

DEPARTMENT OF
CORPORATE AND INFORMATION SERVICES

ANNUAL REPORT 2019-20



**PUBLISHED BY THE DEPARTMENT OF CORPORATE
AND DIGITAL DEVELOPMENT**

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Enquiry should be made to:
Department of Corporate and Digital Development

**GPO Box 2391,
Darwin NT 0801**

Telephone: +61 8 8999 1413
Email: dcdd.comms@nt.gov.au

Website: www.nt.gov.au/dcis

Letter of Representation to the Minister

The Hon Paul Kirby MLA
Minister for Corporate and Digital Development
Parliament House
Darwin NT 0800

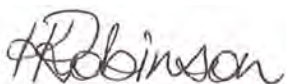
Dear Minister

In accordance with section 28 of the Public Sector Employment and Management Act 1993, I am pleased to submit the department's 2019-20 annual report on the activities and achievements of the department. As the reporting is retrospective, and for accuracy, the annual report is presented in the former agency name of the Department of Corporate and Information Services (DCIS), with the new agency name, Department of Corporate and Digital Development (DCDD), reflected where appropriate.

Pursuant to the *Public Sector Employment and Management Act 1993*, the *Financial Management Act 1995* and the *Information Act 2002*, I advise that to the best of my knowledge and belief:

- a) proper records of all transactions affecting DCIS are kept and employees under my control observe the provisions of the *Financial Management Act 1995*, the Financial Management Regulations and Treasurer's Directions
- b) procedures within DCIS afford proper internal control, a current description of such procedures are recorded in the accounting and property manual, which has been prepared in accordance with the requirements of the *Financial Management Act 1995*
- c) no indication of fraud, malpractice, major 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 1995*, the internal audit capacity available to DCIS is adequate, and the results of internal audits have been reported to me
- e) the financial statements included in the annual report have been prepared from proper accounts and records and are in accordance with the Treasurer's Directions, noting that the very substantial increase in the department's remit in 2019-20 has rendered the previously published 2018-19 financial data of limited relevance for comparative purposes
- f) all Employment Instructions issued by the Commissioner for Public Employment have been satisfied
- g) DCIS is working in compliance with the archives and records management provisions as prescribed in Part 9 of the *Information Act 2002*.

Yours sincerely



Kathleen Robinson
Chief Executive
30 September 2020

Purpose of the Report

The 2019-20 Annual Report of the Department of Corporate and Information Services (DCIS) has been prepared by the Chief Executive Officer (CEO) in order to comply with annual reporting requirements under section 28 of the Public Sector Employment and Management Act 1993 (PSEMA), sections 11 and 13 of the Financial Management Act 1995 and the Information Act 2002.

Its primary purpose is to report to the Minister on DCIS' performance in 2019-20 against approved budget outputs and performance measures. Other audiences include the Northern Territory Legislative Assembly, the community, other government agencies, DCIS staff and other stakeholders.

Pursuant to section 28 of the PSEMA, DCIS must present a report to the Minister on its operations within three months from the end of the financial year, and it must contain:

- functions and objectives of the agency
- legislation administered
- organisation overview, including number of employees of each designation and any variation in those numbers since the last report
- operations, initiatives and achievements relating to planning, efficiency, effectiveness, performance and service delivery to stakeholders
- measures taken to ensure public sector principles were upheld
- management training and staff development programs
- occupational health and safety programs, and
- financial statements prepared in accordance with sections 11 and 13 of the *Financial Management Act 1995*.

This annual report provides a record of DCIS' functions and performance for 2019-20 and progress towards the department's strategic goals and priorities.

The report is published online at www.nt.gov.au/dcis. Alternative document formats are available upon request from the department.

Chief Executive Foreword



In a reporting year like no other, I am pleased to present the annual report for the Department of Corporate and Information Services (DCIS) for the year ending 30 June 2020. The report provides a broad account of the department's functions, approved budget, resources and our performance over the year.

The 2019-20 year commenced with a new priority to advance and implement the Corporate Services Reform program as one of Government's priority public sector reform measures from the *Plan for Budget Repair Report*. The CSR3 program, which commenced 1 July 2019, requires centralisation of most agency corporate support services into DCIS.

The CSR3 program is a significant change for government that affects not only our department but all Northern Territory Public Sector agencies. Our department almost doubled in size, with some 550 staff transferring to a new Enterprise Corporate Services division across seven functional groups of Procurement, Human Resources, Information Management, Digital, Data, and Agency Web and Fleet. The new functional groups were added to DCIS' existing suite of services, extending both the range (breadth) and dimensions (depth) of service delivery requirements and substantially increasing the department's service remit. The scale of change has been substantial for everyone involved, new DCIS staff, client agencies, existing staff and DCIS leaders. A very strong focus on change management and engagement has been applied over 2019-20, with clear, consistent and honest messages in a supportive and positive context. This focus will continue as we strive to embed the new functions and improve our services, solutions and advice.

CSR3 reforms are being delivered through a defined and rigorous governance framework, which includes oversight by the Fiscal Repair Standing Committee reporting to the Budget Review Subcommittee of Cabinet. An interagency CSR3 Program Board monitors the development of initiatives and delivery of CSR3 sprint implementation plans. More information on CSR3 is provided in the Performance and Achievements, and Corporate Governance sections of this report.

The department's second major challenge for the year arose when it was identified that some superannuation for NT Government employees had been underpaid and overpaid. Whilst superannuation contributions had been made correctly across the large majority of payment types for NT Government employees, superannuation errors in some payment types dating back at least ten years affected around 57,000 current and former employees of the NT Public Service, with the vast majority underpaid. The department's focus was to rectify superannuation calculations and promptly modify payroll systems, complete remediation tasks thoroughly and as quickly as possible, and provide clear and timely advice to all those affected and to the authorities. The department has worked diligently to address and remediate the deficiencies identified. This has been a big body of work which damaged the department's credibility and led to in-depth internal rethinking and strengthening of processes. A central governance

group has been established, including the Commissioner for Public Employment and Treasury, to improve oversight going forward. Additionally, the Auditor-General has undertaken a comprehensive audit of superannuation payments and employee entitlements with audit findings being worked through and changes progressed.

The third major and unexpected challenge for the year arrived early in 2020 in the form of a global pandemic. The scale of disruption and change that COVID-19 has brought is enormous and it will continue.

DCIS has, and continues, to play an important support role in responding to this pandemic, ensuring government's critical ICT systems remain operational, expanding the network to allow for more public servants to access data remotely at border checkpoints and work from home and arranging surge work forces for frontline agencies. A strong need for digital solutions to track movements and approvals and manage emerging and changing compliance requirements quickly became evident. An integrated suite of digital tools (dubbed C19C) were rapidly developed and deployed and supplemented with a data input team to help agencies and provide updated data. Our teams have had to rapidly respond to the changing environment and equip essential staff and the wider NTG public service with new digital tools and advice to support continuity of critical government business throughout this pandemic.

DCIS teams have worked tirelessly to ensure continuity of services, particularly for frontline agencies and have delivered exceptional results across many areas. In addition to the teams quickly stood-up to deliver solutions, we have internally focussed on the safety and wellbeing of our staff and ensuring that our priority whole of government services have continued to be delivered.

Unfortunately, at time of writing, we are still in the pandemic response phase and DCIS will maintain its important support role to play our part in helping protect the Territory community.

I am extremely proud, and truly grateful for the efforts of staff across my department in responding to rapidly changing and very difficult circumstances with positivity and professionalism. This year, more than any other, our people have risen to meet the challenges in a myriad of ways. I have seen the commitment and the sacrifices made by many DCIS people which has both humbled and inspired me. Staff from every part of the department have been involved, or impacted by, at least one of the major challenges this year and we still accomplished our strategic priorities. The results that DCIS has achieved, along with the positive feedback from our clients and stakeholders, makes me honoured to be at the helm of this department and is testament to our drive to exceed expectations.

On a final note, at the time of writing, Machinery of Government changes have come into effect, with the department's name changing to the Department of Corporate and Digital Development. As the reporting period is prior to change being made, this report is presented under our former agency name.

Kathleen Robinson
Chief Executive

CONTENTS

1. THE DEPARTMENT

Our Vision and Values	6
Our Role	6
Our Key Focus	6
Our Organisation	6
Our Services	9

2. PERFORMANCE AND ACHIEVEMENTS

Overview	11
Reforms And Strategies – <i>Creating Change</i>	12
Challenges – <i>Learning Lessons</i>	15
Digital Connections And Innovation – <i>Improving Lives</i>	17
Support Services – <i>Exceeding Expectations</i>	19
Shared Solutions – <i>Leveraging Expertise</i>	21
Future Priorities	24
Performance Reporting	28

3. CORPORATE GOVERNANCE

Corporate Governance Framework	32
Corporate Governance Committees	37
DCIS COVID-19 Governance	39
All-of-Government Governance Frameworks	41
Ministerial Digital Advisory Council (MDAC)	43
Machinery of Government Changes	43

4. OUR PEOPLE

Highlights	45
Staff Snapshot	46
Developing Our People	50
Workforce Diversity	53
Supporting Our People	54
Legislative Compliance	57
Fast Facts	60

FINANCIALS

5a. DCIS Financial Report	61
5b. NT Fleet Financial Report	101
5c. Data Centre Services Financial Report	137

6. APPENDICES

Appendix 1 - DCIS Costing Model	174
Appendix II - Audits by the Auditor-General	176
Appendix III - Internal Audits/Reviews	180
Appendix IV - Accommodation Costs for Non-Government Organisations	182
Appendix V - Gifted and loaned vehicles	184
Appendix VI - DCIS Governance Committees	185
Appendix VII	188



1

THE DEPARTMENT

Our Vision and Values	<u>6</u>
Our Role	<u>6</u>
Our Key Focus	<u>6</u>
Our Organisation	<u>6</u>
Our Services	<u>9</u>



OUR VISION AND VALUES

Vision

Improving government through services and solutions that exceed expectations.

Values

Honest: we tell the truth.

Professional: we work to a high standard.

Respectful: we are considerate in our interactions.

Accountable: we take responsibility for our actions.

Innovative: we commit to improving.

Our values align with the NTPS values.

OUR ROLE

The Department of Corporate and Information Services' (DCIS) primary role is to support NT Government agencies to achieve their goals by delivering a range of high calibre enterprise support services, transformative solutions and trusted advice. The department has a digital leadership role to advance digital initiatives that support government and agencies.

DCIS has responsibility across government for corporate and digital services delivery solution, direction setting and advice and does this through:

- engaging constructively with agencies and stakeholders to deliver better services
- involving our clients in design and delivery of contemporary solutions

- providing reliable, timely and constructive guidance and advice
- managing our business risks to protect service continuity
- increasing digital opportunities that benefit Territorians and enable economic growth.

DCIS has important telecommunications advocacy and digital industry engagement roles to support government in advancing digital transformation to improve services for Territorians, foster innovation and facilitate economic opportunity.

DCIS, as an NT Government agency, has a responsibility to provide high quality support and advice to the Minister for Corporate and Digital Development.

OUR KEY FOCUS

Operating in an environment of continuous improvement, constant change and robust accountability, an ongoing and key focus for DCIS is ensuring business efficiency improvements, particularly through technology-led solutions and business process reforms, which for 2019-20 have concentrated on:

- implementing the Corporate Services Reform Program

- planning and progressing the digital transformation program from the *Plan for Budget Repair Report*
- supporting government and responding to the COVID-19 pandemic.

OUR ORGANISATION

In 2019-20, DCIS comprised the Department of Corporate and Information Services and two government business divisions (GBDs) – NT Fleet and Data Centre Services.

More than 500 corporate and digital services staff were transferred to DCIS from government agencies in 2019 as part of the Machinery of Government changes under the Corporate Services Reform Program. For DCIS, this has seen a significant impact to our staffing, budget and our organisation with this complex transfer taking considerable time and effort

to consolidate. The organisation structure is regularly reviewed to ensure alignment to the department's strategic direction, with dynamic changes occurring right across the department this reporting year to realign us following introduction of the Corporate Services Reform Program. Achieving CSR3 sprints and milestones has necessitated structural changes and realignment as the new department has come together, reshaped and refined its operations. The organisation chart represented at diagram 1 reflects the most current structure.

Staff

As at 30 June 2020, DCIS employed 1169 full-time equivalent (FTE) staff, an increase of over 80% from the previous year. The majority of staff (1103) work in the department and the remainder within the two GBDs. DCIS offices are located in Darwin, Palmerston, Casuarina, Katherine and Alice Springs.

The department maintains a strong focus on developing our most important asset, our people, by strengthening their capabilities, building a culture of high performance and

enhancing our capacity to meet current and future business needs and opportunities.

Our staff play a central role in implementing the priorities of the department, with people working across a span of diverse functions and outputs. We encourage a collaborative, innovative and professional culture within the department to deliver on our strategic priorities.

Finances

The department's final budget for 2019-20 (incorporating CSR3 changes) was \$364 million, excluding the GBDs, which are separate budget entities. DCIS' expenditure for 2019-20 remained within this budget demonstrating strong financial performance for the year. The Financial Reports section provides detailed financial information and explanations of our financial performance across all budget entities.

The major reform changes occurred after the 2019-20 Budget was published, with budget transfers and adjustments incorporated in the DCIS' final budget for 2019-20 which is reported in the financial statements. To align this report with DCIS' current operations and future directions the latest outputs, structure and resourcing information is reflected throughout.

COSTING MODEL

DCIS operates under a costing model for its services, with fees set having regard to DCIS' costs to deliver each service, refer to

Appendix A. For 2019-20 as the initial year, charges relating to Enterprise Corporate Services functions have been represented as the total budget transfers from agencies through the Machinery of Government process. A substantial body of work is underway to develop an expanded costing model across this new span of functions based on service variables.

In order to properly reflect the full costs to deliver agency services and allow reliable comparative analysis with other jurisdictions where corporate support costs are within the service delivery agency, DCIS is required to allocate/distribute its service costs to client agencies, GBDs and other supported entities. Agencies are notionally charged for the value of the DCIS services provided. Notional fees are recorded in agency ledgers and budgets. GBDs and other entities are charged fees for services delivered by DCIS with requirement to pay for the services received within 30 days of being invoiced. An updated charging model reflecting all DCIS service segments is being introduced in 2020-21.

Government Business Divisions

NT FLEET

NT Fleet manages government vehicle acquisitions, disposals and related contracts, coordination of vehicle maintenance and repairs with contractors and agencies; excluding Northern Territory Police, Fire and Emergency Services.

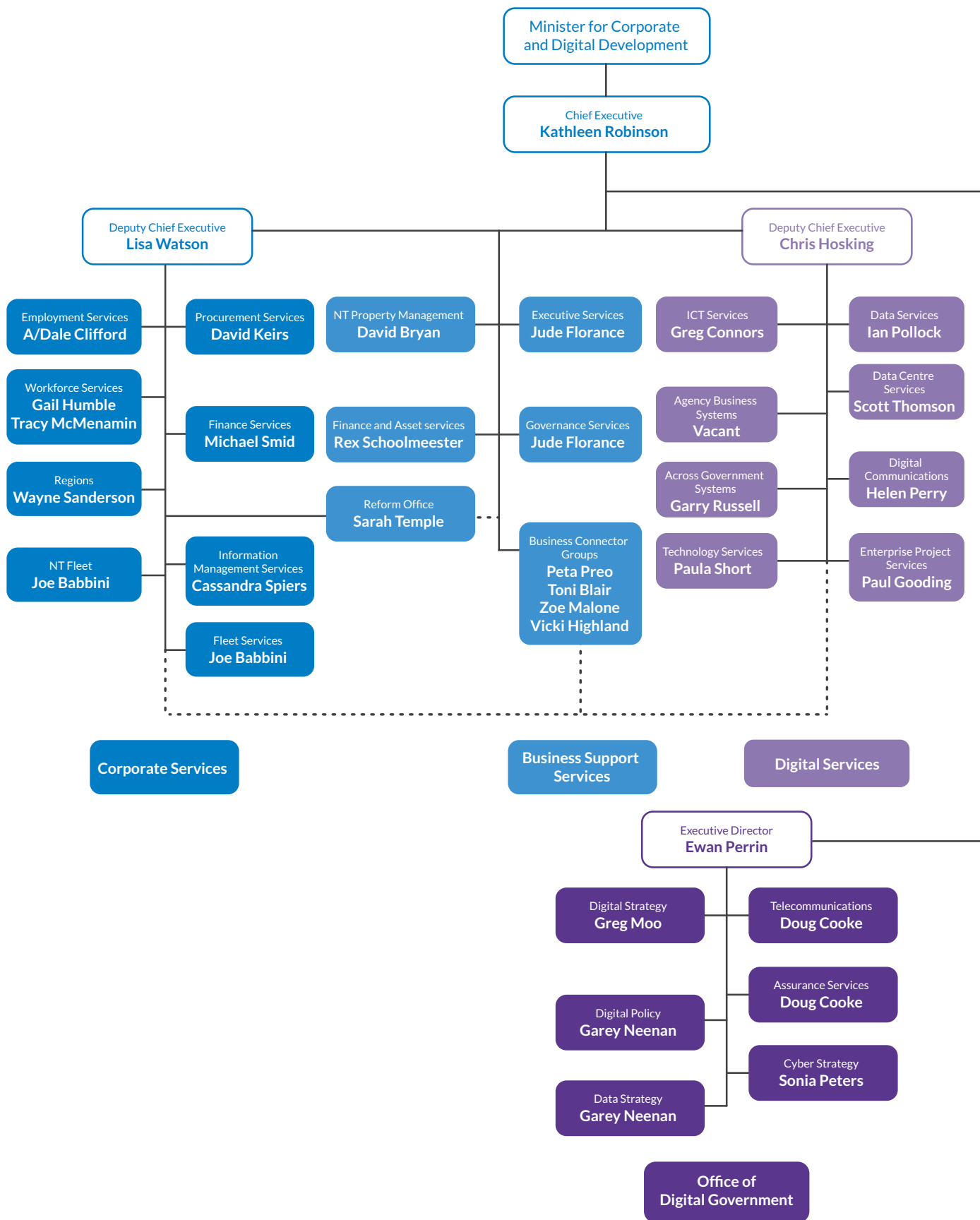
NT Fleet's financial performance in 2019-20 was consistent with its budget, delivering a small increase in surplus. At year-end, NT Fleet employed 19 FTE.

DATA CENTRE SERVICES

Data Centre Services provides ICT infrastructure support for agencies, including mainframe computing, midrange server hosting of government systems and secure storage and backup of government data. DCS operates 24x7 to an industry standard of service through highly secure facilities.

Data Centre Service's financial performance saw increases in both income and expenses over the year resulting in a marginally lower surplus than budgeted. At year-end, DCS employed 48 FTE.

Diagram 1: DCIS organisation structure



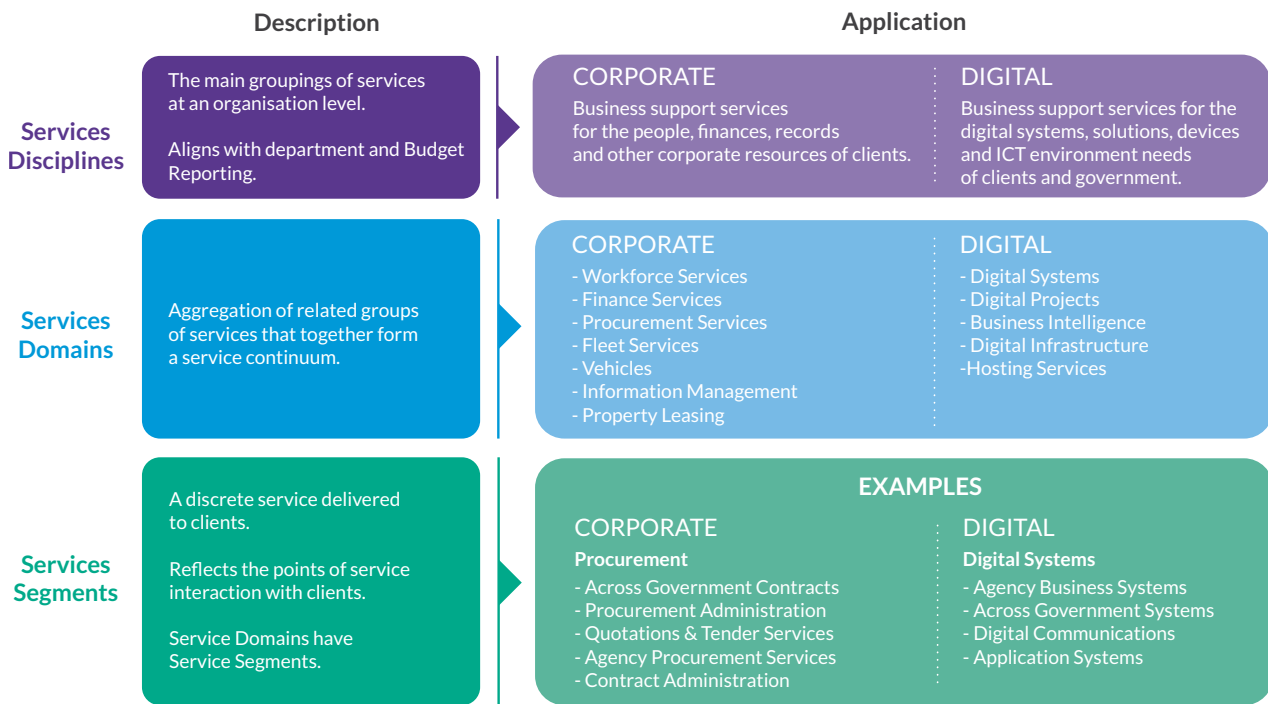
OUR SERVICES

DCIS operates enterprise-wide to deliver centralised support services to all government agencies with the span of functions assigned to DCIS continuing to extend over recent years.

The CSR3 Program saw a major increase to DCIS' service remit in 2019-20. DCIS' core support role now extends from operational through to strategic services, providing an end to end service spectrum which can largely be defined into two primary disciplines of Corporate Services and Digital Services (including digital strategy and transformation).

