure provides flu injections at no cost to any staff members when it is requested.
Financial Information Seminars	Annually	The Financial Information Service (FIS) is a free Australian Government financial literacy service and provides information about financial issues, including investments, superannuation and retirement planning. Two seminars were made available to department employees, these are Managing your Money and Salary Sacrifice to Superannuation.
Psychological Wellness Program		The department has a Critical Incident/Wellness Management Guideline to give employees direction on how to prevent psychological injuries incurring in the course of duty. The guideline helps employees to monitor their own psychological resilience through the wellness programs and trauma counselling. A consultant has been engaged to deliver coaching sessions for employees in all regions who may be exposed to trauma and critical incidents as a direct result of the responsibilities of their position.

Staff Engagement, Recognition and Induction

ACTIVITY	FREQUENCY	DESCRIPTION
People Matter Survey (NTPS)	Annually	A People Matter Action Plan was developed in 2015 as a result of the 2014 bi-annual survey.
Managing Performance	Annually	Managing employees' work performance is critical to achieving the department's objectives and is a responsibility of all managerial or supervisory roles. In 2015, the department engaged a consultant to facilitate Managing Performance workshops in Darwin, Alice Springs and Katherine, with 66 employees attending.
Appropriate Workplace Behaviour	Annually	It is a mandatory requirement of the department that all employees attend Appropriate Workplace Behaviour training on an annual basis. The department has engaged a legal organisation to present interactive training sessions in all regions. The training enhances the knowledge of our staff and informs them of best practice behaviour in the workplace.
Cross Cultural	Annually	It is a mandatory requirement of the department that all employees attend Cross Cultural Awareness training every two years. In 2015–16 the department has engaged Cross Cultural Consultants to deliver training in Darwin, Katherine and Alice Springs.
Merit Selection Training	Annually	All selection panel members are required to complete Merit Selection Training before participating in a selection panel. In the 2015–16 period 81 employees completed this training.
Staff Induction Program	Bi-monthly	Delivered by the department's Human Resources Unit, the Staff Induction Program is designed to support and complement the department's business unit inductions by providing new employees with general information relating to the department's executive structure and functions of the divisions. The induction covers governance arrangements, internal policies and tools for new and transferring employees to help develop knowledge.
Internal Newsletter – CE Newsletter	Bi-monthly	The CE Newsletter is the bi-monthly newsletter for staff, and is a much-anticipated publication which rates as a top download on the intranet. The newsletter provides updates on projects, acknowledges staff for good work and special achievement as well as injecting some good-natured humour for readers.
External Newsletter – Inside Infrastructure	Monthly	Inside Infrastructure is a monthly newsletter to inform industry about the department's upcoming events and projects.
Staff Recognition Awards	Quarterly	The Staff Recognition Awards recognise staff contributions that support the department's Strategic Plan and values. Colleagues and external clients can nominate an individual staff member or a team for outstanding achievements.
Annual Awards	Annually	The Department of Infrastructure Awards are held in December each year to recognise an individual and a team who were nominated during the quarterly Staff Recognition Awards for their contribution to supporting the department's Strategic Plan and values.

ACTIVITY	FREQUENCY	DESCRIPTION
Recognition of Length of Service	Annually	<p>The department recognise staff for achieving milestones for their length of service with the Northern Territory Government over five years and beyond in five-year increments. Employees reaching these milestones are awarded with a certificate and small gift of appreciation for their service to the department.</p> <p>In 2015–16, employees who had achieved 30, 35, 40 and 50 years of service milestones were publicly recognised at events hosted by the Chief Minister and the Minister for Public Employment under a collection of initiatives to help attract and retain people into the Northern Territory Public Sector and grow its reputation as an employer of choice.</p>
Industry Award Submissions	Annually	<p>The department regularly nominates its people and projects in a range of awards, including:</p> <ul style="list-style-type: none"> • Engineering Excellence Awards • Architecture Awards • Project Management Achievement Awards • Civil Contractors Federation NT (CCFNT) Earth Awards <ul style="list-style-type: none"> – In 2015 a department nominated Technical Trainee won the CCFNT category of “Indigenous Trainee of the Year” • Chief Minister’s Awards for Excellence <ul style="list-style-type: none"> – In 2015 the department’s Indigenous Employment and Training officer was recognised at the Chief Minister’s awards for “Outstanding and Meritorious Service” in the Public Sector • Group Training Northern Territory (GTNT) <ul style="list-style-type: none"> – In 2015 the department won the GTNT “Host Employer of the Year” Northern Territory Government NT Training Awards – In 2015 the department nominated a Trainee from the Civil Technical Trainee program who was the runner up in the category for NT Trainee of the Year.
My Development Plans	Ongoing	<p>This document ensures staff have a clear direction, know their key responsibilities and understand how their work contributes to the department’s overall objectives. The plans are completed annually.</p>
Chief Executive Briefings	Quarterly	<p>The Chief Executive visits each area of the business (including regional offices) to provide updates on the department’s overarching strategy and activities.</p>

EMPLOYMENT INSTRUCTION AND ANNUAL REPORTING REQUIREMENTS	AGENCY ACTION IN 2015–16
Number 1 – Filling Vacancies	For the 2015–16 period, the Department of Infrastructure advertised 82 (ongoing and fixed period) positions. The department had 59 staff commence/transfers in and 58 separations/transfers out. There were two promotion appeals lodged for the period.
Number 2 – Probation	The department has a current Probation Policy and flow chart consistent with the <i>Public Sector Management Act</i> and relevant awards. New employees in the department are advised of the probation process during induction and provided information about their responsibilities. The manager monitors probationary reports and timeframes.
Number 3 – Natural Justice	The principles of natural justice are communicated to all employees. Natural justice is adhered to in all dealings with employees and reflected in internal policies and procedures.
Number 4 – Employee Performance Management and Development Systems	The department's performance management system My Development Plan (MyDP) aligns with the department's Strategic Plan and objectives.
Number 5 – Medical Examinations	One employee was directed to attend an examination by a health practitioner for the 2015–16 period.
Number 6 – Performance and Inability	Human Resource Service staff support managers dealing with under-performance issues and help managers and staff to improve performance. One inability action was taken during 2015–16.
Number 7 – Discipline	The department's discipline policy and procedure is available to all staff on the intranet. Three disciplinary actions were taken during 2015–16.
Number 8 – Internal Agency Complaints and Section 59 Grievance Reviews	The department's grievance policy and procedure is available to all staff on the intranet. Human Resources provide advice and support to managers and staff to deal with grievances. The department received no grievances for the 2015–16 period.
Number 9 – Employment Records	The Department of Corporate and Information Services (DCIS) stores all personnel files. The department complies with the DCIS policy regarding access to these files. Any requests to access employee records are made through the Director of Human Resources. One request was lodged for employee information under the <i>Freedom of Information Act</i> in 2015–16.
Number 10 – Equality of Employment Opportunity Programs	The department's Equal Employment Opportunity Management Policy was developed and implemented in September 2011.
Number 11 – Occupational Health and Safety Standards Programs	The Department of Infrastructure has a Work Health and Safety (WHS) Committee to ensure WHS compliance. The details of the WHS activities are reported in the annual report. Current obligations, policies and procedures are available to all staff on the intranet.
Number 12 – Code of Conduct	New employees are given a copy of Employment Instruction No.12 – Code of Conduct during the corporate induction as part of their commencement package and it is available on the intranet. In-house training sessions of Appropriate Workplace Behaviour are provided to promote compliance with the Code of Conduct.
Number 13 – Appropriate Workplace Behaviour	It is a mandatory requirement of the department that all employees attend Appropriate Workplace Behaviour training on an annual basis. The department has engaged a legal organisation to present interactive training sessions in all regions to enhance the knowledge of our staff and inform them of best practice behaviour in the workplace.
Number 14 – Redeployment and Redundancy Procedures	One employee was declared surplus to requirements in the 2015–16 financial year, and was made redundant.
Number 15 – Special Measures	The department does not have a specific special measures plan, however the department has introduced specific Indigenous Early Careers Programs to meet identified targets.

