

**Chief Executive Officer**

Level 7, RCG Centre,  
47 Mitchell Street  
Darwin NT 0800

**Postal address**

GPO Box 4621  
Darwin NT 0801

**Tel:** 08 8999 8472

**File Ref:** HSG2015/02258-20  
**Your Ref:** COMM2015/00022.86

Mrs Robyn Lambley MLA  
Chair  
Public Accounts Committee  
Legislative Assembly of the Northern Territory  
GPO Box 3721  
DARWIN NT 0810

Dear Mrs Lambley

### **Performance Reporting in Annual Reports**

I write in response to your letter dated 11 April 2016 regarding the Department of Housing Annual Report for 2014-15, and acknowledge your preference for the model of reporting provided by Department of Health. I also acknowledge and strongly support the need for accountability and transparency in Annual Reports.

In 2013-14 the Department of Housing underwent significant restructuring and as a result also reviewed its performance reporting during the development of the 2014-15 budget. As a broad overview, the review led to a reduction in the number of indicators overall and a move away from indicators that are largely static, favouring the adoption of indicators that align with national programs and benchmarks, and also indicators that better reflected the key initiatives and objectives of the government of the day.

The adoption of indicators around new programs of government meant that historical data was either not available or not relevant to the new indicators.

Similarly, the implementation of a Corporate Output was a new initiative led by the Department of Treasury and Finance for the 2014-15 budget. Corporate performance is generally measured by a survey of satisfaction by mainly internal clients. At the time of preparing the annual report the Department was implementing a new structure and it was not appropriate to conduct the survey until the restructure was bedded down.

As the Department builds sufficient history in respect of new indicators adopted we would intend to return to reporting history over a number of years. It should be noted however, that some key government programs have a limited lifetime, and ongoing reporting may not be necessary once the objectives are achieved.

In your letter you have noted in respect of data reported for Capital Works that there was a low percentage of expenditure v program for 2014-15. As with all Capital Works programs it is not practical to achieve full program expenditure as program may extend past one financial year. In addition, cash availability against program is determined on an annual basis as part of the budget process. It is worth noting however that in 2014-15 cash expenditure against two of three programs progressed beyond expectations achieving full cash expenditure (see table below). The over expenditure against available cash occurred because of expenditure on the Cyclones Lam and Nathan responses.

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<b>Total Approved Program</b>	<b>Revised Cash</b>	<b>Actual Expenditure</b>
<b>\$000</b>	<b>\$000</b>	<b>\$000</b>
12,724	4,659	3,959
29,546	9,245	9,978
<b>136,808</b>	<b>32,142</b>	<b>36,384</b>

Unfortunately we did not include final (revised) cash figures in the annual report, and will ensure that is rectified for reporting in future years to improve transparency.

I can confirm that ongoing negotiations over Implementation Plans for Commonwealth funding agreements impacted on the construction program for 2014-15 financial year. The Northern Territory receives instalments of funding from the Commonwealth following the achievement of milestones in the Implementation Plan. Without an agreed Implementation Plan the Territory would be taking a significant financial risk if it were to continue construction programs without knowledge of the conditions it needs to meet to trigger instalment payments.

I trust that the foregoing information is sufficient to adequately answer your queries. I am also happy to provide further information if required. The Department will continue to improve its annual reporting and aspires to exceed the framework requirements as pointed out in your letter.

Yours sincerely



LEAH CLIFFORD  
Chief Executive Officer

13 May 2016