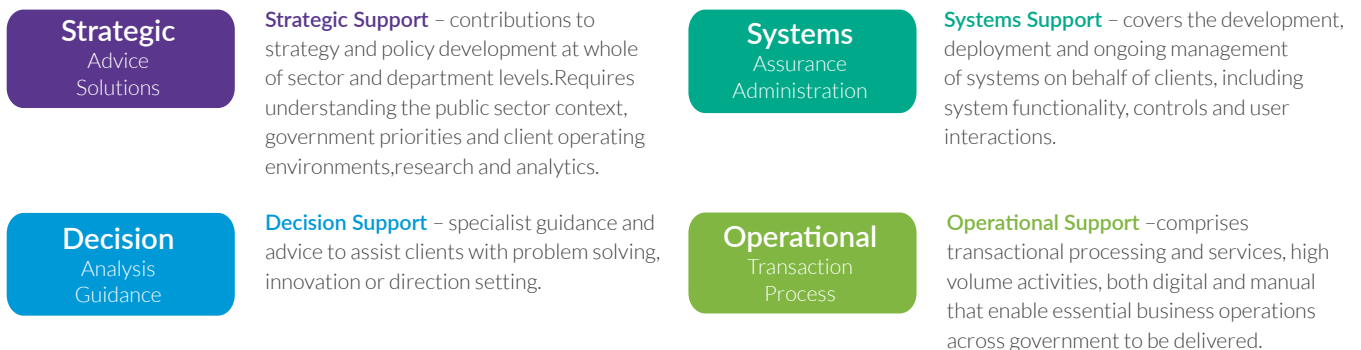
DCIS' service responsibilities have expanded in both range (breadth) and dimension (depth). This is requiring the department to operate effectively and seamlessly in a multi-layered service matrix encompassing multiple service segments within 11 service domains. Diagram 2, reflects our service delivery structure, covering the services delivered to clients across DCIS, NT Fleet and DCS.

Diagram 2: DCIS service delivery structure



DCIS services, advice and solutions are delivered across multiple support dimensions as represented in Diagram 3, reflecting the diversity of business support requirements across government.

Diagram 3: DCIS core support dimensions



Legislation Administered

The department is responsible for administering the *Information Act 2002*, Part 9 (except Archives Management) as it relates to NT Government records management.

2

PERFORMANCE AND ACHIEVEMENTS

Overview	11
Reforms And Strategies – Creating Change	12
Challenges – Learning Lessons	15
Digital Connections And Innovation – Improving Lives	17
Support Services – Exceeding Expectations	19
Shared Solutions – Leveraging Expertise	21
Future Priorities	24
Performance Reporting	28



OVERVIEW

Over 2019-20 DCIS was assigned substantial additional functions, significantly increasing the department's responsibilities and strategic contribution to government. DCIS' profile has continued to evolve and expand, with the department now supporting agencies and government in strategy development and delivery of enterprise reform programs for corporate services centralisation and digital transformation as set out in the *Plan for Budget Repair report*.

While the reform programs have largely driven DCIS' focus and work plans, some major challenges arose in 2019-20 that greatly disrupted the department's operations, necessitating rapid responses, prioritisation over other activities and sustained additional effort. The two challenges with the greatest impact are the COVID-19 pandemic and remediation of superannuation payments both of which continue to have residual activities for the year ahead.

The 2019-20 year has tested the department more than any previous year, challenging our responsive capability, professional credibility and leadership resilience. Thanks to the dedication and outstanding efforts of staff across DCIS, the department has strived to overcome the challenges that presented while continuing to deliver quality services to our client agencies.

An area where DCIS' role and contribution is growing each year is telecommunications, with a focus on increasing digital connectivity across the Territory and beyond and enabling related innovations. This is one of the few areas where DCIS activities are community facing rather than internal to government. A number of exciting telecommunications

initiatives are being progressed by the industry that have potential to provide great opportunities for the Territory in the years ahead, both in economic and social benefits. DCIS is actively contributing to whole of government actions to support and facilitate these initiatives.

DCIS has continued to deliver on its core responsibilities of providing corporate and digital services, solutions and advice for our client agencies. The department is moving from a service provider role to becoming a business partner for our client agencies. This section reflects on DCIS' key achievements in its business operations over 2019-20 and outlines the priorities for the year ahead. Core business achievements are considerable, particularly considered in the context of the major reform agendas and challenges over the past year.

Much of DCIS' work is multi-year programs and ongoing core business servicing agencies. Work continues and flows across financial years, resulting in achievements often represented as milestones in a journey and future priorities reflecting the next steps or stages in progressing major programs or refining service delivery.

DCIS' performance is reported across the department's span of functions and budget outputs. Given the extent of change in 2019-20, the very different scenarios faced and the ongoing adjustments required, a new reporting approach is being applied for this Annual Report to better inform readers. The department's achievements and future priorities are presented according to the key focus areas outlined above.

Strategic Plan 2019-2021

The Strategic Plan 2019-2021, intentionally developed with the agility to adapt to changing environments and government directions, has been able to accommodate the substantial additional corporate and digital functions assigned to DCIS. The Plan is aspirational and is defined into three streams which:

- recognise the department's increasing **digital roles**
- present a focus on **shared solutions**
- **develop our people** across all activities and elements of the plan.

The department's annual business plans are aligned to the Strategic Plan, with regular status reports provided to the EMB to monitor progress against the department's reporting framework.

The achievements reported in this section are aligned with and support the DCIS Strategic Plan.

Organisational Construct

DCIS is organised into two primary disciplines to deliver on its remit and responsibilities – **Corporate Services** and **Digital Services**. These disciplines are reflected as divisions in the DCIS structure and are supported by the **Office of Digital Government** which provides policy and strategy input and

Business Services which provides organisational support and advice. The Corporate Services and Digital Services divisions are aligned with the directions in the Strategic Plan and work closely together to deliver DCIS' functional remit resulting in the substantial achievements referenced in this report.

REFORMS AND STRATEGIES – *Creating change*

DCIS is leading multiple reform programs and developing strategy in its corporate and digital disciplines.

CSR3

CSR3 is the most significant **corporate efficiency reform** for the NT Government since DCIS was formed in 1998 and is a substantial program of work which is transitioning corporate and digital services across the NTG into a fully centralised model. **Seven new functional streams** were created in a new **Enterprise Corporate Services** division within DCIS servicing NT Government agencies.

- transferred over 500 staff into DCIS, representing an 82% staffing increase
- completion of extensive **Machinery of Government** changes
- delivery of CSR3 **implementation plans** for sprints 1, 2 and 3
- introduction of an **interim functional model** in April 2020 signalling the first major transition from agency-based teams to functional-based teams servicing at enterprise level
- creation of new **Business Connector** roles to partner with client agencies and provide a 'bridge' between the agency executive and DCIS.

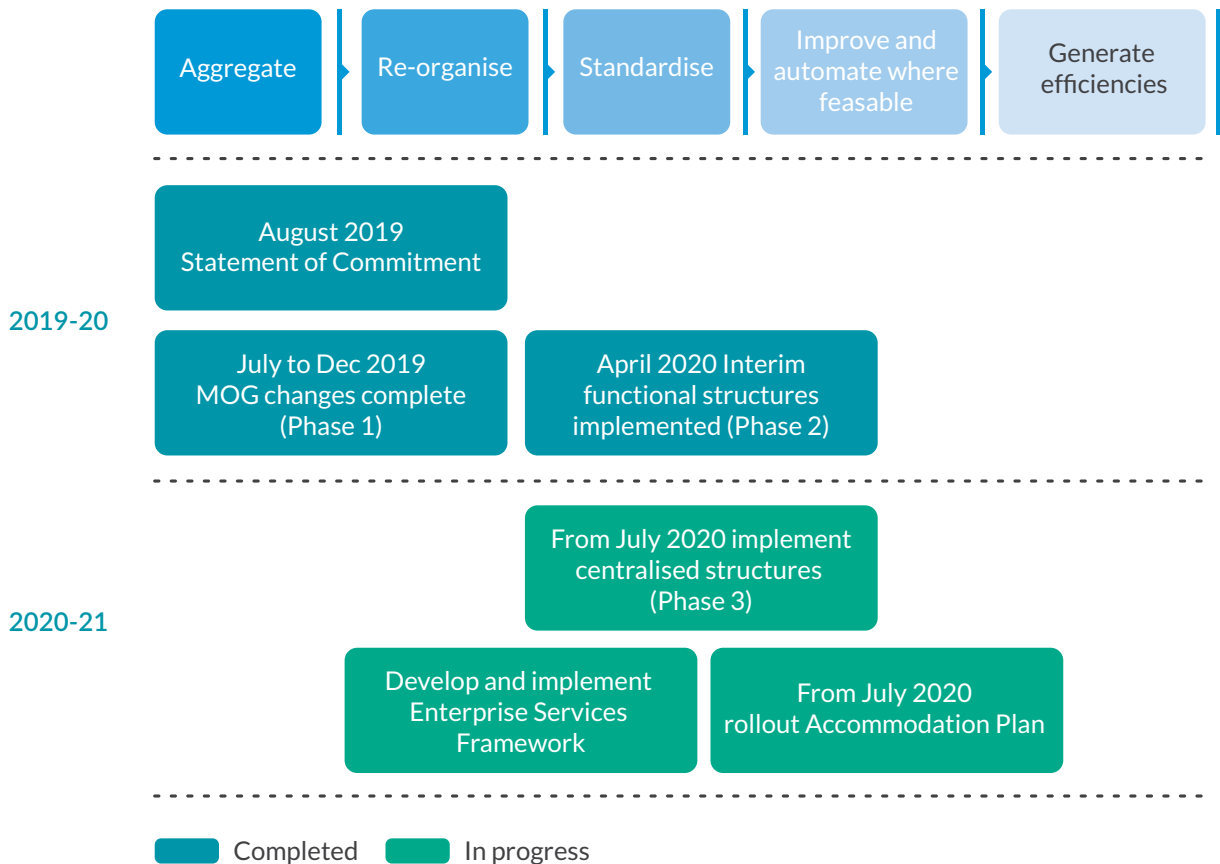
REFORM ACHIEVEMENTS

CSR3 is a multi-year reform program which achieved a number of **important milestones** in its first year, including:

- development of a **Statement of Commitment** setting out principles and mutual responsibilities of DCIS and client agencies, which was endorsed by the Chief Executives Coordination Committee

Diagram 4 below highlights major actions completed and underway and the program's alignment with the **CSR3 reform continuum** presented in 'A Plan for Budget Repair: Final Report'.

Diagram 4: CSR3 change process and phases



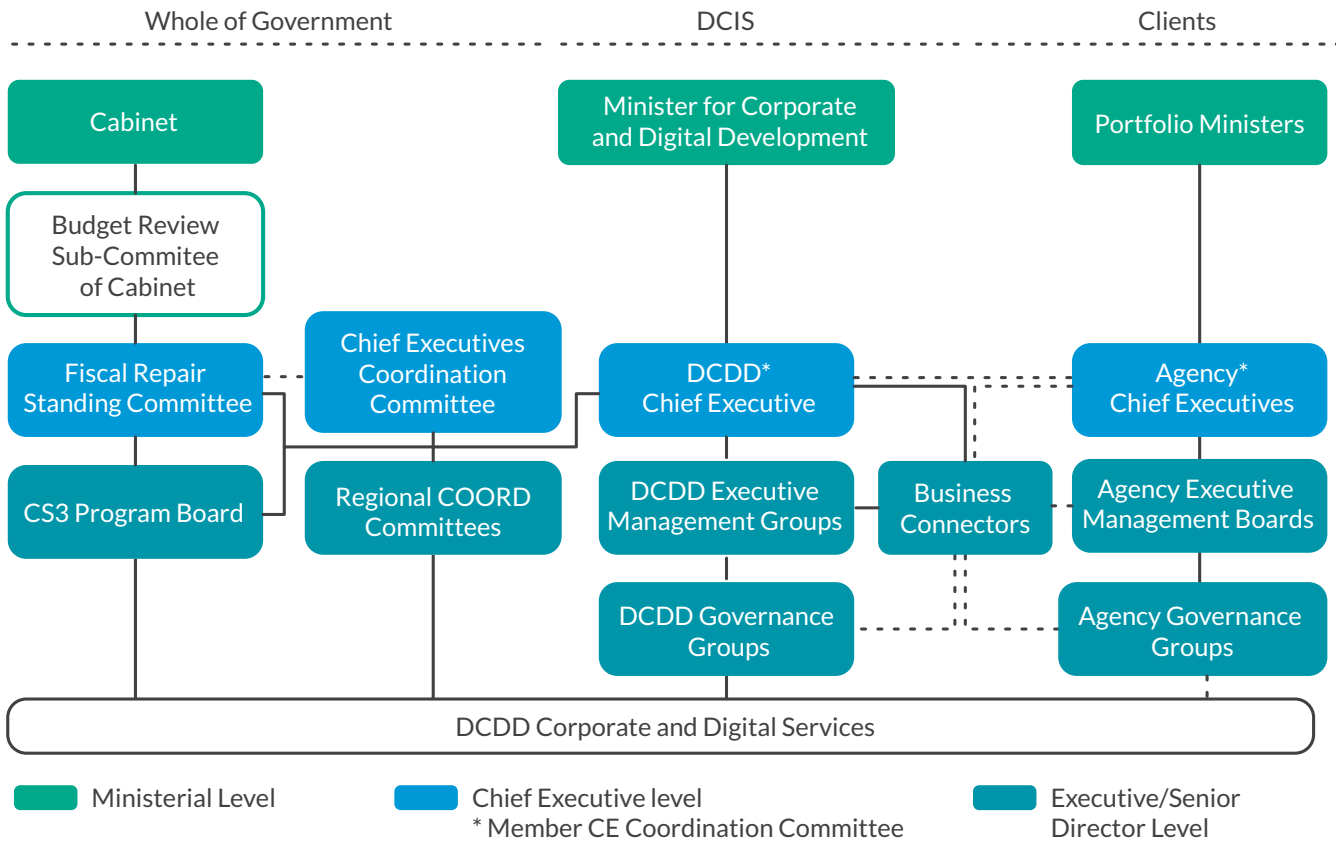
The CSR3 Program is allowing government to **better leverage scale** by consolidating essential support functions and staff which is enabling access to a wealth of professional experience and corporate knowledge, providing stronger business continuity for agencies and encouraging sharing of innovative ideas and solutions.

CSR3 GOVERNANCE

A high level governance model, shown in diagram 5 below was introduced early to oversee implementation of the reforms. DCIS reports to an interagency **CSR3 Program Board** and the **Fiscal Repair Standing Committee**, with government oversight via the Budget Review Subcommittee of Cabinet.

The model is supplemented with additional governance groups to drive or have input to delivery of reform actions, including a **Change Advisory Group** which provides staff input through the change process.

Diagram 5: Governance model



Digital Transformation Program

A Plan for Budget Repair sets out a program of digital transformation initiatives which have been assigned to DCIS to deliver, including:

- **ICT systems stocktake** – create an inventory to identify the ICT systems in use across NTG agencies. This is an essential precursor to inform development of a multi-year roadmap.
- **ICT systems and automation roadmaps** – identify and prioritise ICT projects over the next five years to enable planned and targeted investment and consider automation opportunities.
- **Digital Government Transformation Plan** – overarching plan to improve government services, including simpler, customer-focused digital services to citizens and businesses.
- **Digital-first mindset** – establish a new way of thinking and problem solving.
- Whole of government **budget management system** – enable agencies to better develop, track and manage their budgets with a robust and contemporary system.

- **ICT rationalisation** – reduce duplicated and standalone ICT systems across government over time.

REFORM ACHIEVEMENTS

The Digital Transformation Program is at an early stage with a number of key deliverables due over 2020-2021. Key achievements in 2019-20 for the digital reform initiatives are:

- **ICT systems stocktake** – completed, with a **Master Systems Index** created and a reliable NTG systems inventory established. Initial analysis undertaken with work continuing to improve data and processes for the Index to ensure it remains updated and useful.
- **Roadmaps** – now broadened to become a full **Digital Roadmap** for the NTG covering ICT system replacements, enhancements and new solutions; along with automation, platforms, and opportunities to rationalise business systems; data and business intelligence initiatives; and network development and cyber security requirements.

- **Digital Government Transformation Plan** – commenced preparation of the Plan.
- **Digital-first mindset** – a strong digital approach is being encouraged and promoted across government. The digital solutions and improvements developed to support the NTG's response to COVID-19 are an excellent example of the digital-first mindset in practice.
- Whole of government **budget management system 'Sage'** – system development is in progress and the project is on-track.
- ICT rationalisation – to be progressed as part of the **Digital Roadmap**.

Other Key Reform and Strategy Achievements

- **Digital Territory Strategy** – focused on progressing annual **Action Plans** to ensure the Digital Territory Strategy remains fresh and relevant
 - 2019-20 Digital Territory Action Plan identified 68 key actions with **38 actions delivered** and the remaining actions in progress, including multi-year and ongoing actions.
 - 2020-21 Digital Territory Action Plan developed and approved, reflecting **65 actions** including 23 new actions, 19 ongoing programs and 23 multi-year programs.
- **Economic Rebound program** – contributing resources and advice to the development of initiatives designed to enable the Territory to rebound from the economic impact of the COVID-19 pandemic. The **Territory Economic Reconstruction Commission (TERC)** is spearheading initiatives and activities with most work to occur in 2020-2021 and reflected in future priorities. A key early initiative is facilitation of a **commercial data centre park in Darwin**. DCIS has actively contributed to this project through commissioning detailed feasibility studies and helping to develop an Expression of Interest to take to open market in 2020.
- **Australian Data and Digital Council** – represent the NT supporting the Minister and contribute to the development of national data and digital projects, including:
 - **Digital inclusion** – NT is co-leading a project to identify and progress initiatives that will enable better access to digital services across the nation.
 - **Digital identity** – project to establish digital identity verification for online services.
 - **Trust principles** – building and maintaining community trust for use and sharing of government collected data.
- **Open Data Portal** – developed and launched a central online portal showcasing NTG datasets available to the community, industry and research bodies. The portal continues to grow with over 700 NTG datasets available.
- **Data Governance Framework** – developed and released in 2019, outlining how government data can be used and **reused in safe ways** to encourage efficient and **innovative government service** delivery. DCIS consulted extensively with stakeholders in developing the framework including the Information Commissioner, all NTG departments, the Ministerial Digital Advisory Council and ICT governance groups.
- **Leased Property Stimulus Scheme** – coordinated a scheme to encourage owners of NTG leased buildings to invest capital in their buildings in exchange for extended lease terms. This stimulus reform program is designed to **inject investment into the local economy** with no capital funding from the NTG. The Scheme will continue for 2020-2021 and so far has generated works **commitments of over \$50 million** for 21 buildings spread between Darwin, Palmerston, Katherine and Alice Springs. Building works are wide-ranging with building owners focusing on improving energy efficiency, building amenity and performance, activation and revitalisation measures and NTG fitout upgrades that improve occupancy density. All works undertaken must use Territory Enterprises and follow the Buy Local Policy, helping to sustain local jobs and benefit the economy.
- **Youth Skills Training Centre** – completed procurement for a new training centre in Palmerston to be leased by the NTG for 10 years and operated by the Department of Education as a key deliverable of the government's **Back on Track reform program**. On completion, the Centre will train up to 75 students in an array of VET programs ranging from automotive trades to hospitality.

CHALLENGES – *Learning lessons*

Major and unplanned disruptions that have created real challenges across the department in 2019-20 are described, along with the actions taken to respond, lessons learned and opportunities discovered.

COVID-19

The most severe and unexpected challenge for the year arrived early in 2020 in the form of a global pandemic. The **scale of disruption** and change that COVID-19 has brought is **immense** and it will continue for some time to come, creating **ongoing changes in our work practices**. DCIS responded rapidly and comprehensively to the emerging pandemic with a focus on supporting our client agencies, continuing our core business and **protecting our staff**.

DCIS directed efforts to **supporting the priority requirements of other agencies**, particularly frontline agencies dealing with the COVID-19 response. This required resources to be reallocated to areas of greater need with lower priority activities deferred. Over 20 DCIS staff were made available to assist agencies, mostly for DTBI and Territory Families.

COVID-19 has highlighted the need for **reliable telecommunications, connectivity and digital solutions** with DCIS required to provide urgent assistance in these areas. New NTG digital solutions were rapidly developed to manage and support the restrictions and requirements that have underpinned the Territory's response to the COVID-19 pandemic. Ongoing work has been necessary to adjust and fine-tune digital solutions as changes to health directions and restrictions are made.

DIGITAL COMPLIANCE SOLUTIONS

A range of integrated **COVID-19 compliance digital applications** were created and made operational, often within days, to effectively manage:

- **border control** movements at all points of entry to the NT, with assistance from Telstra who delivered cells-on-wheels to border locations
- **biosecurity zone** movements across the NT
- remote **essential worker permit** processes
- self-isolation and mandatory **quarantine records**
- public health **exemption approvals**
- COVID-19 **business safety plans** for multiple business types.

ACTIONS SUPPORTING CLIENT AGENCIES

In addition to the COVID-19 compliance digital solutions, which are a central feature of DCIS' response, a range of other solutions and activities have been delivered to **support NT Government business continuity**, including:

- quickly **deployed Microsoft Teams** across over 19 000 NT Government users to improve online meeting experiences and enable government business to continue while keeping physical distances

- increased ICT devices at short notice with significantly **more mobile devices** enabling frontline staff to be mobile, flexible and connected for their essential work
- developed the Territory's **central COVID-19 website** as the primary source of priority health and safety information for the public, with ongoing work to keep the site up-to-date
- helped the departments of Health and Territory Families to manage their **surge workforce needs**
- developed digital solutions for assessing and approving **staff work from home arrangements**
- established **online incident management training** courses to assist PFES with resourcing the Emergency Operations Centre
- doubled **internet capacity** to enable business continuity for government operations
- doubled **phone line capacity** to handle increased call volumes to agencies
- increased **ICT licensing** to enable staff to work from home securely
- increased clinical virtual desktop capacity to assist RDH Emergency Department clinical staff
- installed **public WiFi** capability to the **COVID-19 ward in Royal Darwin Hospital** to help patients maintain connections with their families and friends
- expanded the capacity of **unified communications platforms** to support core business services allowing areas, such as the courts, to effectively operate remotely
- installed **ICT network and infrastructure** to new sites established during the COVID response, such as COVID-19 Clinics, quarantine facilities and a new Emergency Operations Centre
- supported agencies' COVID-19 response requirements through facilitating **seven Tier 3 to 5 procurements/contract variations** with a combined value of \$28 million.