Charles Darwin University/ Northern Territory Government Partnership Agreement

An ongoing Partnership Agreement between the Northern Territory Government and Charles Darwin University (CDU) continues to benefit the Department of Infrastructure, which is dedicated to developing local professionals in associated fields.

As a testament to the strong relationship between the Department of Infrastructure and CDU School of Engineering and Information Technology, the department extended its sponsorship of the Chair of Structural Engineering, David Lilley for a further three years.

Professor David Lilley continued to work one day each week in the Palmerston office during 2015–16 and his wide range of knowledge and experience is of great benefit to the department's staff and trainees.

The department is currently sponsoring 17 students, including three new students who began in 2016. The program has been in place since 2009 and a further four students are due to complete their degree in November 2016. All students have been offered a place on the department's two-year graduate program pending their final graduation.

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5

Financial Performance



Financial Statement Overview

for the Year Ended 30 June 2016

The Department of Infrastructure plays a lead role in planning, constructing and maintaining government infrastructure across the Northern Territory. The department spent \$86 million on providing strategic advice for infrastructure planning and project management services for the design, procurement and supervision of the Northern Territory Government's infrastructure program.

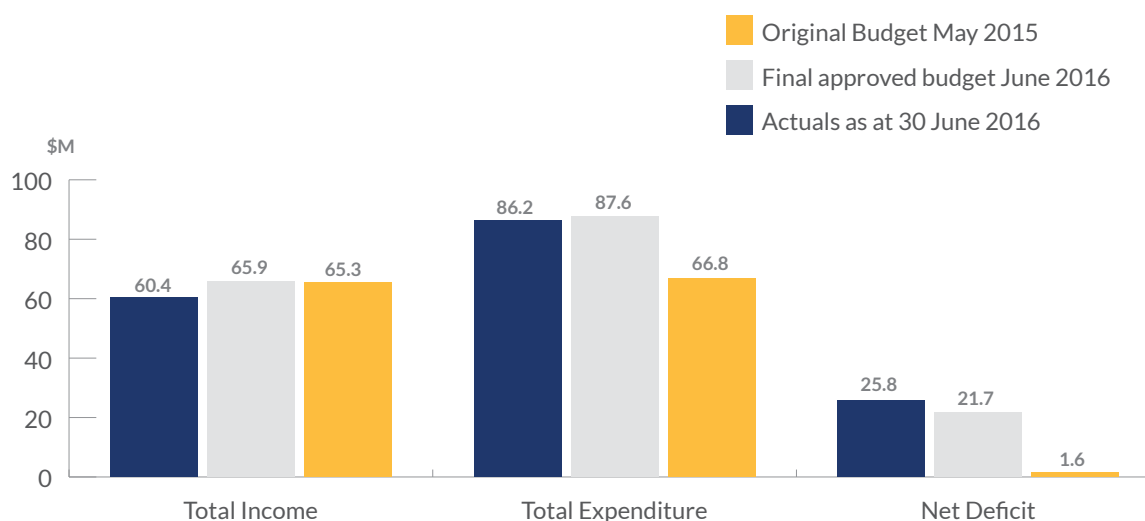
SUMMARY OF FINANCIAL PERFORMANCE

In 2015–16 the department reported a net deficit of \$25.8 million against a budgeted \$1.6 million deficit, compared to a net deficit of \$1.7 million reported in 2014–15. The increased deficit on the prior year relates to a \$4 million write off of capital and minor new works consultancies and a write off of \$14 million for Natural Disaster Recovery Relief Arrangements (NDRRA) repairs expenditure for Cyclone Nathan and Cyclone Lam damage that cannot be capitalised. The department also failed to realise \$6 million in revenue relating to recoverable works and cost recovery activities.

The graph below summarises total income, total expenditure and net deficit for 2015–16 against original published budget, final approved budget, and actuals as at 30 June 2016.

As part of the end of year budget process a non-cash adjustment of \$20.8 million was approved increasing the departments total expenditure allocation from \$66.8 million to \$87.6 million. This increase directly relates to the departments NDRRA expenses and consultancies that were not capitalised.

The variation in net deficit from final budget to actuals is the underachievement in sales of goods and services income mentioned above.



OPERATING INCOME

Total Income for 2015–16 was \$60.4 million, being \$5.6 million lower than the final approved budget of \$65.9 million. Operating income sources are Output Appropriation, Sales of Goods and Services, Goods and Services Received Free of Charge and Miscellaneous or Other Income.

The underachievement of revenue relates to Sales of Goods and Services that is earned from recoverable works and direct debit project management fees, and cost recovery activities. The departments primary strategic focus was on delivering the Infrastructure Program, as opposed to sourcing external projects for delivery.

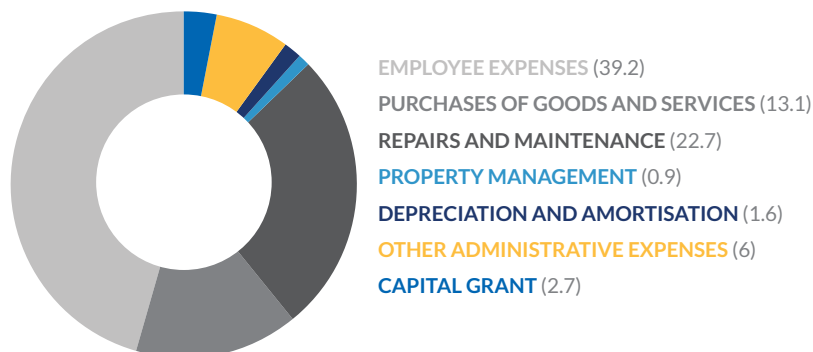
2015–16 OPERATING INCOME PROFILE (\$M)



OPERATING EXPENSES

Total Operating Expenses for 2015–16 were \$86.2 million. Employee expenses make up 46 percent of the departments total costs; repairs and maintenance costs are 26 percent; and purchases of goods and services such as consultancies, motor vehicle expenses, and IT charges make up 15 percent of overall expenses. Goods and services received free of charge, capital grants, depreciation and amortisation, and property management make up the remaining 13 percent of expenses.

2015–16 OPERATING EXPENSE PROFILE (\$M)



BALANCE SHEET

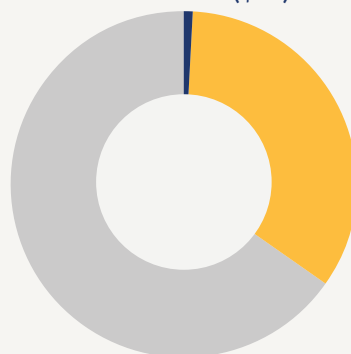
Balance Sheet shows the departments net worth and financial position as at 30 June 2016 of \$621.4 million compared to \$431.4 million in 2014–15. The increase is made up of an additional \$107 million in cash and deposits and an additional \$94 million held in work in progress.