ACTIONS SUPPORTING DCIS STAFF

Over the COVID-19 period DCIS, like all employers, also increased the focus on **staff safety** and implemented a range of measures to provide appropriate protections for our staff, including:

- rapidly and significantly **expanding work from home arrangements** for staff, with trial arrangements quickly introduced, issues noted and changes made, responding to individual circumstances. Over **70% of DCIS' workforce** trialled work from home and showed how it could be managed successfully, with a smaller number of

vulnerable employees moving to longer-term work from home arrangements

- changes made to enable work from home such as suitable **ICT devices**, access to specific systems, maintaining internal controls, **WHS requirements for staff** at their homes to ensure safe working environments, and maintain communications with managers and teams
- developed a **DCIS Pandemic Plan** and related work health and safety pandemic response plans
- implemented COVID-19 **workforce and workplace safety** requirements covering hand sanitiser, hygiene messages and physical distancing
- completed **workplace walk through checks** to make sure safety measures are in place

- established **COVID-19 safety plans** for DCIS workplaces which have been inspected and found to be appropriate
- reassessed operational and **WHS risks and mitigation** actions in the new context
- developed **business continuity plans** and reduced workforce **tiered response plans** for key DCIS business areas
- established **governance arrangements** to effectively oversee DCIS COVID-19 response actions.

As the COVID-19 situation continues to unfold, with new requirements emerging and needs changing, the department will continue to adapt and respond, with our focus remaining on supporting our client agencies and protecting our staff.

Superannuation Remediation

The department faced a major challenge this reporting year when it was identified that some **superannuation** for NT Government employees had been **underpaid and overpaid**. Superannuation errors in certain payment types dated back at least ten years and **affected around 55 000** current and former **employees** of the NT Public Service, with the vast majority of these underpaid.

The errors resulted from **misinterpretation of Federal legislation** and computer system programming not being aligned to legislation. When seeking clarification from the Australian Taxation Office (ATO) in 2019 regarding Superannuation Guarantee (SG) applicability to annual leave loading payments it was identified that the NT Government was **not paying SG on leave loading** in accordance with ATO rules. While this error was not isolated to the NTG, it was long-standing with a significant impact. Further investigation revealed some other pay transactions where superannuation was not correctly paid.

The superannuation issues identified affected some specific pay transaction types, with the **majority of superannuation** payments for NT Government employees **processed correctly**. Additionally, payment of salaries and entitlements to NT Government employees were **not affected** by this situation.

RESPONSE ACTIONS

The department immediately commenced remediation action and has worked with the Office of the Commissioner for Public Employment and the Department of Treasury and Finance (including the NT Superannuation Office) to oversee the remediation work. Key remediation actions included:

- **identification** of affected staff and **recalculation** of superannuation amounts
- development of a **data analytics tool** to process calculations and appropriately manage records and transactions
- **notification to all affected** current and former **employees**
- set up a **dedicated website** and a **1300 hotline** number to keep affected staff informed and provided personal communication where this was sought
- **authorities advised**, including the ATO and Fair Work Ombudsman

- **payroll systems reprogrammed** and compliance tested
- payroll and HR systems **processes strengthened**
- senior **governance oversight** established.

DCIS has completed almost all remediation work with errors addressed, comprehensive **data on underpayments** for all affected people **lodged with the ATO** and back payments made on ATO notification. DCIS maintains regular communications with the ATO and has ensured requirements are met. The ATO has yet to finalise notification for all payments. Affected employees have or will **receive their full entitlement** to superannuation and interest.

Recovery actions for **superannuation overpayments** have progressed to plan with **amounts received** and work continuing with some superannuation funds to recover amounts relating to prior years.

The Chief Minister directed the **Auditor-General** under Section 14 of the *Audit Act 1995* to conduct an **audit of employment conditions**, including superannuation guarantee payments. This audit was completed late in the financial year and will be tabled in the Legislative Assembly in 2020. The department is **working to address findings** from the audit which is being **overseen by a senior governance group** of OCPE, DTF and DCIS. Actions from the audit are a focus for 2020-21 priorities and mostly align with actions already underway in response to the initial identification of errors.



DIGITAL CONNECTIONS AND INNOVATION

– *Improving lives*

Initiatives and assistance to encourage and improve connectivity, enable modern telecommunications and explore innovative ideas through digital technology are showcased.

Tiwi Islands Modern Telecommunications

In late 2019 the Vocus Group completed laying an **undersea optic fibre connection** from Darwin to Wurrumiyanga on the Tiwi Islands. This represented the culmination of a long term project to provide the Tiwi Islands with a reliable, **weather resistant telecommunications link** to the mainland and enable improvements to be made to telecommunications services on the Islands.

This important connection leverages the opportunity provided when the Vocus Group constructed an undersea optic fibre connection from Darwin to Port Hedland and installed a branching unit in the cable that would allow for a future link to the Tiwi Islands at a significantly reduced cost. The NTG's \$8.5 million investment as a grant to Vocus is providing the **Tiwi Islands with world class telecommunications capabilities.**

The established radio link to the Tiwi Islands had served the Islands well but was subject to service interruption in poor weather and had reached capacity. This has made it difficult for residents to enjoy features taken for granted in urban centres, such as movie streaming and reliable mobile calls.

Telstra and the Northern Territory Government are co-investing to **upgrade telecommunications infrastructure** on the Islands taking advantage of the new fibre link. Works are progressing at the three main communities of **Wurrumiyanga, Pirlangimpi and Milikapiti** to deliver telecommunications services over 2020-21 that will be on par with Darwin.

Local businesses and residents on the Islands will then have access to significantly better mobile phone services and reliable high speed broadband for commercial purposes and social interactions.

Darwin Data Centre Park

DCIS established an interagency group in 2018 to examine opportunities to **attract or develop digital businesses in the Northern Territory.** This Digital Business Attraction Group explored a number of opportunities, including the Darwin Data Centre Park and Terabit Territory.

Research and due diligence work to determine the **viability** of establishing a **data centre park** in Darwin has been undertaken, including an **initial scoping study** which indicated strong positive potential, and a more **detailed feasibility study.** The feasibility study, commissioned in October 2019, provided substantial analysis and detail, with the final report delivered mid-2020 confirming **Darwin as a highly attractive location for large scale commercial data centres.**

Key pre-conditions to support a future data centre industry include international undersea optic fibre connectivity, land availability, power supply and cost, and government stability. Private sector led projects to install new major **international undersea optic fibre cables** connecting nations are being progressed, including consideration of fibre connections to Australia, landing in Darwin. The potential for Darwin to be

directly linked to international business centres is high, which would leverage substantial new economic growth prospects.

The **Darwin Data Centre Park initiative** represents an exciting opportunity to establish a modern and sustainable digital industry in the Northern Territory and **shape a growing digital economy.**

Seventeen hectares of land at Wishart has been identified for the development of a data centre park. The NTG will proceed to market with an **Expression of Interest** in July 2020 inviting interested data centre operators to present their vision for the Darwin Data Centre Park and the benefits they believe they can bring to the Northern Territory. **Successful proponents are due to be selected by 2021.**

The TERC has identified establishing a digital industry in the NT as a pandemic rebound initiative. Depending on results from the EOI, there is potential for a substantial **private sector investment** in the Territory over the medium-term generating significant **high-end skilled jobs** and the genesis of a digital economy.

Other Key Digital Connection and Innovation Achievements

- **NTG / Telstra Remote Telecommunications Co-investment Programs** – cooperation with Telstra has continued to deliver **improved telecommunications** services in the bush through two matched funding co-investment programs with a combined total of \$58 million. Under these programs **16 remote communities** have received contemporary telecommunications services, with work in either design or construction stages to establish or upgrade services for at least **14 more communities**, tourist locations and transport corridors, including the Tiwi Islands.
- **Digital Partnerships Program** – matched grant funding is being provided to local businesses under the Digital Partnerships Program to help **develop digital innovations** through partnerships with local ICT businesses. Over 30 applications for grants varying between \$50,000 and \$200,000 each were assessed, with **six applications successful**. Through government support of \$0.9 million, the Program will leverage \$1.4 million in co-funding by grant recipients to reach a **total investment of \$2.3 million**. Program projects are diverse and innovative, covering new digital developments in the Tourism, Agribusiness, Energy and Minerals and Creative Industries sectors.
- **Mobile hotspots** - the Centre for Appropriate Technology (CfAT) has installed **46 mobile hotspots** at remote sites in Central Australia and the Top End, with **three more hotspots** left to complete the grant program. The ingenious hotspots are well suited to Territory conditions, using no power or electronics and extending the range of mobile services to over 30 kilometres. Hotspots are manufactured in the CfAT workshop in Alice Springs and installed by its Aboriginal workforce.
- **Boundless Digital Forum** – a new event launched in 2019 as a partnership between DCIS, DTBI and the Australian Computer Society to **showcase Territory digital innovations** and encourage the local industry to consider ways to extend digital solutions into Asia. The first forum was held in Darwin in October 2019 as two parts, with the **Digital Possibilities** sessions attracting over 80 business representatives and the **Digital Gateway to Asia** session drawing in more than 60 attendees. Further forums are planned for 2020-21.
- **Chat bot for NTG intranet** – developed an automated chat bot to assist NTG staff find information on the NTG intranet. This was fast-tracked to help staff during the COVID-19 response with much more information being made available. The chat bot, named **Alice, is a prototype** that is being trialled to test its take-up and usefulness to staff. Further work is underway to improve the chat bot and increase the knowledge base and learning that will underpin its success.
- **Alice Springs Town Camps Wi-Fi connectivity** – grant funding of \$44 000 was provided to the Tangentyere Council Aboriginal Corporation to supply free, filtered wi-fi services to **17 town camps** around Alice Springs, improving connectivity for residents through the COVID-19 pandemic.
- **Industry innovation for remote telecommunications** – advocacy and liaison efforts with industry continued over 2019-20 to encourage development of **innovative, low cost approaches** that will enable delivery of accessible, affordable and **reliable mobile telecommunications** services in very small remote communities. Existing models are not viable for such communities and new solutions that can leverage emerging digital technologies may help to unlock service options.
- **Digital forms tool for NTG** – acquired and implemented a digital forms product that will make it better and easier for the community and businesses to access government services and complete transactions. The tool has been extensively used in creating all the **online forms used for the COVID-19 response**, including exemption and approval forms, arrivals forms for quarantine assessment and workplace safety plan forms. With the tool now available, its use is expected to increase over time as areas across government move to convert their forms and related business processes to digital channels.
- **Schools data network upgrade** – a project is being progressed on behalf of the Department of Education to **replace LAN cabling** in prioritised schools to allow **improved connectivity** and increased capacity for student learning. Existing cabling is no longer sufficient to meet the growing data demands in a school environment and DCIS is project managing a multi-year upgrade program to deliver improved capacity.
- **Contemporary data backup** – Data Centre Services has transitioned to a tapeless backup solution, removing physical data storage media and **virtualising its backup infrastructure** in order to improve efficiency and **strengthen the recoverability** of NTG data.

SUPPORT SERVICES – *Exceeding expectations*

While advancing reforms and meeting challenges, DCIS has maintained its core service delivery roles to support client agencies and government to a high standard.

Cyber Security Awareness Programs

DCIS maintained its strong focus on cyber security over 2019-20 delivering **cyber information sessions** to almost **560 people** across the business and not-for-profit sectors, ICT industry and senior Territorians in Darwin and Alice Springs. Industry partners that contributed to delivering this program included the Australian Cyber Security Centre, Department of Foreign Affairs and Trade and the Australian Information Security Association.

The 2019 program was supplemented with a **Defence Cyber Ready briefing** in Darwin to help local businesses understand cyber security requirements to supply Defence. Presenters included an ethical hacker; a prime contractor to Defence; Defence Industry Support Program, Department of Defence; Centre for Defence Industry Capability, Department of Industry, Innovation and Science; Joint Logistics North, Australian Defence Force; and an Australian Small Business Advisory Services provider. The event was delivered in partnership with the Department of Trade, Business and Innovation and the Australian Industry Defence Industry Network.

Additionally, cyber security **technical sessions** were provided to the **local ICT sector** over the year to brief on emerging cyber trends and grow professional knowledge.

Cyber Careers events for primary and secondary **students** featured in the Program to encourage interest in pathways to cyber careers. A leading cyber hacker described ethical hacking, the ACSC spoke about being a **cyber-defender** and the Department of Foreign Affairs and Trade described the non-technical cyber roles in international relations; with Charles Darwin University outlining its cyber courses.

The Program was completed with a **digital cyber security awareness campaign** for NTG employees to encourage good **cyber safety practices** at work and at home across five key messages. Targeted briefings were also delivered to the senior leadership of agencies and ICT staff.

Delivering Results Through Procurement

Prior to 2019-20 procurement activity for a number of smaller procuring agencies was centralised in DTBI. With the Corporate Services Reform Program this function was transferred to DCIS and expanded, with procurement functions from more agencies incorporated (procurement functions for DIPL and DLGHCD remained with the respective agencies). Additionally, the Across Government Contracts and CAPS teams transitioned into the Procurement Services group in 2020 providing benefits from operational synergies and improved scale.

The department now has a significantly **expanded procurement function** that is focused on supporting our client agencies in making effective procurement decisions that meet their business needs and satisfy **Value for Territory** obligations. The 2020 year has seen both the demand and urgency of agency procurement activities increase in responding to the COVID-19 pandemic.

PROCUREMENT ACHIEVEMENTS

A snapshot of major procurement actions (mostly Tiers 4 and 5) undertaken in 2019-20 highlights the level of activity and focus on this essential government support service, including:

- over **70 procurements** conducted, with a combined value of around \$750 million (including COVID-19 related procurements)
- five categories of **Across Government Contracts** awarded to 14 contractors at a combined value of \$17 million

- five **ICT Services contract categories** awarded, including the ICT Services Specialist Panel and Switchboard Services, to 90 contractors at a combined value of \$170 million
- **vehicle fleet contract** awarded to 15 contractors at a value of \$165 million
- supported procurement of intensive therapeutic **residential care services** and **Back on Track reform program** requirements for Territory Families, with a combined value of \$218 million
- procurement for **Body Worn Cameras** was successfully managed as a new **multi-agency procurement** arrangement reflecting a number of agencies that have a need for this technology and the benefits of coordinating and consolidating requirements at an NTG level. The procurement process involved all interested agencies and set a precedent for similar future procurement actions.

DCIS' Procurement Services maintains close relationships with DTBI in its **procurement policy and reform** roles and with client agencies who need goods and services, providing an effective link and ensuring policy and practical views are considered. The department actively contributes to refinement of the NTG procurement framework and is progressing the **standardisation of procurement processes** and procedures under the CSR3 Program.

Other Key Support Services Achievements

- **Across Government software roll out programs** – deployment of **Office 365**, including Microsoft Teams, across government was fast tracked when COVID-19 hit to meet the substantial increase in demand for collaboration tools to facilitate communications. This involved engaging with agencies and service providers, creating self-help resources for agencies and **moving the NTG to a cloud service**. Teams was rapidly made available to over 19,000 users, initially helping with productivity, staff engagement and staff wellness checks. Teams is proving popular with agencies and is now the NTG's primary tool for collaboration. Other enterprise roll out and **ICT improvement programs** in 2019-20 included updating the desktop fleet to Windows 10 across the NTG environment, upgrading the video conferencing system and migrating the Webex toolset to the cloud.
- **NT General Election** – assisted NTEC with support to prepare for the General Election in August 2020 across a range of capacities, including developing an integrated **online candidate nomination form**, coordinating resource requirements and employment arrangements, delivering additional ICT support, providing cyber security advice and oversight, upgrading and testing the NTEC website, managing financial requirements, supplying **prepaid cards for remote polling staff** and managing multiple procurement actions to source the supplies needed for the election. **NTEC's business needs were prioritised** over the period leading to the election and considerable support provided.
- **National cyber security exercise** – in November 2019, the NT Government participated in the Australian Cyber Security Centre's national cyber security exercise to strengthen industry and governments' coordinated response to a significant cyber incident affecting Australia's electricity sector. Significant planning and coordination went into preparing NTG participation in the exercise, which **produced learnings** across intelligence sharing, communication and coordination, and **incident response management**.
- **Aboriginal Employment Development Program** – developed and achieved delivery of 44 programs across Darwin, Katherine and Alice Springs. The Aboriginal Employment Development Program (AEDP) is a program accessed by current Aboriginal staff across government agencies. The program is designed to complement the Aboriginal Employment and Career Development Strategy by increasing Aboriginal employee representation and retention in the NTPS.
- **Budget savings** – as part of government's root and branch review in 2019, DCIS identified a number of budget **savings measures** which have largely been **implemented**, including reducing asset accounting roles, ceasing the print management function, extending vehicle retention periods (see below), reducing property lease indexation, consolidating internal support functions and generating ICT efficiencies. Savings commenced at **\$5.3 million for 2019-20** and increase to \$11.3 million from 2021-22.
- **Vehicle retention policy** – implemented the NT Government's new vehicle retention policy, providing significant **savings across government** in the order of **\$3.4 million** per annum and seeking to maximise value from vehicle usage. The key policy changes are passenger vehicles retained for 4 years and light commercial vehicles for 5 years (previously 3 years and 4 years respectively).
- **Work Health and Safety service model** – following the transition of corporate functions under the CSR3 Program, work health and safety (WHS) functions were identified for specific consideration to determine an **appropriate service delivery model** having regard to the legislative responsibilities and obligations on employers. An interagency working group of senior officers was tasked to assess options and recommend a model. The working group obtained specialist advice, examined data and researched the options in detail. The group recommended a **hybrid option** which was well received by agencies, with WHS functional and operational responsibilities remaining with agencies, supported by a strategic role for OCPE and an advisory and reporting role for DCIS.
- **Electronic management of community service vehicles** – reserving vehicles for use by Non-Government Organisations (NGOs) has been improved through implementing an online process that assists NGOs with managing their calendar of events and allows NT Fleet to better manage requests to ensure a fair and **equitable distribution of vehicles** across NGOs.
- **Across NTG data requirements** – as part of DCIS' new roles, the department has **coordinated data responses** on behalf of all agencies in 2019-20 for OCPE's State of the Service report, the Auditor-General's survey of ICT systems, Parliamentary written questions and procurement data for agency APMPs. The department is **building this capability** and providing data collation, quality checks, advice and support for agencies.
- **HR advice and support** – provided **professional decision support and guidance** to client agencies across a variety of HR matters and cases. Worked with a number of agencies to develop agency-specific workforce plans and strategies covering **workforce culture, development and performance**.
- **Regional stakeholder engagement action plan** – conducted an initial **survey of client agency satisfaction** with DCIS regional services. This has identified **opportunities to improve** and increase client engagement in the regions via DCIS regional staff having a more active communications role across the broader range of DCIS service segments and projects.
- **Fuel card reconciliations** – a standardised process has been implemented that improves reconciliations and payments for fuel transactions across the NTG's vehicle fleet.

Internal Support Services

In addition to the support services provided to agencies over 2019-20, DCIS has continued to refine and develop internal operations, improving the support services provided to work units across the department. Key internal support service achievements include:

- **New Australian Accounting Standard AASB 16 Leases** – commenced in 2019-20 the leases standard necessitated substantial **changes in DCIS' financial records and processes** which is significantly impacting DCIS' financial statements. The **Progen system** for recording NTG leases had to be upgraded with a **new module** and system processes implemented to ensure correct accounting treatment of leased assets under AASB 16.
- **Project Management Framework** – refreshed and expanded the DCIS Project Management Framework to **address project management requirements** and delivery approaches across the increased range of digital projects under DCIS management.
- **Strategic risks** – were reassessed during the year following the major change in the department's responsibilities and the impact of the COVID-19 pandemic. The **strategic risk register was updated**, including revised mitigation actions and controls, and endorsed by EMB. Addressing and re-evaluating DCIS' strategic and operational risks remains an ongoing action and priority.
- **Internal audit program** – a full program of **36 reviews** was conducted over 2019-20, with higher than normal activity mostly due to 29 audit **reviews of air charter contractors** under the AGC panel contracts relating to air charters. Details of audit findings and responses are provided at Appendix III.
- **DCIS corporate governance improvements** – the department's governance committee model was modified during the year to **reflect changes in the department's remit and size**. Internal DCIS' finance, budgets, billing and asset **functions were centralised** to more effectively service the department's needs and align with the broader centralisation reforms.

SHARED SOLUTIONS – *Leveraging expertise*

DCIS staff have extensive knowledge and expertise in their professional fields which the department applies to create solutions and service improvements that help client agencies, government and the community.

Data Centre Transition Program

The Data Centre Transition Program, which completed in March 2020, marked a major turning point in the NTG's computing history with the NTG's ICT environment transitioned from the Chan building to the **Government Data Centre** at Millner and a smaller **Backup Data Centre** established in the Darwin CBD. The Program was necessary to create contemporary data centre capability that will meet current and future needs, deliver much needed service resiliency and **disaster recovery capacity** and allow the Chan building to be repurposed for alternate use.

The Program represented a very substantial and **complex change program** involving multiple agencies and ICT service providers and required the transition of:

- government's core internal network environment and internet gateway
- secure hosting for ICT infrastructure owned by agencies and third-party service providers
- extensive mainframe and midrange (virtual and physical) computing infrastructure.

The project was completed **on time and under budget** with deliverables achieved and the NTG's ICT environment now well established in modern and secure premises enabling **reliable service delivery**.

- most major government ICT systems including criminal justice, policing, hospital medication management, motor vehicle registration, payroll, finance, procurement, and recruitment
- all-of-government email and telephone services and government's internet presence
- online storage and back-up of over two petabytes of government's digital data

Online Purchasing Portal

The Online Purchasing Portal was implemented in 2019-20 to **streamline and automate** agency purchasing from NTG panel contracts. The portal manages the processes to call for quotations, assess quotes, award contracts and notify suppliers online with actions and status viewable by all panel contractors. This contemporary digital approach delivers a range of benefits including:

- greater efficiency, enabling **faster processing**
- improved record keeping, with digital audit trails
- enhanced reporting capability
- **more transparency** for government and suppliers in industry.

The purchasing portal was deployed as a pilot initially, using the **ICT Specialists panel contract** that was awarded early in 2020. This is a large panel of over 90 suppliers of ICT specialist

services, most of them Territory Enterprises. The panel has high usage which provided a good opportunity to **test the portal's capability** as well as DCIS' and industry readiness to adopt a fully digital process. The pilot started small and expanded with usage increasing over the year.

This online solution is supporting government and addressing feedback from local suppliers of ICT specialist services which indicated a keen interest in **improving the visibility of work awarded** under this panel contract.

The portal has been tested and proven in the pilots, with adjustments made as required and guidance material developed. From 2020-21 work will progress to **expand the online purchasing portal** to further panel contracts, including across government contracts.

Major Digital Programs

DCIS continued to progress the major **multi-year digital transformation programs** over 2019-20 as a high priority for the department to successfully deliver and provide **benefits for critical frontline workers**. The programs are at different stages of development and implementation with most to complete over 2021-2022. While resources being diverted to COVID-19 activities has impacted the programs to varying degrees, progress has been made and **milestones achieved** during the reporting period including:

- **Acacia clinical system for Health** – a read-only version of the new Acacia system's electronic patient record has been developed as the first implementation milestone, providing clinicians in both hospitals and primary health care centres with **central access to patient data** from core clinical systems. System demonstrations have been delivered to **over 1000 clinical stakeholders** across NT Health with very positive feedback. This milestone will, for the first time, provide frontline clinicians with a **full digital patient record across all clinical care settings** for public patients in the Territory. The solution is on-track for deployment in August 2020 and will be the first of its kind in any Australian jurisdiction.
- **SerPro case management system for Police** – design and configuration of core functional components of the new policing system has progressed, with key components such as Entities and Occurrences, Custody and Warrants and other

foundation functionality completed and tested. Detailed design analysis has been completed for the investigations function and technical planning for the complex series of integrations to other Territory and national public safety business systems undertaken. Strategy and approach for the **migration of data** from legacy systems is complete with work in progress to cleanse data to be migrated. Development of training materials in preparation for roll-out is well progressed and a network of **'SerPro Champions'** made up of **over 100 sworn officers** is actively working to optimise engagement with frontline police in preparation for deployment of the new system in 2021.

- **CARE child protection and youth justice system for Territory Families** – procurement process for the new CARE system was completed with all tenders declined. A refreshed approach to acquiring a case management system was developed and is in progress. Preparatory work to establish the necessary **foundation for a new digital solution** continued to progress with the development of the conceptual data model for the **'360 degree view of a child'** and the Territory Families *Concept of Operations* which underpins the core service delivery construct and sets the operating model for the CARE system. Detailed process maps of Territory Families business processes have been developed and will inform the way in which services will be delivered in the future state environment.

Digital Projects for Agencies

In addition to the above major digital programs, DCIS is **professionally managing** more than 20 other **digital solutions projects** mostly on behalf of client agencies. The number and range of digital projects under DCIS management **increased significantly in 2019-20** following the transfer of digital services from agencies to DCIS as part of the CSR3 Program. Work is continuing for a number of these projects to confirm status and issues, convert projects to DCIS' governance approach and clearly establish deliverable requirements. The key digital projects completed and in progress over 2019-20 include:

- **Onshore Petroleum Portal (POINT)** – as part of an interagency program between DENR, DPIR and DCM, delivered a new **digital portal** and website to make detailed onshore petroleum-related information available.
- **ICAC business system** – supported the Independent Commissioner Against Corruption to source and implement a suitable **digital solution** to manage ICAC's business requirements

- **Radiology systems** – upgraded the operating environment and hardware for the Territory’s radiology solution to **improve resilience and performance** and establish the base required to undertake further enhancement of this critical digital health platform.
- **Digital payments solution** – progressed procurement to acquire a **new digital invoicing and payments** system for the NTG with procure to pay functionality, to replace the existing legacy invoice management system.
- **Human Capital system for schools** – finalised procurement and progressed configuration in preparation for a pilot implementation of the new human capital system for schools required to process **payments to school-based employees** and meet the ATO’s single touch payroll obligations.
- **Digital myPlan solution** – developed an **online performance reporting solution** as a prototype for DCIS to trial and refine so as to inform development of an enterprise level solution for deployment to other agencies supporting their performance reporting responsibilities.

DATA SERVICES PROJECTS

Projects to better access and utilise data to deliver **business intelligence** and enable informed **data-led decisions** are being progressed by DCIS as shared solutions.

Again the range of data projects was expanded in 2019-20 with data services transferring to DCIS as part of the CSR3 Program. Key data project achievements include:

- **Enterprise Data Warehouse Redevelopment Program** – completed the redevelopment of the NT Health data warehouse to **refresh the ageing technology platform**, align to the delivery of the new Acacia core clinical system and enhance business intelligence and reporting of health data across the Territory. Project is currently tracking to be successfully completed in 2020-21.
- **Data brokerage solution** – implement the initial stage of a digital reporting capability for Territory Families to deliver improved business intelligence, **evidence-based reporting** of core business processes and establish a core reporting that will be delivered through the new integrated CARE system.
- **e-Dash project** – progressed the delivery of data analytics and **digital dashboards** for the **Department of Education** to enhance reporting of student information and core business data, better informing departmental executives and schools. Project is tracking to be delivered as planned in mid-2021.

Other Key Shared Solutions Achievements

- **Manunda Place** – construction of a **major new office complex** in the Darwin CBD is nearing completion. Manunda Place will provide the administrative headquarters for the Department of Health and key service areas of DCIS. The construction project has been monitored by DCIS with the building to provide **energy efficient, contemporary office space** at much better than standard occupancy density levels.
- **myLearning platform** – integrated the support contracts and software licensing for multiple instances of the NT Government’s preferred online learning platform **myLearning** to consolidate commercial arrangements, simplify the support model and deliver efficiencies.
- **CAHS Stores Facility** – completed procurement for a **new warehouse and office facility** for Central Australia Health Services Stores in **Alice Springs** to be leased by the NTG. Construction of the new facility is underway and due to complete December 2020, with DCIS maintaining a project monitoring role.
- **NTG / Digital Industry Engagement Guide** – a joint working group, involving the ICT Industry Association, DTBI and DCIS, developed and finalised the NTG / Digital Industry Engagement Guide which has been **provided to the local industry** for final review and acceptance.
- **GrantsNT** – roll out and refinement of the GrantsNT solution continued, with over 4300 individuals and organisations now registered in GrantsNT and more than **\$410 million in grants administered** in the system in 2019-20. GrantsNT enables users to keep their information in the system and reuse it, making grants simple to find through a **single online portal**. The NT Government is the only government in Australia with a full **enterprise digital solution** for managing grants. GrantsNT was a finalist in the 2019 Chief Minister’s Award for Strengthening Government Integrity and Public Administration.

FUTURE PRIORITIES

DCIS multi-year programs and delivery of core services continue into 2020-21 and beyond, as part of the **department's improvement journey**, with future priorities often reflecting the key next steps or milestones.

Reforms and Strategies

CSR3 PROGRAM

Continue progression of **government-wide corporate reforms**, moving through the reorganise phase and into a focus on standardisation.

- Create the **Enterprise Services Framework** to define the principles and approach for delivery of efficient, centralised corporate and digital services, recognising roles and responsibilities of DCIS and client agencies and gaining buy-in from across government.
- Refresh **DCIS Service Statements** and develop statements for new services.
- Explore **other corporate functions** suitable for centralisation.
- Commence **standardising business processes** to provide consistent and efficient services across government.
- Identify **service improvement opportunities** through intelligent reporting and digital solutions.

DIGITAL TRANSFORMATION PROGRAM

Transition the program into detailed planning and development stages that will inform **future digital investment** considerations.

- Establish processes to keep the **Master Systems Index** updated and complete.
- Develop a **Digital Roadmap** identifying directions and priority requirements for digital solutions and services over a five year horizon.
- Prepare a **Digital Government Transformation** Plan for stakeholder consideration and input prior to progressing through governance requirements.
- Progress development and implementation of the **Sage budget management system** for agencies, with pilot deployment to one agency initially.

DIGITAL TERRITORY STRATEGY

Track advancement of digital actions and work with stakeholders to identify new and emerging actions that will keep the overall strategy relevant and purposeful.

- Monitor and report on delivery of actions in the **2019-20 Digital Territory Action Plan**.
- **Engage with stakeholders** in government and industry on existing actions and potential new digital actions for future plans.
- Develop the next **Digital Territory Action Plan for 2020-21** in partnership with agencies and industry.

TERRITORY ECONOMIC REBOUND

Contribute to the work across government and industry, led by the TERC, to **rebuild the Territory economy** following the COVID-19 pandemic.

- As a core foundation for **reducing red tape**, develop a **digital solution** that will make it easier for a new retail or hospitality business to get started.
- Research and design requirements for a **digital integration platform** to underpin business interactions with government focused on **improving the customer experience** through sharing data, using digital technology and streamlining processes.

NATIONAL DIGITAL AND DATA REFORMS

Participate in a range of **digital and data projects** being progressed by governments across Australia through national Ministerial forums.

- Continue to co-lead a national project examining ways to improve **digital inclusion** that will lead to better access to modern digital services for people in all parts of Australia and demographic groups.
- Contribute to projects to develop national **digital identity** solutions that can be leveraged to help Territorians access government online services.
- Monitor progress with **digital initiatives** being developed interstate, considering applicability to the Territory.

BACK ON TRACK REFORM PROGRAM

- Monitor construction of the **Palmerston Youth Skills Training Centre** and arrange lease for the centre once construction is completed in early 2021.

Digital Connections and Innovation

MODERN TELECOMMUNICATIONS CONNECTIONS

Sustain strong focus on expanding and **improving telecommunications** services across the NT through co-investment, partnering and collaboration.

- Continue delivery of the **NTG / Telstra Remote Telecommunications Co-investment Programs** with telecommunications infrastructure to be constructed at Bulla, Belyuen and the Tiwi Islands and design works progressed for a number of other remote communities.
- Monitor progress of the **Groote Eylandt fibre upgrade** project being delivered by Telstra through a co-funded arrangement to increase telecommunications capacity.
- Liaise with Telstra on the feasibility study for **upgrading the Arnhem optic fibre link** to provide more bandwidth capacity into the region benefiting residents and businesses.
- Work with the Centre for Appropriate Technology (CfAT) to get the final **three Mobile Hot Spots** installed.
- Progress considerations with stakeholders regarding initiation of a **Kakadu mobiles program** that will provide mobile connectivity in key park sites.
- Continue **advocacy with the Australian Government** and service providers on the need to improve telecommunications services to the NT, particularly in remote areas, to address essential safety, education, health and economic requirements.

DIGITAL INDUSTRY DEVELOPMENT

Progress collaborative programs and explore ideas that will enable **local digital industry diversification** and growth and encourage innovation.

- Monitor progress of the **Terabit Territory** project that will be making greatly increased data capacity available in the Territory, with the project due to complete in 2021.
- Contribute to EOI assessment of proponents seeking to establish a commercial scale **Data Centre Park** in Darwin that will grow the local digital industry and create new jobs.
- Support DTBI to monitor grant recipients' delivery of the six co-funded **Digital Partnerships Program** projects.
- Engage with the local digital industry and assist DTBI with ways to develop the industry and encourage **local innovation and digital opportunities** for Territorians.
- Consult with telecommunications providers, businesses and community representatives to progress ideas for **telecommunications connectivity solutions** that are suited to the NT, particularly in remote areas, taking advantage of emerging technologies and new business models.

EVENTS

Work in **partnership with stakeholders** to improve outcomes for the local business sector, government and the Territory community, in line with the Digital Territory Strategy.

- Coordinate and deliver **Boundless Digital forums** showcasing local innovation and digital opportunities to a wide industry audience.
- Conduct a **Digital Futures event** as a key annual careers event encouraging youth, women and people wanting a career change to look for jobs across the digital industry.
- Support the local ICT industry and professional bodies through participating and sponsoring **professional development and careers events**, including Code Fair and industry briefings.

Support Services

WORKFORCE MANAGEMENT

Support agencies to effectively develop and manage their workforce, ranging from individual cases through to agency-wide strategy development and culture programs.

- Review the model for managing **traineeship programs** to consider costs and improvements for trainees and agencies.
- Enhance **Aboriginal Employee Development** programs to further support the NT Government Indigenous Employment and Career Development Strategy.
- Revise **payroll compliance reporting** to reduce risk and processing effort.
- Implement an **internal audit** program for payment of **employee entitlements** and ensure governance controls are effective.
- Develop new **advisory role** and reporting function to support client agencies with their **work health and safety** responsibilities.

CYBER SECURITY

Protect government's ICT network and data through effective controls and building **cyber-threat** knowledge and awareness across government.

- Continue focus on **security controls** to enhance the security of the government's ICT environment and protect the Territory's digital assets.
- Develop and introduce an **online cyber security training** program for NTG staff to improve awareness of cyber security threats and safe cyber practices.
- Analyse **cyber security threat trends** and the constantly evolving cyber threat landscape to inform mitigations and improve the effectiveness and responsiveness of cyber security activities for government's ICT environment.
- Continue working with the NTG banking contractor on **payment card industry compliance** requirements and New Payments Platform initiatives.

PROPERTY LEASING

Provide quality accommodation for agencies that is fit-for-purpose and work with agencies to meet their accommodation needs.

- Ensure the **refurbishment** projects for **Katherine Government Centre and NT House** are completed as planned, maintaining involvement of 12 tenant agencies.
- Progress planning to establish a lease for a new **West Daly Government Business Centre** in Wadeye.
- Identify and assess options and approach for **relocating youth services** delivered from the Shak in Casuarina, in conjunction with agencies and stakeholders.
- Liaise with locally-based agency representatives to develop a **government office accommodation plan for Tennant Creek** that aligns with the Barkly business hub being established in Tennant Creek.

PROCUREMENT SERVICES

Assist agencies to source the goods and services needed to maintain their operations.

- Support **major agency procurements** in Tiers 3 to 5, achieving Value for Territory outcomes.
- Complete procurements and implement **Across Government panel contracts** for waste collection, printing services, stationery and expansion of accredited training services.
- Initiate and develop new Across Government panel contracts for **Professional Services**, including audit, advisory and evaluation functions and plan for a **Freight Services** contract.
- Progress public tenders to procure **ICT services for government**, including network management, multi-function

devices, satellite phone services and end-user computing services.

- Commence work to **standardise procurement processes** to streamline services, leverage scale and improve consistency across agencies.
- Identify opportunities for further **multi-agency procurements**.

INTERNAL SUPPORT SERVICES

Initiate or progress actions within the department that will enable DCIS to effectively support agencies and government.

- Coordinate **Machinery of Government** changes to establish the new agencies set out in the Administrative Arrangements Order in September 2020.
- Create a **DCIS Customer Charter** to accord with the new Customer Experience Framework for government agencies and aligned to the Enterprise Services Framework that is under development.
- Develop a **Contract Management Framework** for DCIS that sets out controls and processes consistent with NTG procurement rules and appropriate for the complexity and diversity of contractual arrangements the department is required to manage
- Review the NTG's **virtualisation platforms** to ensure they are contemporary and continue to deliver cost efficiencies to agencies.
- Update and expand the DCIS **cost allocation model** to reflect the department's increased service remit as a result of the CSR3 Program.

Shared Solutions

Create solutions and service improvements that **assist client agencies**, government and the community.

LEASING PROJECTS

- Commence a new lease for **Manunda Place** once construction is completed and relocate staff from the departments of Health and Corporate and Information Services into the new building as a shared tenancy.
- Establish leases for new **CAHS Stores facility** in Alice Springs when the building is completed, providing a contemporary facility for managing essential health supplies for the region.

MAJOR DIGITAL PROGRAMS

Continue the multi-year programs to develop and implement transformative digital solutions that will better support frontline service delivery.

- **CCSRP** – complete the configuration and development of patient administration functionality for the **new Acacia solution** and complete testing in readiness for deployment to commence in 2021.
Progress the end user device strategy to provide frontline clinicians with **optimised digital tools**.

- **SerPro** – continue configuration and system integration activities to complete the **initial release version** of the new SerPro solution in readiness for user testing mid-2021. Align development with other digital reforms being progressed within the **justice continuum** related to firearms management and courts business processes.
- **CARE / CMSA** – finalise procurement of a new case management system to provide the core platform for a new integrated CARE solution. Commence scoping and planning for **configuration, build and integration** activities and progress the technical design of **strategic data integration** capability.

DIGITAL PROJECTS FOR AGENCIES

Manage and deliver digital systems projects to support client agencies.

- Extend usage of the **new Online Purchasing Portal** to deliver an efficient, user-friendly digital tool for purchasing goods and services from panel contracts and across-government common use contracts.
- Work with NT Health to undertake remedial work and strengthen the management model for the **Territory's radiology systems** to improve support and reliability.
- Finalise procurement action to acquire a new **digital invoicing and payments solution** for businesses supplying to the NTG and commence the project to configure and implement the new solution across government.
- Oversight the project to implement a new **human capital system for schools** processing payments to school-based employees and meeting the ATO's single touch payroll requirements.
- Roll out of phase one of **NTGServices**, replacing the existing ICT Service Centre toolset and enabling the legacy ePass identity management system to be phased out.
- Complete development and begin rollout of the **myCommencement online solution** for on-boarding new staff to the NTG, improving the timeliness for commencing salary entitlements.
- Commence the procurement process for development of a **new firearms registration system, TRACER**, for NT Police, replacing the obsolete SaFER system, digitising manual business processes and providing an online portal for registered shooters and firearms dealers.
- Upgrade the **NTG Central intranet** to improve usability and deploy enhanced search capability to make information easier to access and intuitive to navigate.
- Procure and implement a new **Legislation Workflow Management** solution for the Office of Parliamentary

Counsel to provide an authoritative and auditable digital collection of legislation.

- Deliver an **MVR online service portal** as a digital channel for vehicle dealers and licensed inspectors to transact digitally with government for sales, registration and inspection of motor vehicles.
- Progress Program Veritas to expand the **courts digital case management system** into the area of criminal courts and explore opportunities to align with other digital tools and solutions across the Territory's justice continuum.
- Develop an online solution to streamline and digitise the **short term vehicle hire** service provided by NT Fleet.
- Relocate **health ICT infrastructure** from RDH basement to the new Government Data Centre to improve resiliency.
- As part of initial project scoping, develop business cases in support of proposals for new digital solutions in the areas of **Parks Booking** services and the **Worker Screening** for employees that work with people with disabilities.

DATA SERVICES PROJECTS

Progress the delivery of key data services and systems projects to provide business intelligence for client agencies.

- **NT Health Enterprise Data Warehouse Redevelopment Project**- progress the phased implementation of the new **data management solution**, aligning to the delivery of the new Acacia clinical system to enhance business intelligence and reporting of health data across the Territory.
- **Data and Analytics Transformation** – deliver further phases of **data analytics** and digital dashboards for the Department of Education to enhance reporting of student information and core business data.
- **Data brokerage solution** – continue the work to establish a **foundation for business** reporting to be delivered through the future integrated CARE system.

PERFORMANCE REPORTING

2019-20 Budget Outputs

The table below reflects the planned key performance indicators published in the 2019-20 Budget and the department's actual performance in 2019-20. With the 2020-21 Budget cycle delayed to late 2020 and the department's output structure and key deliverables expected to change substantially, reliable measures for 2020-21 are not available to present.

	2018-19 Actual	2019-20 Budget	2019-20 Actual
2019-20 budget outputs			
Finance services			
Payments processed	508 639	500 000	498 576
Invoices paid within 30 days	88%	90%	91%
Debts processed	126 846	88 000	190 453 ¹
Average number of days to collect debt	52	55	56
Processing accuracy	100%	100%	99.9%
Asset work orders processed	135 205	140 000	122 761 ²
ASNEX service tickets completed within service standards	84%	90%	88%
Human resource services			
Payroll transactions (PTRs) processed	1.2M	1.25M	1.24M
PTRs processed per payroll officer per month	1 049	1 050	1 055
Commencements and terminations processed	12 829	13 500	11 803 ³
Average days to commence new employees	3.6	3.5	4
Client queries resolved on first contact	70%	78%	70%
Contract services			
Tenders released to market	789	850	672 ⁴
Tender responses processed	3 833	4 100	3 721 ⁴
Proportion of responses lodged electronically	97%	100%	98%
Contracts awarded	887	1 000	879 ⁴
Across-government contractors managed	218	230	224
Information and communications technology services			
Laptops/workstations	19 853	18 500	20 608 ⁵
ICT services provided within agreed service levels	100%	100%	100%
Severe desktop faults restored within service level agreement	100%	100%	100%
ICT Service Centre queries resolved on first contact	68%	70%	64% ⁶
Property leasing services			
Property leases	199	200	189
Area leased (000 square metres)	218	217	215
Average cost per square metre	\$428	\$430	\$433
Digital government			
Stage gate reviews undertaken	12	12	5 ⁷
Major projects overseen by the ICT Governance Board	26	25	22
Cyber security programs/events delivered	20	20	24
Service tickets processed for nt.gov.au	2 825	2 600	2 763
Service tickets processed for NTG Central	2 601	2 300	1 437 ⁸
Open government datasets	251	300	703 ⁹

2019-20 budget outputs

Enterprise projects

Digital programs and projects managed on behalf of agencies	9	9	12
Enterprise digital projects in progress	6	8	17 ¹⁰
Digital projects completed	2	0	2

Vehicle fleet services

Light vehicles managed	2 712	2 650	2 691
Light vehicles disposed	504	600	393 ¹¹
Heavy vehicles managed	854	840	858
Light vehicles meeting fuel and safety standards	94%	100%	98%
Light vehicles managed within vehicle life standards	97%	90%	87% ¹²

Data centre management

Monthly cost per million instructions per second (MIPS)	\$852	\$1 060	\$1 065
Mainframe computing availability	100%	100%	100%
Virtual server computing availability	100%	100%	99.98%
Physical servers hosted	572	550	321 ¹³
Fully managed servers	1 685	1 600	1 324 ¹⁴
Data storage area network (terabytes)	4 605	4 600	4 270 ¹⁵

¹Significant increase in level of invoices raised is related to billing for hospital services.

²Work orders reduced due to COVID-19 restrictions on travel to remote communities.

³Reduction reflects activity across government which was lower than previous year.

⁴Reflects changed agency requirements and market activity.

⁵Deployment of additional mobile devices to meet COVID-19 work from home needs.

⁶Process changed to include health application support calls which are funnelled through the ICT Service Centre and not recorded as resolved, skewing the result. This approach will be modified.

⁷Change due to project lifecycles, COVID-19 schedule impact and reduced number of projects.

⁸Drop in service requests for NTG Central is largely attributed to the impact of COVID-19 with focus on public messaging through coronavirus.nt.gov.au.

⁹DENR provided 313 new datasets that were uploaded to the portal.

¹⁰Increase reflects both new projects and projects transferred as a result of MOG changes.