ASSETS

Assets Profile

Total Assets as at reporting date are \$643.2 million, split across property plant and equipment of \$419.4 million (65 percent), cash and deposits \$218.6 million (34 percent), and other assets of \$5.2 million (1 percent) which include receivables and prepayments.

ASSETS PROFILE (\$M)

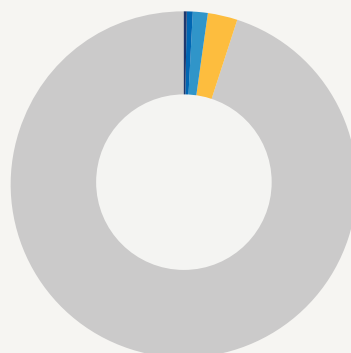


PROPERTY, PLANT AND EQUIPMENT (419.4)
CASH AND DEPOSITS (218.6)
OTHER ASSETS (5.2)

Property, Plant and Equipment Profile

Construction (work in progress) is \$399 million which is the majority of the department's property plant and equipment. The department holds depreciated buildings at a value of \$10.8 million, land valued at \$6.5 million, various plant and equipment depreciated to \$2.4 million, and land held under finance lease for \$0.4 million in remote indigenous communities.

PROPERTY, PLANT AND EQUIPMENT (\$M)



CONSTRUCTION (WORK IN PROGRESS) (399.3)
BUILDINGS (10.8)
LAND (6.5)
PLANT AND EQUIPMENT (2.4)
LAND UNDER FINANCE LEASE (0.4)

LIABILITIES

As at 30 June 2016 the department has \$19.8 million in current liabilities that are due and payable within the next 12 months and \$2 million in non-current liabilities, giving a total of \$21.8 million in liabilities reported. Deposits held in trust are \$11.8 million, payables are \$3.5 million, total provisions of \$6.1 million and finance lease liability of \$0.4 million is the breakdown of total liabilities.

LIABILITIES PROFILE (\$M)



DEPOSITS HELD (11.8)
PROVISIONS (6.1)
PAYABLES (3.5)
FINANCE LEASE LIABILITIES (0.4)

STATEMENT OF CHANGES IN EQUITY

	2015-16 \$M	2014-15 \$M	Variance \$M	Variance %
Balance of Equity as at 01 July	431	477	-46	-10%
Capital	1,243	1,018	225	22%
Asset Revaluation Reserve	15	24	-9	-37%
Accumulated Funds	-637	-611	-26	4%
Balance of Equity as at 30 June	621	431	190	44%

The \$8.9 million decrease in asset revaluation reserve reflects the decrement in the department's land and buildings values as a result of the revaluation of property, plant and equipment during 2015-16. The decrease in accumulated funds reflects the net deficit reported for 2015-16. The balance of equity has increased by \$190 million, which is the change in net assets from 2014-15 to 2015-16.

STATEMENT OF CASH FLOWS

The statement of cashflows represents cash received and paid during the year from operating, investing and financing activities. The table below summarises movement during the 2015-16 financial year.

The department holds cash and deposits of \$218.6 million as at 30 June 2016 as compared to \$111.5 million on 1 July 2015. The significant improvement in our cash position is due to timing delays between receiving equity injections for the capital works program and paying for said works. Cash balances will be used for carrying out works on the Infrastructure Program in future years.

	2015-16 \$M	2014-15 \$M	Variance \$M	Variance %
Cash at Beginning of Reporting Period	111	16	95	594%
Cash Received	518	372	146	39%
Cash Payments	(409)	(258)	151	59%
Equity Withdrawal	(2)	(19)	(17)	(92%)
Cash at End of the Reporting Period	218	111	107	96%

CERTIFICATION OF THE FINANCIAL STATEMENTS

We certify that the attached financial statements for the Department of Infrastructure 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.

DAVID McHUGH
Chief Executive

26 August 2016

LEAH ATKINSON
Chief Finance Officer

26 August 2016

COMPREHENSIVE OPERATING STATEMENT
FOR THE YEAR ENDED 30 JUNE 2016

	Note	2016 \$000	2015 \$000
INCOME			
Appropriation			
Output		53,206	52,568
Sales of Goods and Services		941	825
Goods and Services Received Free of Charge	4	5,948	5,716
Revaluation Increment	5, 20 B)	27	0
Other Income		235	145
TOTAL INCOME	3	60,357	59,254
EXPENSES			
Employee Expenses		39,252	36,360
Administrative Expenses			
Purchases of Goods and Services	6	13,064	12,897
Repairs and Maintenance		22,706	3,203
Property Management		877	1,123
Depreciation and Amortisation	9	1,578	1,591
Other Administrative Expenses ¹		5,979	5,735
Grants and Subsidies Expenses			
Capital		2,722	66
Interest expenses		19	19
TOTAL EXPENSES	3	86,197	60,994
NET DEFICIT		(25,840)	(1,740)
OTHER COMPREHENSIVE INCOME			
Changes in Asset Revaluation Surplus		(8,878)	0
TOTAL OTHER COMPREHENSIVE INCOME		(8,878)	0
COMPREHENSIVE RESULT		(34,718)	(1,740)

¹ Includes DCIS service charges.

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

STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2016

	Note	2016 \$000	2015 \$000
ASSETS			
Current Assets			
Cash and Deposits	7	218,588	111,462
Receivables	8	5,183	4,892
Prepayments		83	115
TOTAL CURRENT ASSETS		223,854	116,469
Non-Current Assets			
Property, Plant and Equipment	9	419,002	338,268
Other Assets		360	397
Total Non-Current Assets		419,362	338,665
TOTAL ASSETS		643,216	455,134
LIABILITIES			
Current Liabilities			
Deposits Held	11	11,797	10,809
Payables	12	3,536	6,594
Provisions	13	4,481	4,341
Other Liabilities	14	4	6
TOTAL CURRENT LIABILITIES		19,818	21,750
Non-Current Liabilities			
Provisions	13	1,605	1,610
Other Liabilities	14	363	393
Total Non-Current Liabilities		1,968	2,003
TOTAL LIABILITIES		21,786	23,753
NET ASSETS		621,430	431,381
EQUITY			
Capital		1,243,699	1,018,932
Asset Revaluation Reserve	15	14,942	23,820
Accumulated Funds		(637,211)	(611,371)
TOTAL EQUITY		621,430	431,381

The Statement of Financial Position 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 \$000	Comprehen- sive result \$000	Transactions with own- ers in their capacity as owners \$000	Equity at 30 June \$000
2015-16					
Accumulated Funds		(611,371)	(25,840)	0	(637,211)
		(611,371)	(25,840)	0	(637,211)
Asset Revaluation Reserve	15	23,820	(8,878)		14,942
Capital – Transactions with Owners		1,018,932			1,018,932
Equity Injections					
Capital Appropriation				291,866	291,866
Equity Transfers In				541	541
Other Equity Injections				48,852	48,852
Specific Purpose Payments				19,079	19,079
National Partnership Payments				66,813	66,813
Commonwealth – Capital				2,270	2,270
Equity Withdrawals					
Capital Withdrawal				(1,403)	(1,403)
Equity Transfers Out				(203,251)	(203,251)
		1,018,932	0	224,767	1,243,699
TOTAL EQUITY AT END OF FINANCIAL YEAR		431,381	(34,718)	224,767	621,430
2014-15					
Accumulated Funds		(609,631)	(1,740)	0	(611,371)
		(609,631)	(1,740)	0	(611,371)
Asset Revaluation Reserve	14	23,820			23,820
Capital – Transactions with Owners		1,063,288			1,063,288
Equity Injections					
Capital Appropriation				157,146	157,146
Equity Transfers In				271	271
Other Equity Injections				42,522	42,522
Specific Purpose Payments				25,944	25,944
National Partnership Payments				61,385	61,385
Commonwealth – Capital				1,025	1,025
Equity Withdrawals					
Capital Withdrawal				(18,616)	(18,616)
Equity Transfers Out				(314,033)	(314,033)
		1,063,288	0	(44,356)	1,018,932
TOTAL EQUITY AT END OF FINANCIAL YEAR		477,477	(1,740)	(44,356)	431,381