¹¹Decrease reflects the impact of implementing the new vehicle replacement policy extending vehicle usage periods.

¹²Change in 2019-20 reflects fewer vehicles being replaced.

¹³Decrease reflects DIPL migration from physical servers to managed services, PFES servers moved to Peter McAulay Centre and advances in server technology delivering more compute capability with fewer servers.

¹⁴Decrease due a consolidation of shared server environments and agency business applications, decommissioning of Sharepoint 2010 and management servers and delays to commissioning of additional servers for major projects, partially offset by DIPL changing to managed servers.

¹⁵Advances in storage technology and data reduction capability are enabling storage network size to be reduced.

Additional KPIs

Following the CSR3 Program and establishment of new functions in 2019-20 with Enterprise Corporate Services, additional key performance indicators have been developed post the 2019-20 Budget. Measures are continuing to be refined and will be reported in future budgets.

The initial KPI measures for the new functions represent service delivery to client agencies and are listed below.

KPI	2019-20 Actual
HR cases resolved for agencies	281
Client participants at training programs	5 200
Client procurements facilitated	498
Administered contracts varied/extended	390
Information management datasets supported	21
Agency internet and intranet website service requests resolved	9137
Data services tickets processed	14 581
Fuel invoices processed within four days of receipt	60%

3

CORPORATE GOVERNANCE

Corporate Governance Framework	<u>32</u>
Corporate Governance Committees	<u>37</u>
DCIS COVID-19 Governance	<u>39</u>
All-of-Government Governance Frameworks	<u>41</u>
Ministerial Digital Advisory Council (MDAC)	<u>43</u>
Machinery of Government Changes	<u>43</u>



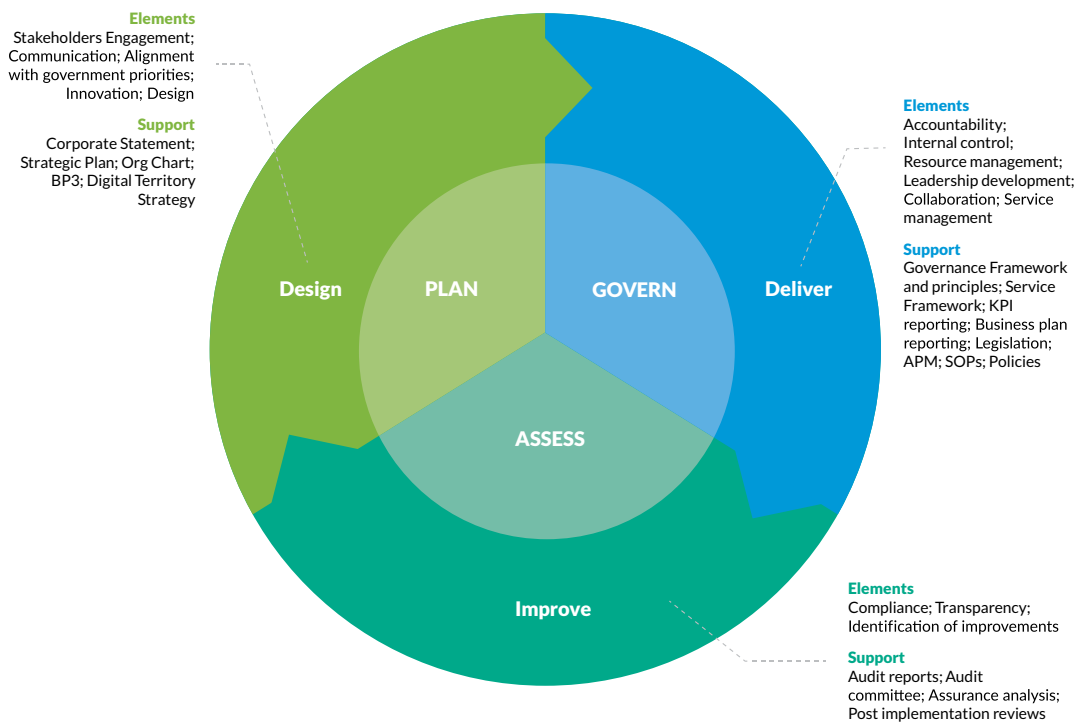
CORPORATE GOVERNANCE FRAMEWORK

The department has a robust corporate governance culture that places an emphasis on the individual to be 'self-governing' and manage the risks within their respective areas, ensuring that controls within their scope of responsibility operate effectively.

DCIS ensures its business is conducted in a transparent way, with its governance principles providing a strong foundation, and clarity and direction provided through the department's Corporate Governance Framework.

The Corporate Governance Framework guides the actions of the department and its Government Business Divisions (GBDs), reflecting the primary business lifecycle phases. It provides a model through which the department's activities and actions are redesigned, directed, controlled and reviewed.

Diagram 4: DCIS corporate governance framework



Principles

The framework is underpinned by six key principles which guide the department's decision making and operational actions.

LEADERSHIP

strong leadership with a clearly defined executive, active and robust governance committees, regular communication and engagement with stakeholders

ACCOUNTABILITY

through appropriate internal controls and corporate policies

STEWARDSHIP

effective stewardship of resources through compliance with legislation, NT Government policies and internal procedures

INTEGRITY

active promotion of honest and ethical conduct, upholding professional standards of behaviour

COMMUNICATION

clear communication to all staff about governance requirements and expectations with respect to the fair and equitable treatment of others in providing professional and responsive services

RISK MANAGEMENT

consideration of risks and appropriate mitigations through a risk management framework



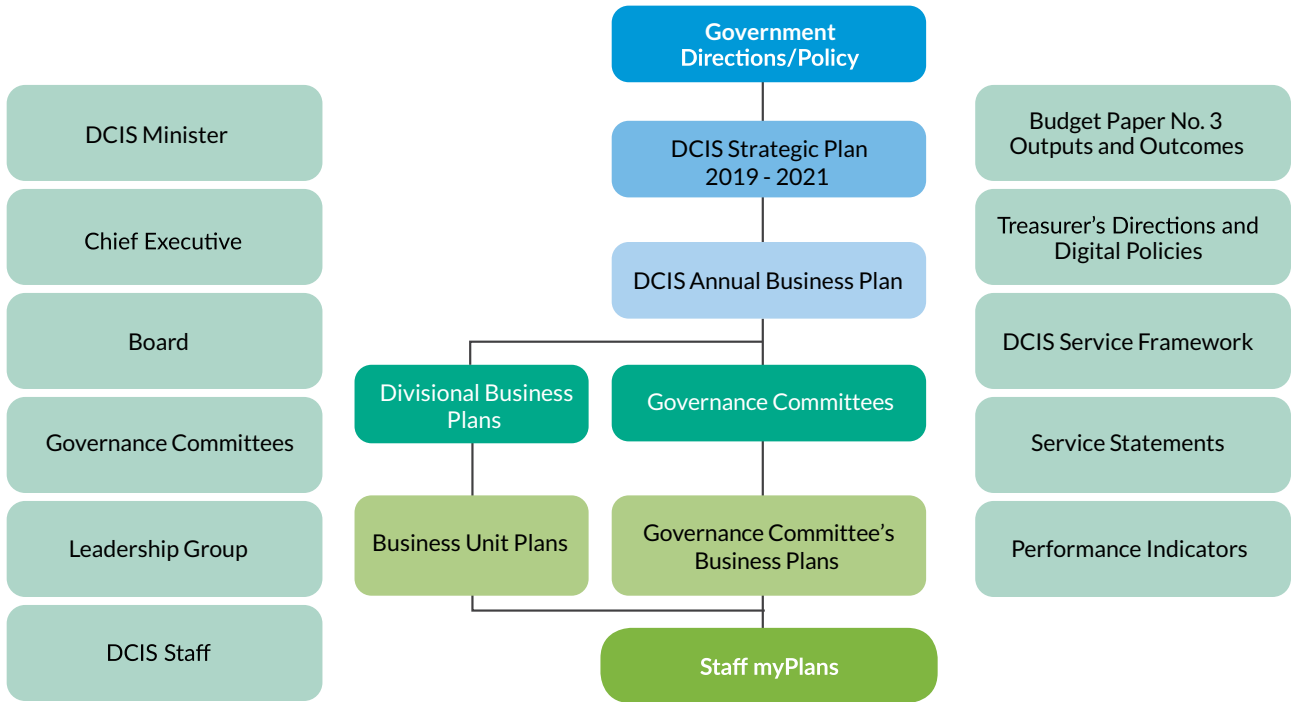
Planning

2019-20 has been a highly unusual and irregular reporting year, with COVID-19 and complex machinery of government moves affecting DCIS. The substantial challenges have necessitated less focus on standard business practices while most efforts have been devoted to responding to the new challenges and changes.

DCIS has strong links between our strategic planning, business planning and individual performance plans to ensure our business is conducted in a transparent manner.

The department's Corporate Governance Framework links and aligns planning and strategy with responsibilities, outputs and service delivery, ensuring outcomes are influenced from the bottom-up and the top-down.

Diagram 5: Planning model



CORPORATE STATEMENT

The department's Corporate Statement represents the values and principles DCIS holds itself to in conducting its operations, which complement and are consistent with the NTPS values. The corporate statement guides the department's actions and influences how the department works together, interacts with clients and engages within the broader Northern Territory Government environment.

STRATEGIC PLAN

The department's Strategic Plan 2019-2021 outlines strategic priorities and actions for the agency in delivering services to the NT Government. The Strategic Plan guides decision making and is a tool for the Chief Executive and Executive Management Board (EMB) to ensure the department's work is focused on its core business and strategic deliverables. Designed to be intentionally flexible and cater to emerging situations, the Plan was able to accommodate new requirements and priorities through the Plan for Budget Repair reform initiatives and the COVID-19 pandemic without requiring changes at the strategic level.

Our strategic priorities are:

- **Leading Digital Government:** Accelerate digital opportunities to connect, enable and service the Territory.
- **Delivering Shared Solutions:** Advance enterprise corporate services enabling agencies to focus on core business.
- **Investing in Capability:** Inspire a capable, innovative and high performing workforce.

BUSINESS PLANS

Business plans are developed to assist divisions and business units to align with the department's Strategic Plan and Corporate Statement and contribute to overall departmental objectives. Along with key projects, the business plans include actions that support the DCIS Capability Investment Strategy, the department's People Matter Pulse action plan, tasks to mitigate identified risks, and actions that promote the DCIS values. Plans are developed in consultation with staff and stakeholders, with tasks flowing through to executive contractor performance reviews and staff myPlan reviews.

Last year, business plans were established for all DCIS corporate governance committees, formalising accountability and improving visibility and risk mitigation across these committees.

Progress with priority projects or actions is reported to the EMB, providing regular updates on key organisational goals and ensuring a coordinated approach to performance monitoring.



Governing

How DCIS governs is supported by a robust set of policies and controls with which the department manages and assesses its performance and risk mitigation.

SERVICE FRAMEWORK

The DCIS Service Framework describes the partnership model for delivery of shared corporate and digital services for NT Government agencies, business divisions and other government entities (collectively, DCIS clients). The framework provides clear advice to clients on shared services and digital services that DCIS delivers; service standards and value that clients can expect from DCIS; requirements from clients to enable effective service delivery; and reporting and communications channels.

Service statements complement the framework, and describe the specific nature of each service segment identifying scope, responsibilities of DCIS and clients, service standards, reporting and contacts. Service statements include standards which address the key activities within the service segment and reflect the performance levels DCIS undertakes to deliver.

The framework and statements are undergoing a major review due to the increased remit of the department under the Corporate Services Reform Program.

STATEMENT OF COMMITMENT

The Statement of Commitment provides the foundation on which the corporate services reforms are delivered and managed. The Statement sets the basis early for the progress of the reform program, outlining the roles and mutual obligations of all parties and confirming a strong focus on a OneNTG approach.

The OneNTG collaborative approach is essential for successful delivery of enterprise-wide corporate and digital support services to NTG agencies, business divisions and other government entities.

The Statement is based on a mutually accepted set of principles, reflecting the agreed OneNTG approach, which guide service delivery, operational practices and strategy development and outline the expected roles and behaviour of DCIS and clients.

The Statement of Commitment was endorsed by the Fiscal Repair Standing Committee and agreed by the Chief Executives Coordination Committee.

PERFORMANCE MEASURES

Key Performance Indicators (KPIs) for divisions are reported quarterly to the EMB, reflecting performance metrics for each division aligned to the Strategic Plan and DCIS Service Statements. KPI performance, trends and issues are carefully considered at board meetings. In 2019-20, the measures were

reviewed and expanded to capture changes in the department's structure and business to ensure the board has a well-defined insight on service performance across its span of functions.

RISK MANAGEMENT

The department's Risk Management Framework is consistent with AS/NZS ISO 31000:2009 Risk Management: Principles and Guidelines. DCIS uses this framework to form our cohesive risk management approach.

The risk management framework comprises a risk management policy, procedures and information sheets which provide staff with the information and tools to manage risks on a day to day basis.

The Risk Management Committee (RMC) is responsible for overseeing risk management activities, including business continuity management. The RMC promotes a risk management culture and provides direction to enable DCIS to proactively manage its risks through defined processes for project and procurement risks. The RMC held several workshops for the committee and the EMB to assess and update the department's strategic risks.

The status of risk management is monitored by the EMB via biannual reports provided by the RMC. The strategic, operational and fraud risk registers are accessible online to the EMB, RMC and staff to manage the department's risks.

Strategies to strengthen the department's risk management framework include policies, plans and procedures which are reviewed on a regular basis or as required, to ensure they provide sufficient guidance for good governance and compliance.

Employment Screening

The department has a diverse range of operations that necessitate employees having access to assets and commercially sensitive information, including NTG personnel information, financial information of businesses and access to key ICT applications and infrastructure.

To take reasonable steps to protect employees and clients from harm and ensure the department provides services in a professional manner, an employee screening process is applied where a pre-employment criminal history check is required for new employees.

It was not feasible to undertake employee screening as part of the CSR3 machinery of government transfer processes in 2019. Staff in the Enterprise Corporate Services division transferred across to DCIS in-situ with existing roles.

Fraud

The department has zero tolerance for fraud and is committed to minimising the incidence of fraud through implementation of the Fraud Corruption Control Policy. The policy comprises information on fraud control strategies, fraud reporting and response procedures.

Improper Conduct Investigations and Reporting

The department is committed to creating and maintaining an environment that is free of improper conduct as defined under the *Independent Commissioner Against Corruption Act 2017* (ICAC Act).

The department maintains an Improper Conduct Investigations and Reporting Policy and encourages employees to recognise and report suspicions of improper conduct to ensure it is quickly exposed and eliminated. The policy outlines the management approach in the preliminary assessment, investigation and reporting of allegations of improper conduct.

The department treats all allegations of improper conduct seriously, and will assign an assessing officer to ascertain if there is a reasonable basis to an allegation. All allegations or suspicions of improper conduct are managed in a professional, respectful and consistent way across the department.

Whistleblowers

The department encourages employees to recognise, identify and communicate improper conduct and matters of work health and safety, without fear of reprisal. A policy has been established for employees with a genuine concern of improper conduct, including potential fraud, corruption and dishonesty to communicate their allegations or suspicions.

Employees who communicate their suspicion of improper conduct in good faith will be taken seriously. The department will not tolerate retaliation, harassment, intimidation or harm of an employee, including against an employee reporting improper conduct. Employees that discourage another employee from reporting improper conduct, or engage in retaliation against an employee who has disclosed or cooperated in an investigation into improper conduct, will be referred for appropriate administrative or disciplinary action.

Internal Controls

A range of internal controls including delegations, the Accounting and Property Manual, policies, procedures and templates assist the Accountable Officer in the performance of her duties under relevant legislation.

Delegations

The Chief Executive is the Accountable Officer for the department for the purposes of the *Financial Management Act 1995* (FMA), the *Public Sector Employment and Management Act 1993* (PSEMA) and the *Procurement Act 1995*. Delegations covering procurement, financial and human resource management activities are reviewed regularly to ensure they continue to meet the department's requirements.

The delegations allow appropriately authorised departmental staff to undertake specific responsibilities of the Accountable Officer or Chief Executive as prescribed in the legislation. The delegations were updated, as required, during the year to reflect organisational structure and policy changes.

Conflicts of Interest

The department recognises that any conflict of interest, whether real or perceived, erodes confidence in the integrity of the department and the NT Government. As a minimum, all EMB members, governance committee members, Senior Directors, senior staff and employees who hold delegated powers are required to complete an annual disclosure declaration.

All staff are required to complete a disclosure declaration when they become aware of a conflict; circumstances change; or they are on a procurement assessment panel. If any interests are identified, appropriate action is taken to resolve the conflict or prevent it from arising. Completed declarations are held as evidence of disclosure and, as such, provide some protection against unfounded allegations of bias concerning department advice or decisions.

Gifts and Benefits

The Code of Conduct under the PSEMA outlines specific principles to guide all NTPS employees in deciding whether to accept gifts or benefits.

The department has a policy to help staff decide whether to accept gifts or benefits and declaring any gift or benefit offered, regardless of acceptance or refusal. The policy promotes ethical decision-making of the department based on merit without perception or allegations of improper or unprofessional conduct, and applies at all times including Christmas and other cultural and religious occasions that may involve the giving of gifts or benefits.

Data Breaches

The department provides a broad range of services to all NTG agencies and is committed to protecting confidential information that it holds in accordance with the Information Privacy Principles (IPP) as prescribed in the *Information Act 2002*.

The Notifiable Data Breaches (NDB) scheme under part IIIC of the *Commonwealth Privacy Act 1988* establishes requirements for entities to notify affected individual/s and the Office of the Australian Information Commissioner (OAIC) of eligible data breaches that are likely to result in 'serious harm' to individual/s whose personal information is involved in the breach.

While the department does not have existing personal information security obligations under the Privacy Act; as a TFN recipient, the department must adhere to the NDB scheme and its reporting obligations.

Accordingly, the department has developed a policy outlining the management of suspected or known data breach incidents within the department.

Procurement Controls

As a significant procurer on behalf of government, the department has a strong focus on procurement governance ensuring compliance with the NT Government's Procurement Framework. DCIS maintains governance structures with established roles, functions, relationships, and documented processes to provide governance commensurate with the level and complexity of the procurement activity. Governance committees examine proposals, align procurement projects with broader business objectives and monitor compliance.

The department continues to revise procurement document sets to align with changes to procurement policy and rules, and the outcomes of audit and compliance activity.

The department utilises probity advisors where the activity is risk assessed as having technical complexity; high value and coverage or sensitivity.

Accounting and Property Manual

In accordance with the FMA, the department has an Accounting and Property Manual that specifies finance procedures and internal control requirements.



Assessing

DCIS takes an effective stewardship lens to managing business risks to protect service continuity and does this through compliance

with legislation, NT Government policies and strong internal procedures.

STATUTORY ACCOUNTABILITY

The department is required to comply with the *Financial Management Act 1995* (FMA), *Public Sector Employment and Management Act 1993* (PSEMA), *Procurement Act 1995*, *Information Act 2002* and other legislation, such as the *Anti-Discrimination Act 1992*, *Superannuation Act 1986* and the *Work Health and Safety Act 2011*. The department's Corporate Governance Framework and the relevant statutes are promoted to staff in a range of ways including through the department's Orientation and Emerging Leaders Programs. Information and training on legislative requirements is included in the DCIS Capability Investment Strategy

INTERNAL AUDIT FUNCTION

In accordance with the FMA, the department has an internal audit function to assist the Accountable Officer. A Strategic Audit Plan is managed by the internal audit function and monitored by the Audit Committee. The 2019-20 internal audits to test internal controls and processes and reviews to assess operational models can be found at Appendix III.

Policies and Procedures

In addition to the above controls, a range of other subject specific policies, procedures and templates are provided to assist governance committees and employees in various areas of work.

Policies, procedures and standards are required to be approved by the EMB or Chief Executive. Department-specific documents are located on the staff intranet site and all-of-government documents are located on the all-of-government intranet, NTG Central, for easy access by employees.

LEGAL SERVICES

The department utilises legal services from the Solicitor for the Northern Territory (a statutory body managed by the Department of the Attorney-General and Justice). Services provided include legal advice, preparing legal documentation and managing the outsourcing of legal services.

INFORMATION ACT 2002 REQUESTS

The *Information Act 2002* allows for access to government and personal information. In 2019-20, the department received 303 Freedom of Information (FOI) applications on behalf of other agencies. Five FOI requests were received in relation to information held by DCIS for personnel or government information. Of these requests, none resulted in a complaint or required mediation. The department received no FOI requests which were transferred to relevant agencies.

OMBUDSMAN INQUIRIES

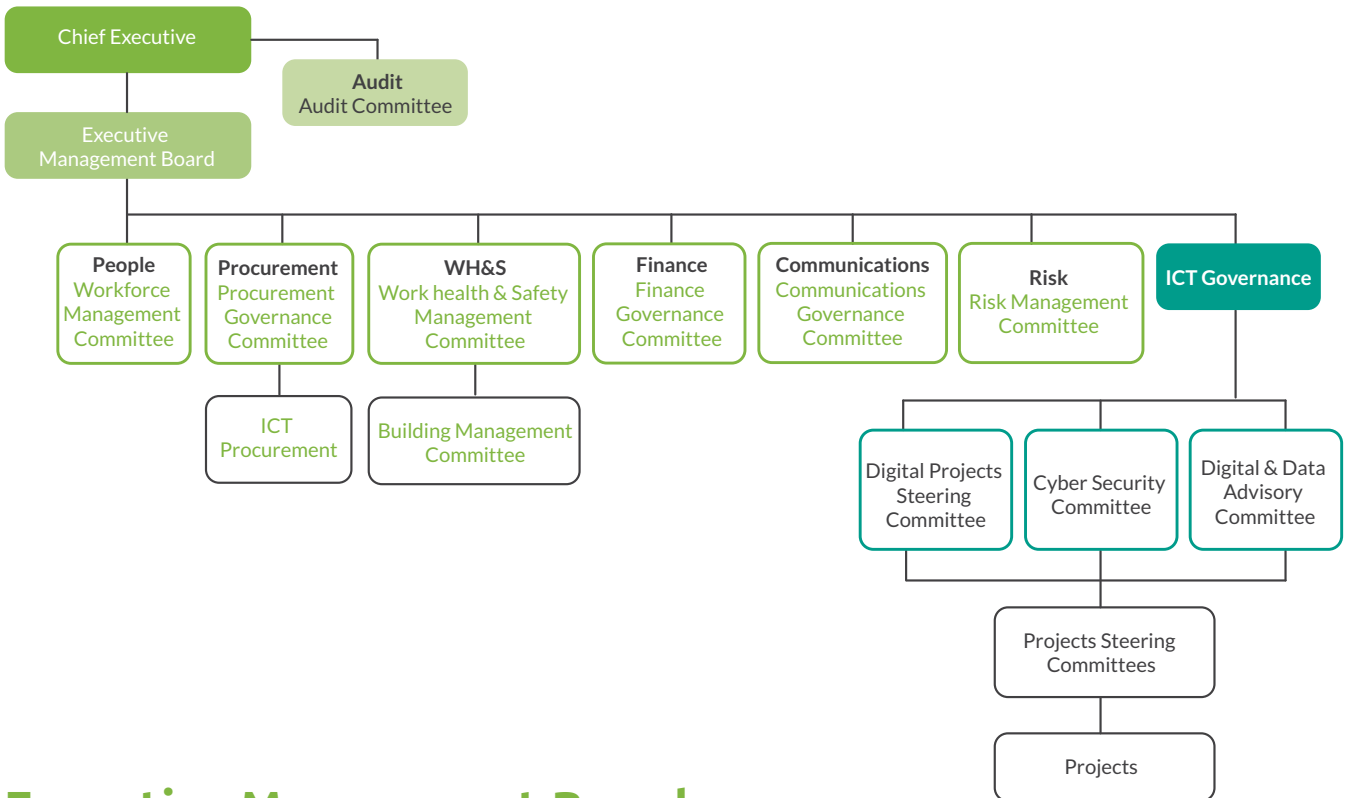
In 2019-20 the Ombudsman received four enquiries in relation to the department. These enquiries were addressed by the Ombudsman's Office and finalised without requiring formal notification.