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 \$'000	2015 \$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Operating Receipts			
<i>Appropriation</i>			
Output		53,206	52,568
Receipts from Sales of Goods and Services		34,572	21,020
Total Operating Receipts		87,778	73,588
Operating Payments			
Payments to Employees		(39,970)	(30,385)
Payments for Goods and Services		(54,506)	(33,908)
Grants and Subsidies Paid			
Capital		(2,722)	(66)
Interest Paid		(19)	(19)
Total Operating Payments		(97,217)	(64,378)
NET CASH FROM/(USED IN) OPERATING ACTIVITIES	16	(9,439)	9,210
CASH FLOWS FROM INVESTING ACTIVITIES			
Investing Payments			
Purchases of Assets		(311,897)	(193,450)
Total Investing Payments		(311,897)	(193,450)
NET CASH USED IN INVESTING ACTIVITIES		(311,897)	(193,450)
CASH FLOWS FROM FINANCING ACTIVITIES			
Financing Receipts			
Deposits Received		989	10,516
Equity Injections			
Capital Appropriation		291,866	157,146
Commonwealth Appropriation		88,162	88,354
Other Equity Injections		48,852	42,522
TOTAL FINANCING RECEIPTS		429,869	298,538
FINANCING PAYMENTS			
Finance Lease Payments		(4)	(4)
Equity Withdrawals		(1,403)	(18,616)
Total Financing Payments		(1,407)	(18,620)
Net Cash From Financing Activities		428,462	279,918
Net Increase in Cash Held		107,126	95,678
Cash at Beginning of Financial Year		111,462	15,784
CASH AT END OF FINANCIAL YEAR	7	218,588	111,462

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

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1. OBJECTIVES AND FUNDING

The Department of Infrastructure provide services as the Northern Territory's central construction authority, solely responsible for the delivery of the Territory's infrastructure program.

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.

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 Infrastructure to prepare financial statements for the year ended 30 June 2016 based on the form determined by the Treasurer. The form of agency financial statements is to include:

- (i) a Certification of the Financial Statements;
- (ii) a Comprehensive Operating Statement;
- (iii) a Statement of Financial Position;
- (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 agency transactions and balances have been eliminated.

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

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

The 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

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2016

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 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 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

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.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2016

Standard/Interpretation	Effective for annual reporting periods beginning on or after	Impact
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 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.

C) REPORTING ENTITY

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

The Department of Infrastructure ("the Department") is a Northern Territory department established under the *Interpretation Act* Administrative Arrangement Orders.

The principal place of business of the Department is Highway House, 14 Palmerston Circuit, Palmerston, NT.

D) AGENCY AND TERRITORY ITEMS

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

Central Holding Authority

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

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

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

The Central Holding Authority recognises and records all Territory items, and as such, these items are not included in the agency's financial statements. However, as the agency is accountable for certain Territory items managed on behalf of Government, these items have been separately disclosed in Note 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(U) 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.
- 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(R), Note 8: 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) and Note 9: Property, Plant and Equipment.

I) GOODS AND SERVICES TAX

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

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

Cash flows are included in the Statement of Cash Flows 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 agency for the outputs they provide and is calculated as the net cost of agency outputs after taking into account funding from agency income. It does not include any allowance for major non-cash costs such as depreciation.

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

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

Sale of Goods

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

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

Rendering of Services

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

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

Interest Revenue

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

Goods and Services Received Free of Charge

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

Disposal of Assets

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

Contributions of Assets

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

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 Departments 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 agency assets as part of output revenue. Costs associated with repairs and maintenance works on agency assets are expensed as incurred.

L) DEPRECIATION AND AMORTISATION EXPENSE

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

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	20 – 50 years	20 – 50 years
Plant and equipment	4 – 15 years	4 – 15 years
Computer Software	10 years	10 years
Aboriginal Land Under Finance Lease	40 years	40 years

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

M) INTEREST EXPENSE

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

N) CASH AND DEPOSITS

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

O) 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 30 days and other receivables within 30 days.

P) 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.

Q) PROPERTY, PLANT AND EQUIPMENT

Acquisitions

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

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

Complex Assets

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

Subsequent Additional Costs

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

Construction (Work in Progress)

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

P) REVALUATIONS AND IMPAIRMENT

Revaluation of Assets

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

- land; and
- buildings.

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

Impairment of Assets

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

Non-current physical and intangible agency assets are assessed for indicators of impairment on an annual basis or whenever there is indication of impairment. If an indicator of impairment exists, the agency determines the asset's

recoverable amount. The asset's recoverable amount is determined as the higher of the asset's depreciated replacement cost and fair value less costs to sell. Any amount by which the asset's carrying amount exceeds the recoverable amount is recorded as an impairment loss.

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

In certain situations, an impairment loss may subsequently be reversed. Where an impairment loss is subsequently reversed, the carrying amount of the asset is increased to the revised estimate of its recoverable amount. A reversal of an impairment loss is recognised in the Comprehensive Operating Statement as income, unless the asset is carried at a revalued amount, in which case the impairment reversal results in an increase in the asset revaluation surplus. Note 15 provides additional information in relation to the asset revaluation surplus.

S) LEASED ASSETS

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

Finance Leases

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

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

Operating Leases

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

T) PAYABLES

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

U) 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 of Infrastructure and as such no long service leave liability is recognised in agency financial statements.

V) SUPERANNUATION

Employees' superannuation entitlements are provided through the:

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

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

W) CONTRIBUTIONS BY AND DISTRIBUTIONS TO GOVERNMENT

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

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

X) COMMITMENTS

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

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

Y) 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 Statement of Financial Position when the agency becomes a party to the contractual provisions of the financial instrument. The agency's financial instruments include cash and deposits; receivables; advances; investments loan and placements; payables; advances received; borrowings and derivatives.

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.

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

Classification of Financial Instruments

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

Financial assets are classified into the following categories:

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

- available-for-sale financial assets.

Financial liabilities are classified into the following categories:

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

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

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

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

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

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

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

Held-to-Maturity Investments

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

Loans and Receivables

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

Available-for-Sale Financial Assets

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

Financial Liabilities at Amortised Cost

Financial instrument liabilities measured at amortised cost include finance lease liabilities. Amortised cost is calculated using the effective interest method.

Derivatives

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

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

Netting of Swap Transactions

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

Note 17 provides additional information on financial instruments.

Z) FAIR VALUE MEASUREMENT

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

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

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

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

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

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

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

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

Level 3 – inputs are unobservable.