CORPORATE GOVERNANCE COMMITTEES

The department’s governance committee structure consists of an Executive Management Board and supporting committees focussed on key governance requirements.

The board and committees oversee the allocation of resources across the department and the development and implementation of policies, plans and procedures that provide a foundation of good governance for the department’s activities. The committees report to the board, with the exception of the Audit Committee, which reports directly to the CE.

Diagram 6: DCIS corporate governance committee structure



Executive Management Board

Purpose: To provide strategic direction for the department. The board is the senior governance and advisory group of the department and meets monthly.



Kathleen Robinson,
Chief Executive (Chair)



Chris Hosking,
Deputy Chief Executive Digital



Lisa-Watson,
Deputy Chief Executive Corporate



Ewan Perrin,
Executive Director ODG



David Bryan,
Senior Director NTPM



Greg Connors,
Senior Director ICT Services



Judy Florance
Director Executive Services



Vicki Highland
Senior Director Business Connection



Garry Russell
Senior Director Corporate Systems



Rex Schoolmeester,
Chief Financial Officer



Wayne Sanderson,
Director Regions

2019-20 Activity

The board met on 12 occasions.

The board approved / endorsed:

- DCIS Business Plan for 2019-20 and divisional business plans
- Communications Plan
- Governance Committee business plans
- Updates to several policies, including Improper Conduct Investigations and Reporting, Whistleblower, Fraud and Corruption Control, Data Breach, Risk Management, Conflict of Interest, and Gifts and Benefits
- Strategic Plan 2019-2021 update
- DCIS Strategic Risk Register
- DCIS Pandemic Plan

The board:

- supported and monitored early career programs; including the graduate rotations, DCIS emerging leaders program and leadership programs run by the OCPE.
- supported and endorsed a range of internal programs such as: flu vaccination; global corporate challenge; and wellness week.
- provided strategic oversight through the suite of progress reports biannually on the Strategic Plan 2019-2021 and quarterly on KPIs; DCIS Business Plan 2018-19; Strategic Risks; DCIS Capability Investment Strategy; governance committee reports; and monitoring of excess leave.

Supporting Committees

Membership and activity for 2019-20 across the suite of corporate governance committees is outlined in Appendix VI.

The Risk and Audit committees, although separate, are closely aligned with joint memberships of some members, one combined meeting per annum and cross visibility of each committee's actions and records.

AUDIT COMMITTEE

Purpose: To oversee and monitor audit activities across the department.

RISK MANAGEMENT COMMITTEE

Purpose: To provide strategic direction and monitor risk management activities, including business continuity management, across the department.

COMMUNICATIONS GOVERNANCE COMMITTEE

Purpose: To inform strategic directions for communications activities across the department.

CYBER SECURITY GOVERNANCE COMMITTEE

Purpose: To monitor and oversee cyber security activities and readiness across the department's responsibilities, and the NT Government's enterprise ICT environment.

DIGITAL AND DATA ADVISORY COMMITTEE

Purpose: To provide strategic direction for digital government and data-related activities across the department and broader government.

DIGITAL PROJECTS STEERING COMMITTEE

Purpose: To manage and deliver digital and data projects within a structured framework to ensure they meet the stated business requirements and are delivered within budget and timeline.

FINANCE GOVERNANCE COMMITTEE

Purpose: To oversee the effective development of the department's budget and management of financial resources.

PROCUREMENT GOVERNANCE COMMITTEE

Purpose: To oversee and monitor procurement planning and major procurement activity for the department.

WORK HEALTH AND SAFETY COMMITTEE

Purpose: To provide strategic direction on Work Health and Safety (WHS) matters for the department.

WORKFORCE MANAGEMENT COMMITTEE

Purpose: To monitor compliance with legislation and government policy with respect to recruitment activity and processes for the department, including management of redeployees and unattached officers.

DCIS COVID-19 GOVERNANCE

As part of the NT Government’s response to the COVID-19 pandemic, DCIS played an important role supporting the NT Government’s frontline agencies. In an environment where circumstances were changing rapidly, the department needed to be agile and responsive to decisions and advice provided by the Australian and Northern Territory governments. A Pandemic Plan and COVID-19 Response Plan were developed and approved.

Under these plans, a number of governance committees were stood-up to manage DCIS actions needed as part of the NT Government-wide COVID-19 response, as well as the response internally to support the wellbeing and safety of our people.

Information in relation to the department’s COVID-19 actions and achievements are reported in the Performance and Achievements section of this report. This section provides an overview of the governance arrangements DCIS put in place to support its staff and stakeholders.

Pandemic Plan

The DCIS Pandemic Plan outlines the department’s actions for response to and recovery from a pandemic outbreak. It includes high level templates used for planning DCIS’ response to a pandemic.

COVID-19 Response Plan

The COVID-19 Response Plan was developed using elements of the DCIS Business Continuity Plan (December 2019), DCIS Pandemic Plan (April 2020) and working with established governance arrangements such as the DCIS WHS Committee and Territory Emergency Management arrangements.

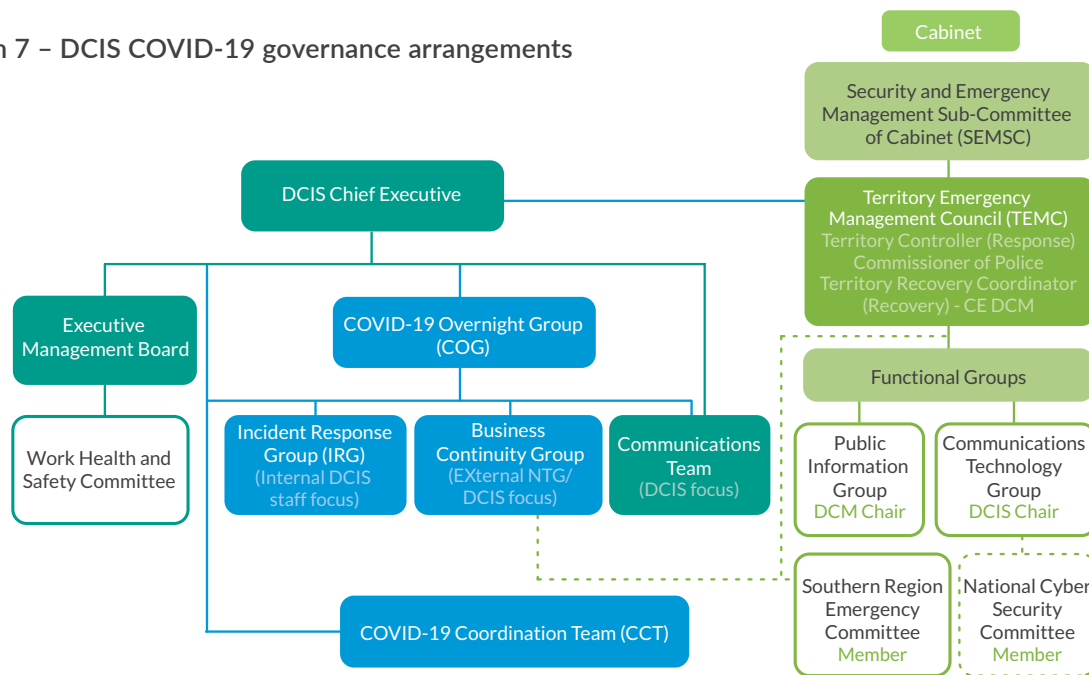
The Response Plan outlines the approach and actions the department took in responding to the current COVID-19 pandemic event in consideration of decisions and advice provided by the Australian and Northern Territory governments. It is an adaptable document and has been provided to all staff and the union.

COVID-19 Governance Structure

It was vital that an appropriate level of governance, directed by the department’s senior leadership, was established promptly and positioned to address emerging issues and needs as the COVID-19 emergency unfolded so that the department could be responsive and manage the emergency effectively.

Responding to the pace and wide-ranging impacts of COVID-19, additional governance groups were rapidly established that brought together emergency response, business continuity and work health and safety.

Diagram 7 – DCIS COVID-19 governance arrangements



- Existing DCIS governance / work arrangement
- Established by DCIS for COVID-19
- Territory Government and Australian Government Emergency Management response

COVID-19 OVERSIGHT GROUP (COG)

The COG is responsible for directing the implementation of DCIS' response to COVID-19. The primary role is to oversee whole of agency preparations and responses and to consider strategic perspectives and operational priorities. Messaging to the department and to external clients and stakeholders is centrally coordinated through this group to ensure consistency. The COG also receives updates on the progress of business continuity in service delivery and employee and workplace health and safety updates. This is all undertaken within the context of the Territory Government's emergency response activities.

BUSINESS CONTINUITY GROUP (BCG)

DCIS recognises that client agency efforts are largely being devoted to COVID-19 response. DCIS' focus is to support agencies with their priorities. The BCG was convened to ensure the uninterrupted availability of key business resources required to support essential (or critical) business activities during the COVID-19 response period which is still active.

DCIS is responsible for the delivery of enterprise digital and corporate services for Territory public sector agencies with the Business Continuity Group identifying the highest priority functions to be providing continuation and support of the ICT network, infrastructure, systems, data management and reporting across the breadth of the NTG; maintaining ability to pay NTG employees and NTG suppliers; and providing advice and support to agency managers and staff.

In addition to identifying priority functions, all DCIS work units prepared Reduced Workforce Business Continuity Plans.

DCIS INCIDENT RESPONSE GROUP (IRG)

The IRG is responsible for identifying and taking specific actions at an operational level that ensures staff safety and compliance with government policy directions. This includes developing new processes within the department in response to directions from the Commissioner for Public Employment (OCPE), and the departments of the Chief Minister (DCM) and Health (DoH).

The IRG was convened to deal with the COVID-19 response and comprises a group of senior DCIS leaders who are empowered to implement preparation and response plans, including providing direction to staff to ensure the prioritisation and continuity of DCIS operations, as appropriate to the situation, and safety of staff.

The IRG reports to the COG and provides updates to the Business Continuity Group.

WORK HEALTH AND SAFETY (WHS) COMMITTEE

During the COVID-19 response, the committee's focus is to:

- oversee appropriate levels of risk assessment processes and monitor actions to mitigate risks to staff
- coordinate involvement of WHS Building Committees to contribute to WHS activities at DCIS worksites and assist in promoting safe work practices at DCIS worksites
- provide advice and support to management and COVID-19 groups on workplace health and safety issues.

COVID-19 COORDINATION TEAM (CCT)

A CCT was established in accordance with the Pandemic Plan to provide the additional capacity necessary to address the increased and new requirements that arose, including substantial extra documentation, planning, templates, reporting to authorities, preparation of briefs and advice, and monitoring the progress and status of key response activities.

The CCT, under direction of the Chief Executive and working to the COG, enabled and supported a whole of agency approach, providing rapid response capability to supplement corporate functions.

The CCT is responsible for coordinating, monitoring and reporting COVID-19 pandemic response actions across DCIS, particularly in relation to workforce matters and pandemic planning. This includes developing new processes, solutions, templates and reports to inform and complying with the directions of government authorities.

COMMUNICATIONS TEAM (CT)

Clear and reliable communications at multiple levels is essential to responding effectively to the COVID-19 pandemic situation. All the governance groups, the CCT and managers across DCIS need to be communicating regularly, accurately and appropriately to manage the communications requirements which are dynamic and changing as the COVID-19 pandemic event continues to unfold.

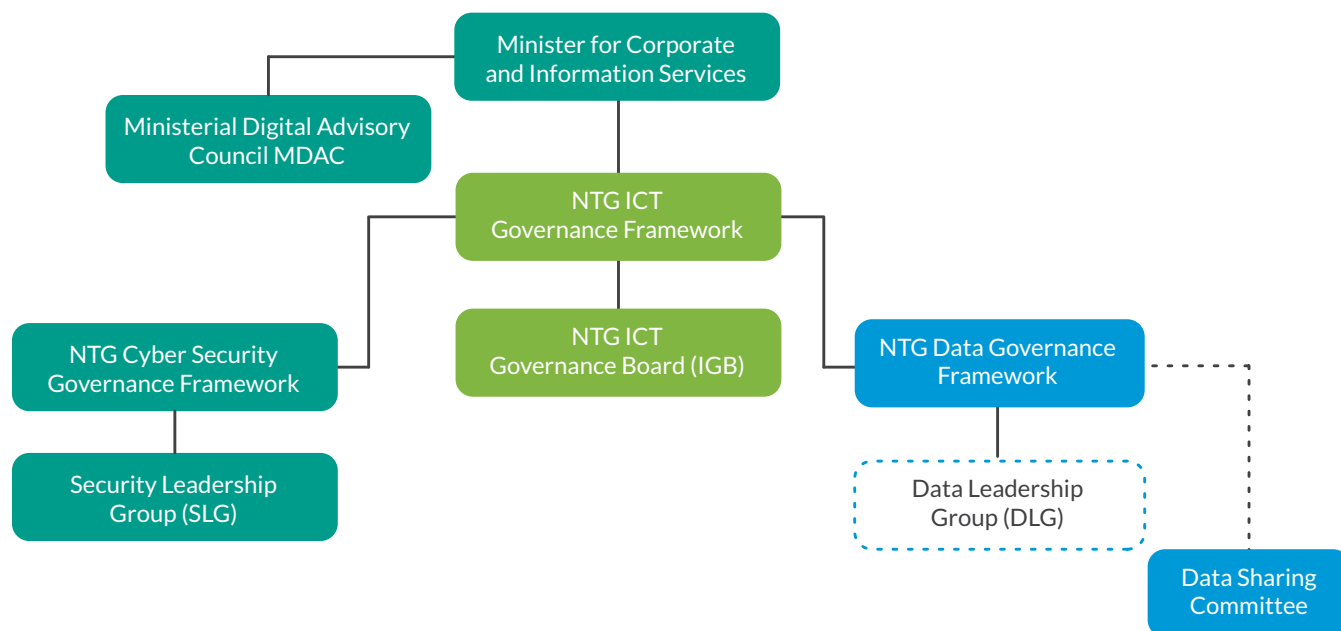
The relevant government authorities, including OCPE, DCM, NTPFES, DoH and the Australian Government, provide the overall directions and are the 'sources of truth' for information on the pandemic and compliance requirements. DCIS communications must be consistent with the source of truth messages and focused on elements related to DCIS business and workforce.

During the COVID-19 response, the CT is responsible for developing or reviewing DCIS response and key communications for external stakeholders (excluding minor or standard communications), input to NTG communications requiring DCIS content, preparing CE Messages to staff and updates to DCIS web sites.

ALL-OF-GOVERNMENT GOVERNANCE FRAMEWORKS

As part of DCIS' strategic ICT responsibilities, the department has a role to develop and maintain a range of governance frameworks addressing core digital requirements.

Diagram 8: All-of government ICT governance model



NTG ICT Governance Framework

The ICT Governance Framework ensures ICT governance across agencies is planned, with ICT investments and projects managed consistently and supported by appropriate decision-making. The framework sets out the overarching principles and requirements for sound governance and describes:

- alignment of ICT investments with government direction
- assurance oversight of high risk and high value ICT programs
- processes for agency management of ICT programs
- the NTG's ICT environment outlining linkages between policies and operations and enterprise and agency activities.

The ICT Governance Framework is enhanced by the Treasurer's Directions (ICT series), digital policies, a reporting portal and ICT governance guidelines to assist agencies. A committee structure underpins the framework to ensure consistency and accountability for application of the framework across the public sector. Membership is drawn from senior representatives across the public sector, from both business and ICT roles.

DCIS is responsible for ICT policy development, operation of the ICT Governance Framework and ensuring that DCIS' managed ICT programs comply with governance requirements.

NTG ICT GOVERNANCE BOARD (IGB)

The IGB comprises senior representation from across government and is at the centre of the Framework, providing an across government oversight for ICT investments and digital

initiatives. The IGB applies stringent monitoring, analyses agency major ICT investment proposals and oversees ICT projects from an all-of-government perspective. The IGB also considers digital policies, emerging issues and risks and coordinates reporting to government. The list of members can be found at Appendix VII.

To maintain the IGB's independent assurance oversight of ICT projects, following the substantial increase in DCIS' responsibilities for digital projects and systems in 2019-20, the DCIS Chief Executive stepped down as Chair of the Board and a new chair was appointed. DCIS retains membership to ensure the Board has access to ICT technical expertise and digital project updates.

Some of the inter-agency sub-groups that sat below the Framework and reported to the IGB have now been absorbed into DCIS through the CSR3 Program, relegating their effectiveness under the Framework. To mitigate and enable information exchange and transparency to be maintained, a new Digital and Data Advisory Group was established within the DCIS corporate governance model that will largely perform the activities undertaken by the previous ICT Leadership Group,

The existing Location Intelligence Group (spatial systems and data) and the Security Leadership Group (Cyber Security) have been retained, subject to further consideration at a later date.

NTG Cyber Security Governance Framework

The Cyber Security Governance Framework complements the NTG ICT Governance Framework to ensure cyber security is essential to the management of the NT Government's ICT environment and government service delivery in the digital age. The framework details:

- NT Government's cyber security policy intent and alignment to contemporary practice
- planning and investment approach to maintain and strengthen cyber security controls
- responsibilities of the department and agencies in cyber security management.

The Framework, Treasurer's Directions (ICT series), ICT policies, standards and guidelines and the NTG ICT Governance Framework together provide an integrated package for the effective management of cyber security across government.

DCIS has a primary role in ICT enterprise architecture and security administration; cyber security operations; cyber security projects; cyber security risk and compliance; cyber strategy; cyber security awareness; and cyber security governance for the NTG's enterprise ICT eco-system. DCIS also provides cyber security advisory services to agencies and represents the NT Government in national forums on cyber security.

SECURITY LEADERSHIP GROUP (SLG)

The SLG is part of the Cyber Security Governance Framework and reports to the ICT Governance Board. The SLG monitors progress of cyber security projects with significant user impact, endorses NTG cyber security policies, standards and guidelines for consideration by IGB, and informs IGB of strategic ICT security plans, cyber innovations and initiatives.

NTG Data Governance Framework

In recognition of the value of data, the Northern Territory Data Governance Framework sets out the overarching parameters, approach, and good practice data governance aligned to the data lifecycle to guide agencies and address Government's expectations for appropriate sharing of data.

The Framework provides the foundation for managing and sharing data across government effectively, respectfully and accountably, while enabling data and digital technology to foster innovation and economic development. Safeguards are provided to assess risks and consider ethical and cultural aspects of data re-use.

The NTG has a principles-based approach to data governance that recognises the value of data, compliance with legislation in the protection of sensitive data and the benefits of data sharing across government.

The Framework is an integrated package enabling agencies to optimise the care, use and reuse of data in safe ways that encourage efficient and innovative service delivery, while working with applicable legislation, policies, standards and guidelines.

Data sharing is a pre-requisite for data analytics and for key ICT programs, including the child protection case management solution for Territory Families.

The Framework:

- sets a foundation for governance and management of digitally stored data for the life cycle of data, from collection to disposal
- establishes government's expectations for data use and provides for consistent data management
- applies a principles based approach and recognises the importance of community trust in the delivery of data and digital initiatives.

The Framework complements the existing Territory authorising environment and aligns with proposed Australian Government legislation and trust principles for the use of government data recently agreed by the Australian Data and Digital Council.

DATA LEADERSHIP GROUP (DLG)

The DLG is part of the Data Governance Framework and will report through to the ICT Governance Board. Currently, an inter-agency Data Sharing Committee is operating as part of the CMSA project and undertaking the functions of the DLG to meet the framework requirements.



MINISTERIAL DIGITAL ADVISORY COUNCIL (MDAC)

MDAC provides advice to the Minister for Corporate and Information Services and the IGB on strategic digital directions and technologies that will improve outcomes for the local business sector, government and the Territory community.

During 2019-20, MDAC has had a key focus on COVID-19 response and providing input to the Territory Economic Reconstruction Commission's (TERC) consideration of initiatives as part of the Commission's stakeholder consultation.

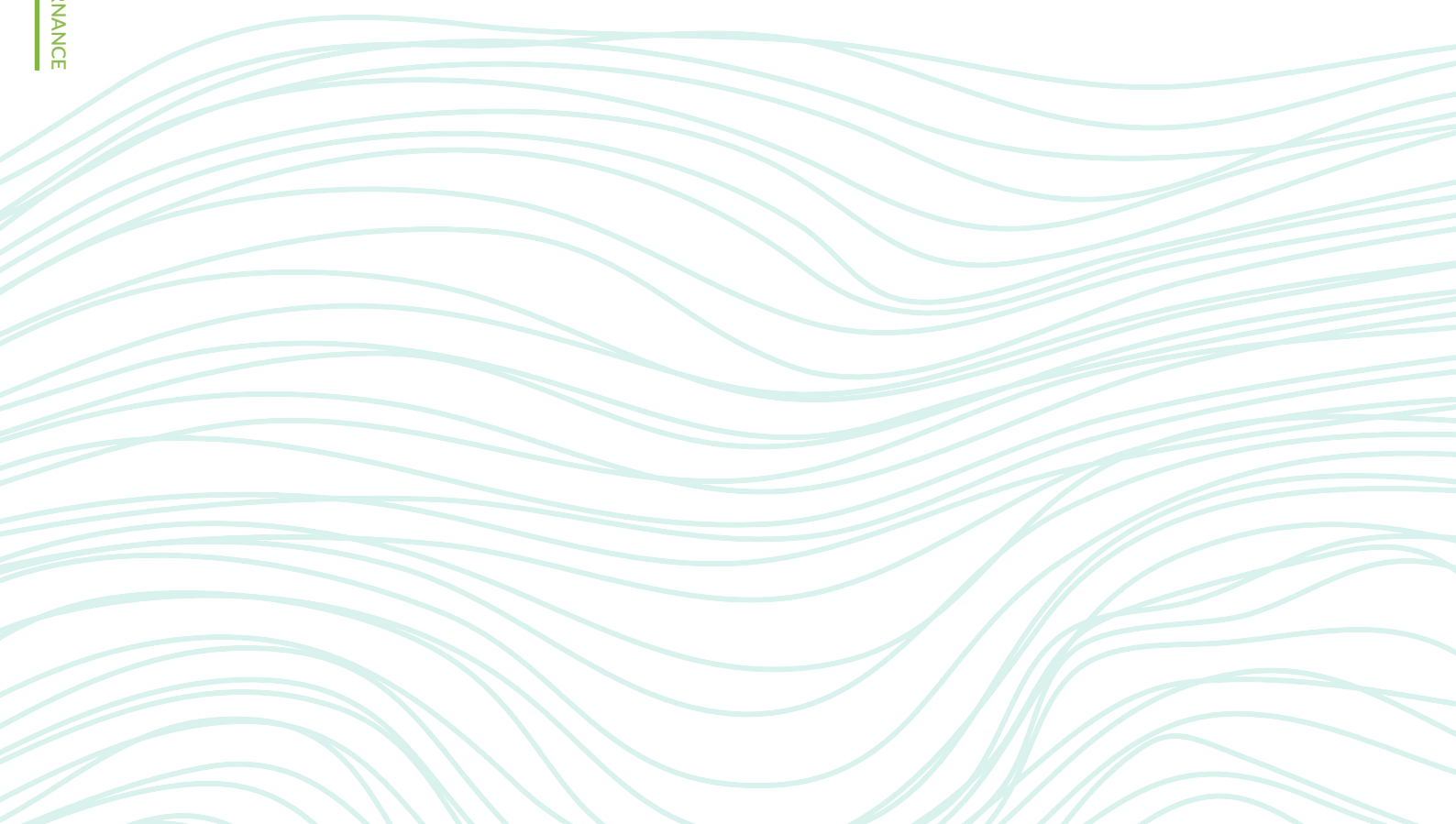
MDAC has advised on digital challenges in the Territory, including remote telecommunications, partnering to harness and grow digital job opportunities, ensuring people across the Territory have the opportunity to access digital services and using digital innovation to improve government service delivery.

MACHINERY OF GOVERNMENT CHANGES

When administrative arrangements changes are announced by the NT Government and formalised in an Administrative Arrangements Order, the composition of government agencies are impacted. This process is known as Machinery of Government (MOG) changes. MOG changes range from minor to complex and DCIS, as the government's enterprise services provider, has a key role in delivering the corporate changes to ensure a smooth transition to new arrangements for affected agencies.

A working committee is held in a 'state of readiness' and is mobilised as required. The committee consists of key staff from the critical service areas within DCIS involved in MOG changes and representatives from affected agencies.

The CSR3 changes that arose from 27 June 2019 AAO became effective on 1 July 2019. This was a major MOG change with implementation managed tranche by tranche over the first half of the 2019-20 reporting year. In addition to this major change which affected most agencies, there were three other MOG changes coordinated by DCIS in this reporting year reflecting Ministerial portfolio responsibility changes. Expanded information on the CSR3 is reported in the Performance and Achievements section of this report.



4

OUR PEOPLE

Highlights	45
Staff Snapshot	46
Developing Our People	50
Workforce Diversity	53
Supporting Our People	54
Legislative Compliance	57
Fast Facts	60



HIGHLIGHTS

DCIS recognises people as our most valuable asset; they work together delivering quality services consistently and on time; listening to clients, staff and stakeholders; and meeting their responsibility to provide solutions that support government and enable agencies to focus on their core business.

Developing our People

- 997 staff myPlans completed, a completion rate of 90.5%
- 46 staff graduated from the DCIS Emerging Leadership Program
- 17 staff supported through early career programs
- 63 staff participated in OCPE development courses
- \$0.68 million invested in structured training and development.

Supporting our People

- 4 Orientation Programs conducted, attended by 95 new DCIS staff
- 263 people attended sessions as part of the DCIS Health and Wellbeing Program
- 154 new employees screened for criminal history in accordance with the Employee Screening Policy
- 19 teams participating in the Virgin Pulse Global Challenge
- No bullying claims in 2019-20 - maintaining zero tolerance

Recognising our People

- 54 staff recognised for achieving Service Milestones
- 6 nominations for the Chief Minister's Awards for Excellence, with 3 projects selected as finalists in their section.

Aboriginal Employment

- 8% of our workforce identify as being Aboriginal
- All 207 vacancies of over 6 months advertised with Special Measures applied, attracting 217 Aboriginal applicants
- 26 Aboriginal applicants successful for DCIS jobs under the DCIS' Special Measures Plan

Workforce Diversity

- 11.4% of our staff are from culturally diverse backgrounds
- Only 0.5% of staff have chosen not to supply EEO information
- 3.1% of our staff identify as having a disability

Change Management

- 556 Enterprise Corporate Services staff joined DCIS in 2019-20
- Enterprise Corporate Services transitioned to interim operational structures for the seven functional streams
- Multiple organisational changes and reviews progressed over 2019-20, aligning functions to gain synergies as part of CSR3 and enable better service delivery
- Over 200+ staff relocated in the transition of functions to DCIS, mostly in Charles Darwin Centre, with much larger team relocations planned for 2020-21

Industrial Relations

- Engagement with CPSU on organisational change management including the CSR3 Program and related MOG changes
- Nil industrial matters raised in 2019-20
- DCIS COVID-19 documents, including COVID-19 response plan and DCIS WHS plan, provided to CPSU
- CPSU attended orientations and conducted regular site visits across all DCIS locations
- Change Advisory Committee, established as part of the CSR3 reform in August 2019, holding eight meetings over 2019-20

Social Responsibility

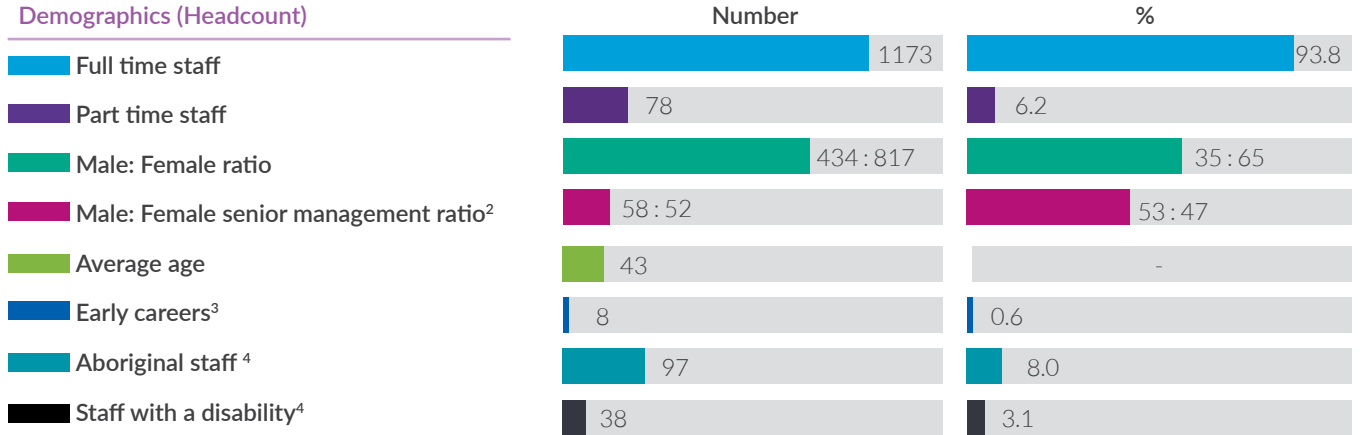
- DCIS staff participated in and contributed to NAIDOC, Harmony Day, R U OK Day, Territory Day, NTPS Camp Quality Golf Day, Shave for a Cure, Share the Dignity Drive, Bushfire fundraising, and the No Woman Left Behind Conference
- Environmental focus maintained through recycling printer cartridges, coffee pods, use of recycling bins and paper management

STAFF SNAPSHOT

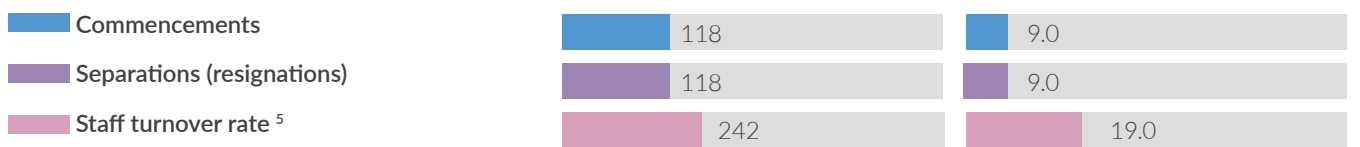
Workforce demographic data is presented as headcount at 30 June 2020¹ to provide a full reflection of our workforce, including staff in NT Fleet and Data Centre Services.

Key staffing data

Demographics (Headcount)

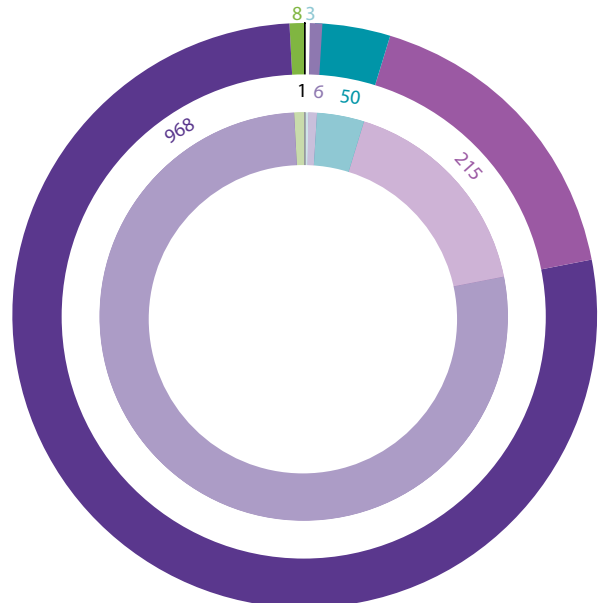


Turnover



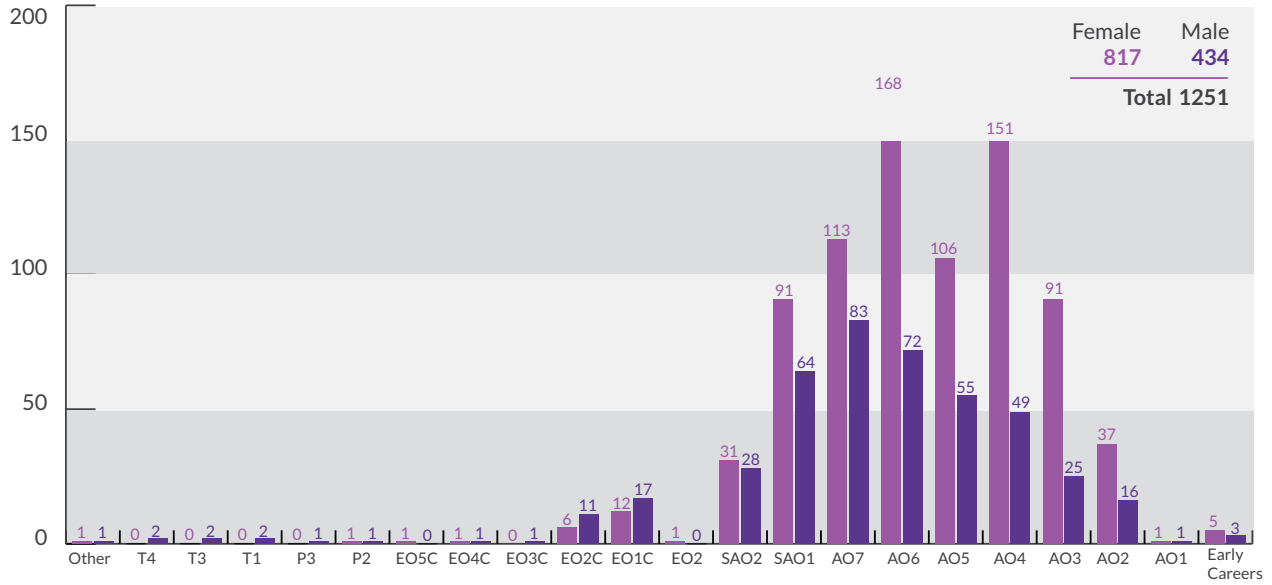
Staff by employment type

	Number	%
Early Careers	8	0.6%
Administrative (AO1-AO7)	968	77.4%
Senior administrative	215	17.2%
Executive	50	4.0%
Technical	6	0.5%
Professional	3	0.2%
Other	1	0.1%
Total	1251	100%



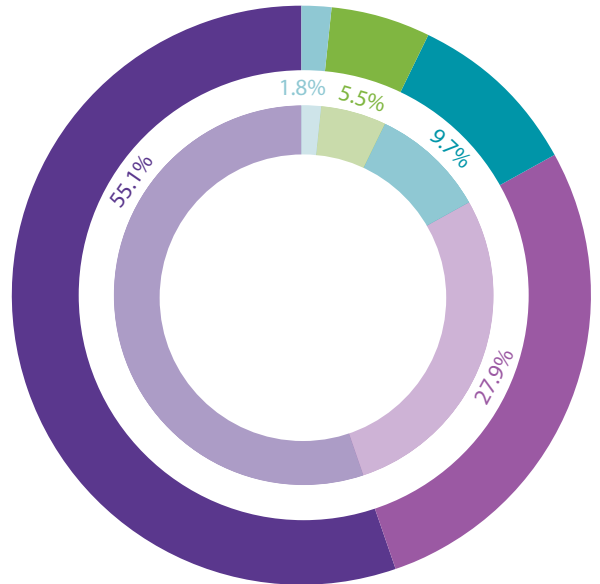
¹Numbers as at pay period 26 ²Includes ECOs and SAO2s based on paid classification ³Includes Graduates ⁴Based on paid headcount
⁵Includes separations and inter-agency transfers

Staff by gender and level⁶

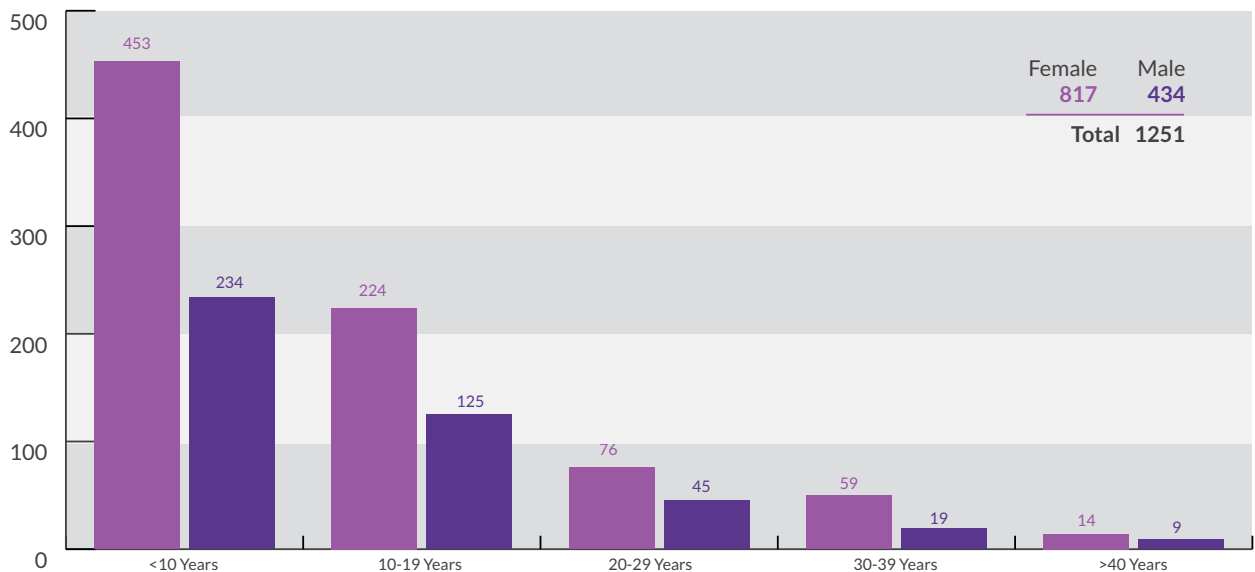


Years of service by gender and milestone groups

	Female	Male	Total	%
<10 Years	453	234	689	55.1%
10-19 Years	224	125	349	27.9%
20-29 Years	76	45	121	9.7%
30-39 Years	50	19	69	5.5%
>40 Years	14	9	23	1.8%
Total	817	434	1251	100.0%
%	65.3%	34.7%		



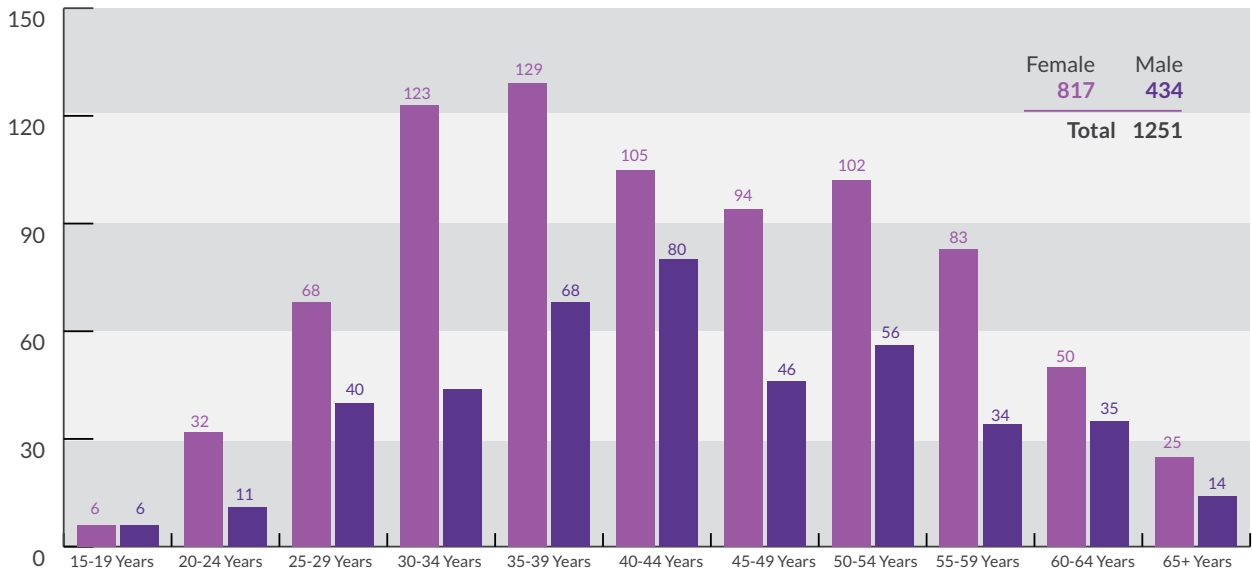
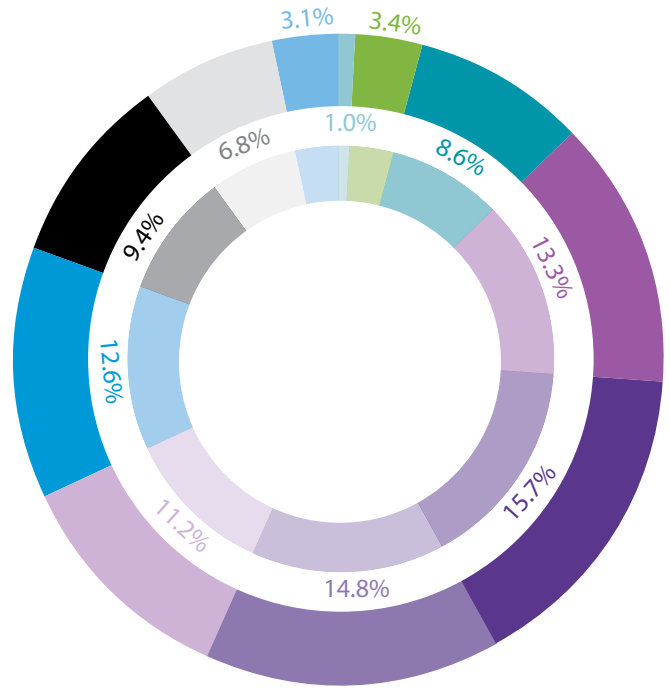
OUR PEOPLE



⁶Based on paid classification

Staff by age and gender

Age	Male	Female	Total
15-19	6	6	12
20-24	11	32	43
25-29	40	68	108
30-34	44	123	167
35-39	68	129	197
40-44	80	105	185
45-49	46	94	140
50-54	56	102	158
55-59	34	83	117
60-64	35	50	85
65+	14	25	39
Total	434	817	1251
%	35%	65%	100%



OUR PEOPLE

Staff Recognition

Every year eligible staff who reach service milestones are recognised for their service to the NTPS. In the last financial year, 54 DCIS staff were recognised:

- 11 staff with 35, 40 and 45 year milestones
- 43 staff with 10, 20 and 30 year milestones



Almost 1,000 years of DCIS Staff Service Acknowledged [photo pre-Covid]

In 2019-20, 54 DCIS staff celebrated important service milestones recognising 10, 20, 30, 35, 40 and 45 years of service, and equating to a whopping 985 years in total.