3. COMPREHENSIVE OPERATING STATEMENT BY OUTPUT GROUP

	Note	Infrastructure Services		Corporate and Governance		Total	
		2016	2015	2016	2015	2016	2015
		\$000	\$000	\$000	\$000	\$000	\$000
INCOME							
Appropriation							
Output		0	0	53,206	52,568	53,206	52,568
Sales of Goods and Services		589	496	352	329	941	825
Goods and Services Received Free of Charge	4	0	0	5,948	5,716	5,948	5,716
Revaluation Increment	5, 20 B)	0	0	27	0	27	0
Other Income		21	37	214	108	235	145
TOTAL INCOME		610	533	59,747	58,721	60,357	59,254
EXPENSES							
Employee Expenses		32,688	31,459	6,564	4,901	39,252	36,360
Administrative Expenses							
Purchases of Goods and Services	6	7,376	8,645	5,688	4,252	13,064	12,897
Repairs and Maintenance		0	0	22,706	3,203	22,706	3,203
Property Management		209	210	668	913	877	1,123
Depreciation and Amortisation	9	0	0	1,578	1,591	1,578	1,591
Other Administrative Expenses ¹		0	0	5,979	5,735	5,979	5,735
Grants and Subsidies Expenses							
Capital		2,722	0	0	66	2,722	66
Interest Expenses		0	0	19	19	19	19
TOTAL EXPENSES		42,995	40,314	43,202	20,680	86,197	60,994
NET SURPLUS/(DEFICIT)		(42,385)	(39,781)	16,545	38,041	(25,840)	(1,740)
OTHER COMPREHENSIVE INCOME							
Changes in Asset Revaluation Surplus		0	0	(8,878)	0	(8,878)	0
TOTAL OTHER COMPREHENSIVE INCOME		0	0	(8,878)	0	(8,878)	0
COMPREHENSIVE RESULT		(42,385)	(39,781)	7,667	38,041	(34,718)	(1,740)

¹Includes DCIS service charges.

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

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2016

	2016 \$000	2015 \$000
4. GOODS AND SERVICES RECEIVED FREE OF CHARGE		
Corporate and Information Services	5,948	5,716
	5,948	5,716
5. REVALUATION INCREMENT		
A net revaluation increase shall be recognised in profit or loss to the extent that it reverses a revaluation decrease of the same asset previously recognised in the profit or loss (refer note 20 B).	27	0
TOTAL REVALUATION INCREMENT	27	0
6. PURCHASES OF GOODS AND SERVICES		
The net deficit has been arrived at after charging the following expenses:		
Goods and services expenses		
Consultants ⁽¹⁾	5,411	3,687
Marketing and Promotion ⁽²⁾	363	283
Legal Expenses ⁽³⁾	266	1,277
Document Production	17	47
Recruitment ⁽⁴⁾	15	49
Agent Service Arrangements	6	56
Training and Study	755	960
Official Duty Fares	388	304
Travelling Allowance	235	185
Accommodation	190	145
IT Software and Hardware	90	77
Insurance	3	2
Communications	679	710
Information Technology Charges	1,867	2,044
Motor Vehicle Expenses	1,936	2,152
Other	843	919
	13,064	12,897
¹ Includes marketing, promotion and IT consultants.		
² Includes advertising for marketing and promotion but excludes marketing and promotion consultants' expenses, which are incorporated in the consultants' category.		
³ Includes legal fees, claim and settlement costs.		
⁴ Includes recruitment-related advertising costs.		
7. CASH AND DEPOSITS		
Cash at Bank	218,588	111,462
	218,588	111,462

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2016

	2016 \$000	2015 \$000
8. RECEIVABLES		
Current		
Accounts receivable	396	272
Less: Allowance for impairment losses	(48)	(17)
	348	255
GST receivables	4,835	4,637
TOTAL RECEIVABLES	5,183	4,892
9. PROPERTY, PLANT AND EQUIPMENT		
Land		
At Fair Value	6,480	7,681
Buildings		
At Fair Value	54,952	67,953
Less: Accumulated Depreciation	(44,135)	(45,807)
	10,817	22,146
Construction (Work in Progress)		
At capitalised cost	399,310	305,661
Plant and Equipment		
At Fair Value	3,864	3,830
Less: Accumulated Depreciation	(1,478)	(1,075)
	2,386	2,755
Computer Hardware		
At Fair Value	220	235
Less: Accumulated Depreciation	(211)	(210)
	9	25
Land Under Finance Lease		
At Capitalised Cost	401	429
Less: Accumulated Depreciation	(41)	(32)
	360	397
TOTAL PROPERTY, PLANT AND EQUIPMENT	419,362	338,665

Property, Plant and Equipment Valuations

The latest revaluations as at 30 June 2016 were independently conducted. The valuer was Territory Property Consultants. Refer to Note 10: Fair Value Measurement of Non-Financial Assets for additional disclosures.

Impairment of Property, Plant and Equipment

Agency 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.

9. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	Land \$000	Buildings \$000	Construction (Work in Progress) \$000	Plant and Equipment \$000	Computer Hardware \$000	Land Under Finance Lease \$000	Total \$000
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:							
Carrying Amount as at 1 July 2015	7,681	22,146	305,661	2,755	25	397	338,665
Additions			314,536		11		314,547
Depreciation		(1,173)		(369)	(27)	(9)	(1,578)
Additions/(Disposals) from Asset Transfers	40	(2,546)	(220,887)			(28)	(223,421)
Impairment Losses Reversed	27						27
Revaluation Decrements	(1,268)	(7,610)					(8,878)
Carrying Amount as at 30 June 2016	6,480	10,817	399,310	2,386	9	360	419,362

2015 Property, Plant and Equipment Reconciliations

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

	Land \$000	Buildings \$000	Construction (Work in Progress) \$000	Plant and Equipment \$000	Computer Hardware \$000	Land Under Finance Lease \$000	Total \$000
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:							
Carrying Amount as at 1 July 2014	18,021	23,169	418,611	3,066	0	407	463,274
Additions			192,283				192,283
Depreciation		(1,166)		(373)	(42)	(10)	(1,591)
Additions from Administrative Restructuring		143		62	67		272
Disposals from Asset Transfers	(10,340)		(305,233)				(315,573)
Carrying Amount as at 30 June 2015	7,681	22,146	305,661	2,755	25	397	338,665

10. FAIR VALUE MEASUREMENT OF NON-FINANCIAL ASSETS

A) FAIR VALUE HIERARCHY

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

	Level 1	Level 2	Level 3	Total Fair Value
	\$000	\$000	\$000	\$000

2015–16

Asset Classes

Land (Note 9)			6,480	6,480
Buildings (Note 9)			10,817	10,817
Plant and Equipment (Note 9)			2,386	2,386
Computer Equipment (Note 9)			9	9
TOTAL			19,692	19,692

2014–15

Asset Classes

Land (Note 8)			7,681	7,681
Buildings (Note 8)			22,146	22,146
Plant and Equipment (Note 8)			2,755	2,755
Computer Hardware (Note 8)			25	25
TOTAL			32,607	32,607

There were no transfers between Level 1 and Levels 2 or 3 during 2015–16.

B) VALUATION TECHNIQUES AND INPUTS

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

	Level 3
	Techniques

Asset Classes

Land	Cost Approach
Buildings	Cost Approach
Plant and Equipment	Cost Approach
Computer Hardware	Cost Approach

There were no changes in valuation techniques from 2014–15 to 2015–16.

C) ADDITIONAL INFORMATION FOR LEVEL 3 FAIR VALUE MEASUREMENTS

(i) Reconciliation of Recurring Level 3 Fair Value Measurements

	Land \$000	Buildings \$000	Plant and Equipment \$000	Computer Hardware \$000	Total \$000
2015–16					
Fair Value as at 1 July 2015	7,681	22,146	2,755	25	32,607
Acquisitions				11	11
Transfers In	2,540	340	34		2,914
Transfers Out	(2,500)	(2,886)	(34)		(5,420)
Depreciation		(1,173)	(369)	(27)	(1,569)
Gains Recognised in Net Deficit	27				27
Losses Recognised in Other Comprehensive Income	(1,268)	(7,610)			(8,878)
FAIR VALUE AS AT 30 JUNE 2016	6,480	10,817	2,386	9	19,692
2014–15					
Fair Value as at 1 July 2014	18,021	23,169	3,066	0	44,256
Transfers In		143	62	67	272
Transfers Out	(10,340)				(10,340)
Depreciation		(1,166)	(373)	(42)	(1,581)
FAIR VALUE AS AT 30 JUNE 2015	7,681	22,146	2,755	25	32,607

(ii) Sensitivity analysis

Level 3 fair value measurements

Buildings – Unobservable inputs used in computing the fair value of buildings include the historical cost and the consumed economic benefit for each building. Given the large number of agency buildings, it is not practical to compute a relevant summary measure for the unobservable inputs.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2016

	2016 \$000	2015 \$000
11. DEPOSITS HELD		
Recoverable Works	11,427	10,483
Accountable Officers Trust Account	370	326
TOTAL DEPOSITS HELD	11,797	10,809
12. PAYABLES		
Accounts Payable	239	402
Accrued Expenses	646	2,060
Accrued Expenses - Works in Progress	2,651	4,132
TOTAL PAYABLES	3,536	6,594
13. PROVISIONS		
Current		
<i>Employee Benefits</i>		
Recreation Leave	2,881	2,798
Leave Loading	598	532
Other Employee Benefits	181	177
<i>Other Current Provisions</i>		
Other Provisions	821	834
	4,481	4,341
Non-Current		
<i>Employee Benefits</i>		
Recreation Leave	1,605	1,610
TOTAL PROVISIONS	6,086	5,951

The Agency employed 347 employees as at 30 June 2016 (338 employees as at 30 June 2015).

14. OTHER LIABILITIES		
Current		
Finance Leases on Aboriginal Land	4	6
	4	6
Non-Current		
Finance Leases on Aboriginal Land	363	393
	363	393
TOTAL OTHER LIABILITIES	367	399

	2016 \$000	2015 \$000
15. RESERVES		
Asset Revaluation Surplus		
(i) Nature and purpose of the asset revaluation surplus		
The asset revaluation surplus includes the net revaluation increments and decrements arising from the revaluation of non-current assets. Impairment adjustments may also be recognised in the asset revaluation surplus.		
(ii) Movements in the asset revaluation surplus		
Balance as at 1 July	23,820	23,820
Decrement – Land	(1,268)	0
Decrement – Buildings	(7,610)	0
BALANCE AS AT 30 JUNE	14,942	23,820
16. NOTES TO THE CASH FLOW STATEMENT		
Reconciliation of Cash		
The total of agency 'Cash and deposits' of \$218,587,753 recorded in the Balance Sheet is consistent with that recorded as 'Cash' in the Statement of Cash Flows.		
Reconciliation of Net Deficit to Net Cash from Operating Activities		
Net Deficit	(25,840)	(1,740)
<i>Non-Cash Items:</i>		
Depreciation and Amortisation	1,578	1,591
Repairs and Maintenance/Minor New Works	20,682	1,540
Revaluation Increment	(27)	0
Bad Debts Written Off	0	1
<i>Changes in Assets and Liabilities:</i>		
Increase in Receivables	(291)	(1,226)
Decrease in Prepayments	32	198
Increase in Other	0	(2)
(Decrease)/Increase in Payables	(5,708)	3,951
Increase in Provision for Employee Benefits	148	4,199
(Decrease)/Increase in Other Provisions	(13)	698
NET CASH FROM OPERATING ACTIVITIES	(9,439)	9,210
Non-Cash Financing and Investing Activities		
<i>Finance Lease Transactions</i>		
During the financial year the department did not acquire plant and equipment/computer equipment and software by means of finance leases.		

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 of Infrastructure (DoI) include cash and deposits, receivables, payables, deposits held and finance leases. DoI has limited exposure to financial risks as discussed below.

A) CATEGORISATION OF FINANCIAL INSTRUMENTS

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

	Financial Assets - Loans and Receivables \$000	Financial Liabilities - Amortised Cost \$000	TOTAL \$000
2015-16 Categorisation of Financial Instruments			
Cash and Deposits	218,588		218,588
Receivables ¹	348		348
TOTAL FINANCIAL ASSETS	218,936		218,936
Deposits Held		11,797	11,797
Payables		3,536	3,536
Finance Lease Liabilities		367	367
TOTAL FINANCIAL LIABILITIES		15,700	15,700
1. Total amounts disclosed here exclude statutory amounts			
2015-16 Categorisation of Financial Instruments			
Cash and Deposits	111,462		111,462
Receivables ¹	255		255
TOTAL FINANCIAL ASSETS	111,717		111,717
Deposits Held		10,809	10,809
Payables		6,594	6,594
Finance Lease Liabilities		399	399
TOTAL FINANCIAL LIABILITIES		17,802	17,802
1. Total amounts disclosed here exclude statutory amounts			

B) CREDIT RISK

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

The carrying amount of financial assets recorded in the financial statements, net of any allowances for losses, represents DoI'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 on the following page.

	Ageing of Receivables \$000	Ageing of Impaired Receivables \$000	Net Receivables \$000
--	-----------------------------------	---	-----------------------------

INTERNAL RECEIVABLES

2015-16

Not overdue	120		120
Overdue for more than 60 days	6	(6)	0
TOTAL	126	(6)	120

Reconciliation of the Allowance for Impairment Losses

Opening	0
Increase in allowance recognised in profit or loss	6
TOTAL	6

2014-15

Not overdue	15		15
Overdue for less than 30 days	32		32
Overdue for more than 60 days	1		1
TOTAL	48	0	48

EXTERNAL RECEIVABLES

2015-16

Not overdue	4,885		4,885
Overdue for less than 30 days	115		115
Overdue for more than 60 days	105	(42)	63
TOTAL	5,105	(42)	5,063

Reconciliation of the Allowance for Impairment Losses

Opening	17
Increase in allowance recognised in profit or loss	25
TOTAL	42

2014-15

Not overdue	4,776		4,776
Overdue for less than 30 days	3		3
Overdue for more than 60 days	82	(17)	65
TOTAL	4,861	(17)	4,844

Reconciliation of the Allowance for Impairment Losses

Opening	0
TOTAL	17

C) LIQUIDITY RISK

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

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

	Non-Interest Bearing \$000	Total \$000
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2016 Maturity Analysis for Financial Assets and Liabilities

Assets

Cash and Deposits	218,588	218,588
Receivables	5,183	5,183
TOTAL FINANCIAL ASSETS	223,771	223,771

Liabilities

Deposits Held	11,797	11,797
Payables	3,536	3,536
Finance Lease Liabilities	367	367
TOTAL FINANCIAL LIABILITIES	15,700	15,700

2015 Maturity Analysis for Financial Assets and Liabilities

Assets

Cash and Deposits	111,462	111,462
Receivables	4,892	4,892
TOTAL FINANCIAL ASSETS	116,354	116,354

Liabilities

Deposits Held	10,809	10,809
Payables	6,594	6,594
Finance Lease Liabilities	399	399
TOTAL FINANCIAL LIABILITIES	17,802	17,802

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

Dol is not exposed to interest rate risk as its financial assets and financial liabilities, with the exception of land under finance leases are non interest bearing. Finance lease arrangements are established on a fixed interest rate and as such do not expose the Dol to interest rate risk.

(ii) Price Risk

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

(iii) Currency Risk

Dol 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, receivables, deposits held, finance lease liabilities 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.

	Total Carrying Amount \$000	Net Fair Value Level 1 \$000	Net Fair Value Level 2 \$000	Net Fair Value Level 3 \$000	Net Fair Value Total \$000
2016					
Financial Assets					
Cash and Deposits	218,588	218,588			218,588
Receivables	5,183	5,183			5,183
TOTAL FINANCIAL ASSETS	223,771	223,771			223,771
Financial Liabilities					
Deposits Held	11,797	11,797			11,797
Payables	3,536	3,536			3,536
TOTAL FINANCIAL LIABILITIES	15,333	15,333			15,333
2015					
Financial Assets					
Cash and Deposits	111,642	111,462			111,462
Receivables	4,892	4,892			4,892
TOTAL FINANCIAL ASSETS	116,354	116,354			116,354
Financial Liabilities					
Deposits Held	10,809	10,809			10,809
Payables	6,594	6,594			6,594
TOTAL FINANCIAL LIABILITIES	17,403	17,403			17,403

There were no changes in valuation techniques during the period.

18.COMMITMENTS

	2016 \$000	2015 \$000
(i) Capital Expenditure Commitments		
Capital expenditure commitments primarily related to the construction of buildings and infrastructure. Capital expenditure commitments contracted for at balance date but not recognised as liabilities are payable as follows:		
Within one year	164,550	102,566
Later than one year and not later than five years	25,824	27,242
	190,374	129,808
(ii) Operating Lease Commitments		
The agency leases items of plant and equipment under non-cancellable operating leases and usage charges on owned plant and equipment. Future operating lease commitments and usage charges not recognised as liabilities are payable as follows:		
Within one year	109	108
Later than one year and not later than five years	349	372
	458	480
(iii) Other Expenditure Commitments		
Other non-cancellable expenditure commitments not recognised as liabilities are payable as follows:		
Within one year	20	235
	20	235

19.CONTINGENT LIABILITIES AND CONTINGENT ASSETS

A) CONTINGENT LIABILITIES

The Department of Infrastructure has entered into agreements which contain indemnity clauses. The contingent liabilities arising from these indemnities are unquantifiable, but expected to be immaterial. However, for all events that would give rise to a liability the department has comprehensive risk management procedures in place.

B) CONTINGENT ASSETS

The Department of Infrastructure had no contingent assets as at 30 June 2016 or 30 June 2015.

20.EVENTS SUBSEQUENT TO BALANCE DATE

- A) On the 22nd of August, the Chief Executive signed a Deed of Settlement, agreeing to pay a sum of \$45,000 in full settlement of an incident which occurred in August 2011.
- B) An incorrect posting of \$27,000 was made to income during 2015–16, relating to a revaluation increment. Therefore the income for 2015–16 is overstated and the deficit and asset revaluation reserve are understated. As this posting is not material it will be adjusted and noted accordingly in 2016–17.
- C) No other events have arisen between the end of the financial year and the date of this report that require adjustment to, or disclosure in these financial statements.

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 \$000	Receipts \$000	Payments \$000	Closing Balance 30 June 2016 \$000
Retention Money	8		(8)	0
Liquidated Damages	12			12
Bank Guarantees	305	52		357
Other	1			1
	326	52	(8)	370

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

	Agency		Agency		Territory Items		Territory Items	
	2016 \$000	No. of Trans	2015 \$000	No. of Trans	2016 \$000	No. of Trans	2015 \$000	No. of Trans
Write-offs, Postponements and Waivers Under the Financial Management Act								
Represented by:								
<i>Amounts Written Off, Postponed and Waived by Delegates</i>								
Irrecoverable amounts payable to the Territory or an agency written off								
Losses or deficiencies of money written off			1	1				
Public property written off								
Waiver or postponement of right to receive or recover money or property								
Total Written Off, Postponed and Waived by Delegates	0	0	1	1	0	0	0	0
<i>Amounts Written Off, Postponed and Waived by the Treasurer</i>								
Irrecoverable amounts payable to the Territory or an agency written off								
Losses or deficiencies of money written off								
Public property written off								
Waiver or postponement of right to receive or recover money or property								
Total Written Off, Postponed and Waived by the Treasurer	0	0	0	0	0	0	0	0
Write-offs, Postponements and Waivers Authorised Under Other Legislation								
	0	0	0	0	0	0	0	0
Gifts Under the Financial Management Act								
	0	0	0	0	0	0	0	0
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 TERRITORY ITEMS

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

	2016	2015
	\$000	\$000
Territory Income And Expenses		
Income		
Other Income	1,566	47
TOTAL INCOME	1,566	47
Expenses		
Other administrative expenses	1,566	47
TOTAL EXPENSES	1,566	47
TERRITORY INCOME LESS EXPENSES	0	0

24. BUDGETARY INFORMATION

	2015-16 Actual \$000	2015-16 Original Budget \$000	Variance \$000	Note
COMPREHENSIVE OPERATING STATEMENT				
INCOME				
Appropriation				
Output	53,206	53,017	189	
Sales of Goods and Services	941	6,730	(5,789)	1
Goods and Services Received Free of Charge	5,948	5,530	418	
	27	0	27	2
Other Income	235	0	235	3
TOTAL INCOME	60,357	65,277	(4,920)	
EXPENSES				
Employee Expenses	39,252	32,690	6,562	4
Administrative Expenses				
Purchases of Goods and Services	13,064	20,442	(7,378)	1, 4
Repairs and Maintenance	22,706	2,723	19,983	5
Property Management	877	1,170	(293)	6
Depreciation and Amortisation	1,578	1,564	14	
Other Administrative Expenses	5,979	5,530	449	
Grants and Subsidies Expenses				
Capital	2,722	2,722	0	
Interest Expenses	19	0	19	7
TOTAL EXPENSES	86,197	66,841	19,356	
NET DEFICIT	(25,840)	(1,564)	(24,276)	
OTHER COMPREHENSIVE INCOME				
Changes in Asset Revaluation Surplus	(8,878)	0	(8,878)	8
TOTAL OTHER COMPREHENSIVE INCOME	(8,878)	0	(8,878)	
COMPREHENSIVE RESULT	(34,718)	(1,564)	(33,154)	

Notes:

The following note descriptions relate to variances greater than 10 percent or where multiple significant variances have occurred.

1. Sales of Goods and Services income is earned from recoverable works, direct debit and cost recovery activities. Actuals not earned due to the priority focus being on delivering the NTG's infrastructure program. The under achievement is to some extent offset by savings in Property Management and Purchases of Goods and Services.
2. Recognition of land increment in profit or loss to reverse the previously recognised land decrement in Profit or loss.
3. Various unbudgeted adhoc income items.
4. Category of cost adjustment, transferring from Operational to Personnel to meet the organisation's current staffing structure.
5. Repairs and Maintenance expenses includes unbudgeted expense of:
 - \$14 million for Cyclone Lam and Cyclone Nathan rectification works
 - \$3.9 million for Capital Works and Minor New Works Consultancies not capitalised, and
 - \$1.6 million for Robinson River Health Centre
6. Underspend on Property Management reflect transfer of Greatorex building to NT police. The savings offset the underachievement of Sales of Goods and Services to some extent.
7. Interest paid on finance lease is not budgeted
8. Revaluation of Land and Buildings was not considered in the Budget development.

24. BUDGETARY INFORMATION (Continued)

	2015-16 Actual	2015-16 Original Budget	Variance	Note
BALANCE SHEET				
	\$000	\$000	\$000	
ASSETS				
Current Assets				
Cash and Deposits	218,588	58,712	159,876	1
Receivables	5,183	3,666	1,517	2, 5
Prepayments	83	313	(230)	3
Total Current Assets	223,854	62,691	161,163	
Non-Current Assets				
Property, Plant and Equipment	419,362	726,016	(306,654)	4
Total Non-Current Assets	419,362	726,016	(306,654)	
TOTAL ASSETS	643,216	788,707	(145,491)	
LIABILITIES				
Current Liabilities				
Deposits Held	11,797	294	11,503	5
Payables	3,536	3,809	(273)	
Borrowings and Advances	4	6	(2)	
Provisions	4,481	757	3,724	5
Total Current Liabilities	19,818	4,866	14,952	
Non-Current Liabilities				
Provisions	1,605	297	1,308	5
Borrowings and Advances	363	397	(34)	
Total Non-Current Liabilities	1,968	694	1,274	
TOTAL LIABILITIES	21,786	5,560	16,226	
NET ASSETS	621,430	783,147	(161,717)	
EQUITY				
Capital	1,243,699	1,371,961	(128,262)	5
Reserves	14,942	23,820	(8,878)	6
Accumulated Funds	(637,211)	(612,634)	(24,577)	
TOTAL EQUITY	621,430	783,147	(161,717)	

Notes:

The following note descriptions relate to variances greater than 10 percent or where multiple significant variances have occurred.

- Variance in Cash and Deposits reflects:
 - Capital Works under spent by \$57 million.
 - Equity Injections overbudget by \$90 million.
 - Recoverable Works receipts overbudget by \$12 million.
- Receivables include GST payments and receipts not originally budgeted. The variance is consistent with the overbudget of Payment for Goods and Services greater than the receipts from Sale of Goods and Services.
- The original budget was based on DoI actuals as at 30 June 2014 which included redundancy prepayments.
- Variance in Assets is due to the unbudgeted WIP transfer out, Land and Buildings value decrement, and underspend on Capital Works projects.
- The original budget was based on DoI actuals as at 30 June 2014 which does not reflect the consolidation of Construction Division and DoI.
- Unbudgeted Land and Buildings value decrement.

24. BUDGETARY INFORMATION (Continued)

	2015-16 Actual	2015-16 Original Budget	Variance	Note
CASH FLOW STATEMENT	\$000	\$000	\$000	
CASH FLOWS FROM OPERATING ACTIVITIES				
Operating Receipts				
Appropriation				
Output	53,206	53,017	189	
Receipts from Sales of Goods and Services	34,572	6,730	27,842	1
Total Operating Receipts	87,778	59,747	28,031	
Operating Payments				
Payments to Employees	(39,970)	(32,690)	(7,280)	2
Payments for Goods and Services	(54,506)	(24,335)	(30,171)	2, 3
Grants and Subsidies Paid				
Capital	(2,722)	(2,722)	0	
Interest Paid	(19)	0	(19)	4
Total Operating Payments	(97,217)	(59,747)	(37,470)	
NET CASH FROM OPERATING ACTIVITIES	(9,439)	0	(9,439)	
CASH FLOWS FROM INVESTING ACTIVITIES				
Investing Payments				
Purchases of Assets	(311,897)	(368,697)	56,800	5
Total Investing Payments	(311,897)	(368,697)	56,800	
NET CASH USED IN INVESTING ACTIVITIES	(311,897)	(368,697)	56,800	
CASH FLOWS FROM FINANCING ACTIVITIES				
Financing Receipts				
Deposits Received	989	0	989	6
Equity Injections				
Capital Appropriation	291,866	228,163	63,703	7
Commonwealth Appropriation	88,162	94,996	(6,834)	
Other Equity Injections	48,852	15,560	33,292	8
TOTAL FINANCING RECEIPTS	429,869	338,719	91,150	
FINANCING PAYMENTS				
Finance Lease Payments	(4)	0	(4)	
Equity Withdrawals	(1,403)	0	(1,403)	9
Total Financing Payments	(1,407)	0	(1,407)	
Net Cash From Financing Activities	428,462	338,719	89,743	
Net Increase/(Decrease) in Cash Held	107,126	(29,978)	137,104	
Cash at Beginning of Financial Year	111,462	88,690	22,772	
CASH AT END OF FINANCIAL YEAR	218,588	58,712	159,876	

Notes:

The following note descriptions relate to variances greater than 10 percent or where multiple significant variances have occurred.

1. Variance comprises of:
 - Unbudgeted GST refunds of \$32 million by ATO, and
 - Under achievement of \$5.7 million in Goods and Services Income.
2. A category of cost adjustment from Purchase of Goods and Services to Personnel to meet the organisation current staffing needs.
3. Payment for Goods and Services includes unbudgeted \$34 million for GST payments.
4. Interest paid on finance lease is not budgeted.
5. Capital Works Program \$57 million underbudget due to timing reasons.
6. Unbudgeted Deposits Received for Recoverable Works Projects undertaken by the department.
7. Additional Funding for Capital Works Projects added to program during the year:
 - Construction Stimulus Package for various upgrades to Government Schools - \$54 million
 - Remote Morgues \$2.3 million
 - Alice Springs Netball Facilities \$2.3 million
 - Stokes Hill Wharf Refurbishment \$1.2 million
 - Remote Health Service upgrades \$1.1 million, and
 - Extension of Ludmilla Creek and Kulaluk trunk drains \$3.2 million
8. Additional Commonwealth funding received in relation to National Partnership and Specific Purpose payments:
 - National Education Reforms \$28.9 million
 - Child Care Centres \$0.6 million
 - NTPFES Themis Station \$3.8 million
9. Variance in Equity Withdrawal relates to transfer of funds to Department of Education for trade training centres.

24. BUDGETARY INFORMATION (Continued)

	2015-16 Actual	2015-16 Original Budget	Variance	Note
ADMINISTERED TERRITORY ITEMS				
	\$000	\$000	\$000	
TERRITORY INCOME AND EXPENSES				
Income				
Other Income	1,566	0	1,566	1
TOTAL INCOME	1,566	0	1,566	
Expenses				
Central Holding Authority Income Transferred	1,566	0	1,566	1
TOTAL EXPENSES	1,566	0	1,566	
TERRITORY INCOME LESS EXPENSES	0	0	0	

Notes:

1. Variance comprise of unbudgeted items:

- \$1.066 million building owner contribution for the Alice Plaza fit out project; and
- A capital grant of \$500K for Alice Springs Netball Facilities.

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DEPARTMENT OF
INFRASTRUCTURE

Annual Report 2015 – 2016

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