In this group 11 people have contributed 35 years or more of service! An incredible achievement.

Our group is larger this year with our new ECS team members being part of the celebration.

An organisation is only as successful as its people and over the years we have seen so many of our people contribute to the diverse and growing areas of our business.

Lots of photos, stories and cake was shared by all and each person was thanked for their commitment and dedication to the Northern Territory Public Service.

Bob Creek receives a Chief Minister's Medal

Presented at the Chief Minister's Awards, Bob Creek is a well-known personality, dedicating decades to the public sector. He first moved to the Territory in the early 70's, and wherever there was fun to be had, Bob Creek wasn't too far away.

Whether it was the Bird-Man Rally, the Bougainvillea Parade, establishing our first dragon boating team, or just driving a keg of beer around in his Combie, he kept many things in the Territory going through the 1970s.

His first job in the Territory was painting white lines on the Stuart Highway all the way from Alice Springs to Darwin! He has since become a key driver of the government's use of technology – a role he has excelled in over many decades.

Bob is an institution of surf **life saving** in the Northern Territory receiving The Administrator's Medal for Outstanding Service to Surf Life Saving in 2014.

Well Done Bob!



DEVELOPING OUR PEOPLE

A DCIS strategic priority is to invest in the capabilities of our people. We do this through tailored leadership programs, diverse training offerings, employment pathways and streamlined systems and processes.

Each employee has a myPlan, providing them with an opportunity to define goals and responsibilities, review past and

current priorities and performance and identify learning and development gaps to support their growth.

The department continues to support broader NTPS programs aimed at growing leadership skills, championing diversity and nurturing staff development.

Capability Investment Strategy 2019-2021

The DCIS Capability Investment Strategy 2019-2021 is framed around the focus areas contained in the 'Investing in Capability' component of the DCIS Strategic Plan 2019-2021 and incorporates both existing initiatives of the Workforce Strategy, Corporate Capability Plan and Indigenous Employment and Career Development Strategy with new initiatives.

Divisional business plans include descriptions of actions to align with the Capability Investment Strategy.

During COVID-19, most face-to-face training has been postponed or changed to a digital format. A range of training options were provided both online and through live streaming.

Learning and development

Internal training and development opportunities:	
Program	Number of participants
Orientation programs	4 sessions with 95 participants
Corporate systems training	57
Performance management and development information sessions for managers and supervisors	14 sessions with 83 participants
Training provided to employees through external providers:	
Program	Number of participants
Social awareness	
• Cross Cultural Training	103
• Disability Confident Manager	
Procurement	98
OCPE workshops	63
Health and wellbeing	
• Change Management Sessions	
• Wellbeing workshops	263
• Resilience training	
• Dealing with the Tough Stuff	
• Hands up for Inclusion Week events	
Work Health and Safety	
• Cyclone awareness	
• First Aid and Fire Warden	
• Certificate IV in Work Health and Safety	116
• Health and Safety Representative Training	
• CPR	
• Emergency Management Training	

Leadership

- Emerging Leaders Program 71
 - Public Sector Management Program
 - ANZSOG Program
-

Finance

- Value for Territory Assessment Framework
 - Indemnities & Liability Capping Webinar
 - Superannuation Guarantee 204
 - Online Tax training GST and FBT
 - TaxED
 - Various systems training
-

ICT

- Cyber Security
 - Computer Science
 - Platforms and business applications (various) 168
 - Records management
 - Business analysis
 - Data driven digital marketing
 - Hardware configuration
-

Human Resources

- Performance Management 120
 - Merit Selection and Special Measures
-

Business

- Writing workshops 189
- Communications workshops
- Punctuation workshops

Training provided to employees through external providers:

Business

Law

ICT

Procurement

Project Management

Leadership and Management

Human Resource Management

Psychology

56

DCIS EMERGING LEADERS PROGRAM

Targeted towards new and emerging leaders at the AO7 and SAO1 levels, the program is based on five units of the Certificate IV in Leadership and Management covering topics such as: emotional intelligence and communication skills, strategic planning, change management, customer service, budgets and financial management.

The tailored program was developed by local provider Accrete and includes presentations from many of our senior leaders.

Over the 2019-20 period, DCIS delivered the program to two cohorts of participants; 47 employees commenced the program, with 46 due to complete the program in September 2020.

PUBLIC SECTOR MANAGEMENT PROGRAM

DCIS promotes and encourages participation in the PSMP. Targeted at new and existing mid-level managers the program aims to develop management skills in the business of government leading to a Graduate Certificate in Business (Public Sector Management). PSMP is managed and delivered nationally by the Queensland University of Technology and is specifically designed in consultation with the governments of Australia.

Two participants have continued the program from the 2018-19 period and are due to complete their studies in July 2020. Three participants enrolled in May 2020 and will complete the program in July 2021.

EARLY CAREER PROGRAMS

The department actively participates in early careers programs to 'grow our own' and provide opportunities for career pathways in DCIS. Participation rates and mentoring updates are provided to the Executive Management Board regularly.

DCIS supported 17 participants in early career programs over 2019-20.

GRADUATE DEVELOPMENT PROGRAM

The Graduate Development Program is a two-year program in which recent university graduates rotate through four areas of DCIS based on their line of study, interests and potential areas of development. DCIS employs a minimum of four graduates each year under this program. Participants all take part in the DTF Finance Officer in Training development workshops.

Each graduate is allocated a senior leader in DCIS as a mentor for the duration of their placement. Mentors meet regularly with their graduate to provide ongoing support, guide development and share opportunities.

During 2019-20 DCIS employed five graduates, with three due to complete the program in 2021. One graduate resigned to accept a position in the private sector and one withdrew to accept a position within DCIS.

- Areas of study include Information Technology, Creative Arts and Industries (Communication) and Law.

Supporting our graduates

DCIS Graduate Jason Hullick will undertake a Graduate Certificate in Data Analytics and Cyber Security during his final rotation, highlighting DCIS support for the continuous development of our employees and commitment to grow our own.



Current DCIS graduate, Jason Hullick, with mentor, Garry Russell.

"The graduate program has provided me an excellent opportunity to meet new people and experience a wide variety of work across DCIS. He emphasis on personal development and the flexibility to explore different interests have made it an ideal start to my career."

– Jason Hullick

TRAINEESHIP PROGRAMS

DCIS engages trainees through the NTG Traineeship, Aboriginal Traineeship, and School-Based Traineeship programs.

The Workforce Capability team provides ongoing support and guidance to participants and their supervisors through mentoring, reporting and liaison with external parties on their progress. Progress is reported to the Executive Management Board.

In 2019-20 DCIS engaged 11 trainees

- 2 trainees completed in 2019-20
- 6 trainees are due to complete over the 2020 and 2021 years
- areas of study include Certificates III and IV and Business Diploma
- 3 trainees resigned/withdrew for various reasons



ABORIGINAL EMPLOYMENT PROGRAM

In support of Aboriginal employment opportunities in DCIS, our department actively participates in the Aboriginal Employment Program (AEP). The 20-week pre-employment program is managed by the Employment Programs Unit, also within DCIS. The program is a combination of alternating two-week placements; 10 weeks in the workplace and 10 weeks undertaking training towards a Certificate II in Business. The training blocks include a variety of supplementary workshops such as self-development, money management, life skills, team building, communication and writing, and cross-cultural awareness.

Upon successful completion, participants are awarded a nationally recognised qualification, along with a pathway into full time work for a fixed period or into a NTG Traineeship to further their studies.

One participant, John Parfitt, successfully completed the program in 2019-20 and has now commenced employment in a NTG Traineeship to further his study with a Certificate III in Business.

AEP Graduate and current DCIS trainee, John Parfitt with, Amanda Bennett, at the AEP graduation [photo pre-Covid]

WORKFORCE DIVERSITY

DCIS celebrates the diversity of its staff and treats everyone equitably. All employees are afforded the same rights and have the same obligations - men, women, Aboriginal Australians, people with a disability, mature aged people, young people, LGBTI people and people from culturally diverse backgrounds.

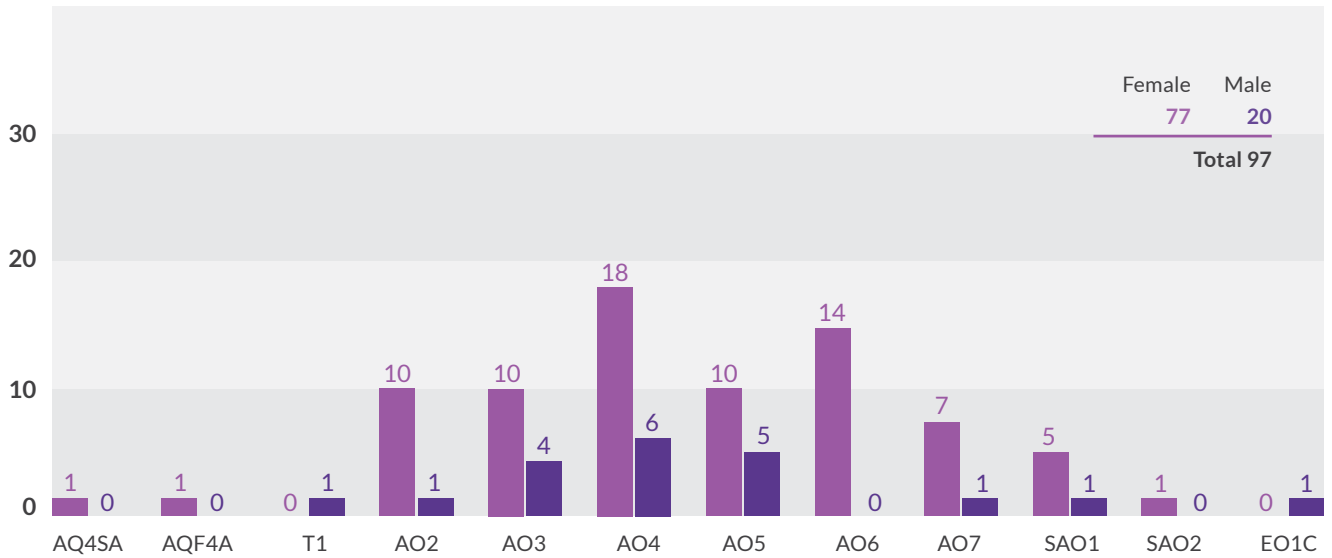
Aboriginal Employment

The DCIS Aboriginal Employment and Career Development Strategy (AECDS), developed collaboratively with our Aboriginal employees, encompasses a proactive and inclusive approach to building our Aboriginal workforce.

The department sustained its focus on Aboriginal employment in 2019-20 in line with the NTPS Aboriginal Employment and Career Development Strategy.

On behalf of all agencies DCIS manages the Aboriginal Employment and Aboriginal Apprenticeship programs. DCIS actively promotes the benefits and use of employment programs to agencies to increase their Aboriginal workforce participation.

Diagram 9: Aboriginal employment in DCIS by gender and level



Aboriginal Employment Program Students Graduate

At the 2019 AEP graduation ceremony, Deputy CE Chris Hosking MC'ed and congratulated each graduate presenting them with their certificate.

In late 2019, seven participants completed the 20 week Aboriginal Employment Program, gaining valuable work experience and achieving a Certificate II Business from Charles Darwin University.

Six of the graduates secured six month employment contracts, five with Power Water Corporation and one with the Department of Infrastructure Planning and Logistics. An AEP graduate is continuing with the Department Education on a 12 month traineeship, working towards a Certificate III Education Support and becoming a qualified Teachers Aid.



SUPPORTING OUR PEOPLE

HEALTH AND WELLBEING

Continuing to support a healthy work-life balance for staff, DCIS places a focus on promoting a health and wellbeing program and providing resources and educational information for staff to improve wellbeing, potentially reduce sickness, absenteeism and improve productivity.

Our Wellbeing program encompasses physical, mental and emotional wellness and safety. Initiatives delivered across the department include:

- Wellness Week
- Flexible working arrangements – arrangements that provide flexibility to the employee while ensuring the department benefits from retention of highly skilled employees

- Employee Assistance Program - services include professional counselling, training and development workshops, management planning sessions, mediation, career counselling and management coaching
- Flu Vaccination Program – a total of 534 DCIS employees across the Northern Territory participated in DCIS' 2020 Flu Vaccination health and wellness initiative, compared to 302 from the previous year.
- Virgin Pulse Global Corporate Challenge was taken up again with 19 DCIS teams participating.
- Mentoring - an effective tool in shaping the development of careers and assisting new staff in employment programs by providing input and encouragement for employees beginning or progressing through their careers.

Keeping safe in the workplace – COVID-19

The DCIS Work Health and Safety (WHS) Committee met weekly to discuss COVID-19 responses and the impact these have on other WHS practices, with the safety of our employees the priority. While maintaining a focus on COVID-19 protocols. Existing work health and safety practices needed to be maintained and, where required, adjusted to ensure the safety of our employees.

The WHS Committee focussed on:

- developing a Work Health and Safety COVID-19 Response Plan, available on our staff site
- assessing new or changed WHS risks and monitoring actions to mitigate the risks to staff
- working with WHS Building Committees to coordinate WHS activities at DCIS worksites, assisting in promoting safe work practices and observance of COVID-19 requirements, such as physical distancing and cleaning
- providing advice and support to management and COVID-19 groups on WHS issues.

The Work Health and Safety COVID-19 Response Plan outlines DCIS' approach and actions to effectively manage WHS considerations as part of our response to COVID-19. The focus is on additional actions above our standard WHS systems that are needed while COVID-19 is a threat to our workforce.

Senior staff undertook walkthroughs of DCIS occupied premises to ensure COVID-19 safety protocols were being maintained, with everyone doing a great job adhering to the requirements. There were some minor actions generated, and the WHS Committee will continue to monitor and hold site walkthroughs.

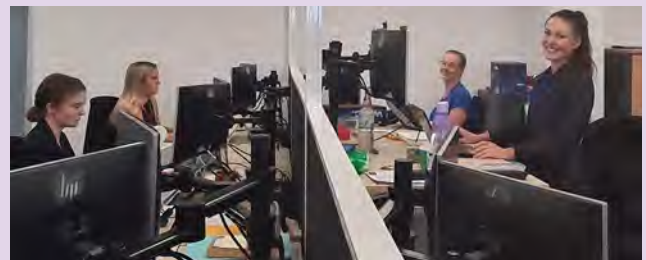


Figure 1: Flexible work arrangements in 2019-20

	Number	Percent of workforce
Compressed hours	207	16.5%
Part-time work arrangement	72	5.8%
COVID19 Work at Home (includes trials)	997	79.7%
Home-based work	15	1.2%
Averaging hours	120	9.6%
Purchase Leave	2	0.2%

WORK HEALTH AND SAFETY FRAMEWORK

DCIS has a Work Health and Safety (WHS) Management Committee, supplemented with 10 WHS Building Committees, relating to work locations, including two in the regions.

All buildings have trained fire wardens and first aid officers and workplace assessments have confirmed the department complies with WHS requirements.

In 2019-20, 37 WHS incidents were reported (compared to 18 incidents in 2018-19), remaining within the 2% of employees range. There were two workers compensation cases open at the beginning of the reporting period, four new claims were submitted in the period and two were closed. This left four cases open at 30 June 2020

Figure 2: WHS incidents by mechanism

	2019-2020
Being hit by objects	5
Hitting objects	3
Slips, trips and falls	12
Vehicle incidents and other	17
Totals	37

WHS incident data is examined by the WHS Management Committee, relevant WHS Building Committee(s) and local supervisors to identify ways to mitigate future incidents. Aggregated WHS incident data and management actions are reported to EMB each quarter.

CHANGE MANAGEMENT

DCIS recognises the importance and benefits of effective change management. This reporting year, the most significant change has been CSR3, which affected not just this department but all Territory public sector agencies, government business divisions and agency users of corporate services.

Along with the CSR3, there have been multiple organisational changes and reviews progressed over 2019-20, aligning functions to gain synergies as part of CSR3 and enable better service delivery. Business units that were realigned or modified included:

- Enterprise Corporate Services; Assets and Ledgers; NT Fleet; Corporate Reporting; Contract Services; Web Services; Office of Digital Government; Governance and Assurance Services; Employment Programs; JES Administration; Digital Projects; and Data Services.

In all change management exercises, DCIS applies three key principles:

- **Consultation:** applying an active engagement approach with affected staff and key stakeholders, acknowledging that changes can be complex, requiring agile and flexible approaches by all.
- **Collaboration:** working together and recognising that the best solutions come from a team-based approach.
- **Communication:** providing timely and clear advice to affected staff and key stakeholders using multiple channels to communicate messages.

Unions are consulted in all change management exercises and for the CSR3 change management process were included in the Change Advisory Group established as part of the change management governance model.

COMPLAINT RESOLUTION PROCESS

The department's internal complaint resolution procedure deals with matters fairly, promptly and confidentially. Five internal complaints were received and finalised during the reporting period.

The process, with the assistance of the DCIS Workforce Relations unit, seeks to address complaints and provide a prompt and appropriate resolution informally or, where required, more formally through a decision of the Chief Executive or the Commissioner for Public Employment.

ORIENTATION PROGRAM

An Orientation Program is conducted for new staff to welcome them to DCIS. The program provides new employees with a formal welcome to working in the department and, for some, the NTPS. The Chief Executive and Deputy Chief Executive are directly involved in providing an overview of the department's core functions, systems and processes, as well as the DCIS Values, and priorities as outlined in the DCIS corporate statement and strategic plan.

DCIS regularly reviews the program and this year all presentations were reviewed and updated with a new Aboriginal Workforce Development session introduced.

SUCCESSION PLANNING

DCIS takes a proactive approach to succession planning, with all business units required to identify their succession planning actions in divisional business plans and individual performance agreements, which are subject to monitoring and reporting. The Emerging Leaders Program has become a valuable succession and talent management initiative which continues to be implemented across the department.

In addition, in 2019-20 the department supported a number of employees' participation in development and leadership programs sponsored by the Office of the Commissioner for Public Employment.

SENIOR ADMINISTRATIVE OFFICER PROGRESSION

The Senior Administrative Officer Pay Progression Scheme is based on high performance. DCIS staff employed in a Senior Administrative Officer (SAO) classification (SAO1 and SAO2) are eligible to apply for pay progression after a minimum 12 month period.

Applications for pay progression must demonstrate sustained superior performance against one or more of the defined performance criteria. This process is tied to performance targets agreed through the annual myPlan performance review process.

In 2019-20, the SAO Pay Progression Committee approved 27 pay progressions, representing 13% of SAO level staff.

LEGISLATIVE COMPLIANCE

REPORTING AGAINST EMPLOYMENT INSTRUCTIONS

Under the *Public Sector Employment and Management Act 1993*, Employment Instructions provide direction to departments on human resource management matters. The department's performance against each Employment Instruction is detailed below.

Number 1 – Filling Vacancies

Internal procedures on recruitment and selection

546 Requests to Fill (RTF) were completed
 311 vacancies were advertised externally
 Average time to fill was 7 weeks
 118 new staff commenced
 154 criminal history checks lodged
 669 people transferred into DCIS from other agencies
 13 transfers formally occurred under PSEMA s.35 (excludes MoG)

Number 2 – Probation

Probationary process for the agency

Managers and new employees are informed about the probation processes. There were 107 staff on probation in 2019-20.
 Of the staff on probation for 6 months or under: 30 were confirmed
 Nil were extended
 Of the staff on 12 months probation: 30 were confirmed

Number 3 – Natural Justice

The principles of natural justice to be observed in all dealings with employees

The principles of natural justice are integral to addressing employee related matters and are covered in the DCIS Orientation Program to ensure staff awareness. An early intervention approach is applied. All complaints received were provided to the named parties as part of due process to have opportunity to respond in accordance with the principles of natural justice. Any adverse referee reports were advised to the applicant with opportunity to respond in accordance with the principles of natural justice.

Number 4 – Employee Performance Management and Development Systems

Chief Executive to develop and implement performance management systems for their agency

The Performance Management system in DCIS is called myPlan.
 Information sessions were provided to staff to promote the myPlan performance review and SAO Pay Progression scheme.
 The department has a strong focus on ensuring all staff participate in the myPlan process.

- 90.5% of staff completed their myPlans.
- 27 (13%) of senior administrative officers pay progression applications were approved.

Number 5 – Medical Examinations

The Chief Executive may engage a health practitioner to conduct a medical examination of an employee (PSEMA s45)

Early intervention action is taken to minimise referral for medical consultations. The services of the employee assistance programs are promoted regularly to staff and detailed in the Orientation Program
 Two staff were managed in accordance with early invention strategies.

Number 6 – Performance and Inability

The Chief Executive may establish procedures regarding inability within their agency. (PSEMA s44)

Performance and inability action is addressed through an early intervention approach in consultation with staff and managers.

Two employees were managed in accordance with Inability provisions.

Number 7 – Discipline

The Chief Executive may establish procedures regarding discipline within their agency. (PSEMA s49)

Breaches of conduct and discipline matters are addressed in accordance with Employment Instructions.

Four discipline cases, with three resolved during the reporting period.

Number 8 – Internal Agency Complaints and Section 59 Grievance Reviews

Chief Executive to establish, and make available to staff, the agency's written procedures that outline steps for dealing with grievances. (PSEMA s59)

Managers and employees are informed of the internal complaint handling process.

Five complaints were made under the DCIS internal complaint handling process during 2019-20; and were resolved without requiring escalation to Section 59 review.

Number 9 – Employment Records

Agencies are required to maintain appropriate employee records and implement procedures for maintaining and accessing these records.

Staff are informed of the records and information management requirements using the Territory Records Management system. Regular training is provided regarding requirements to manage records electronically.

Confidential HR staff files are held electronically in accordance with clause 5 of the instruction.

Number 10 – Equality of Employment Opportunity Programs

Chief Executive to report annually to OCPE on programs and initiatives the agency has developed regarding equal employment opportunities.

Workplace diversity and equal employment opportunity is promoted through an inclusive management and leadership approach, that values the contributions of people from different cultural backgrounds, skills, knowledge and experience. Cultural diversity is also addressed in the DCIS Cultural Competency Training Program.

DCIS has a diverse workforce, including staff from a wide range of non-English speaking backgrounds. Statistics are provided earlier in this section.

Number 11 – Occupational Health and Safety Standards Programs

Chief Executive to report annually to the OCPE on work, health and safety programs.

The department has a Work Health and Safety (WHS) Management Committee and Workplace Building Management Committees for buildings where DCIS is the primary tenant. WHS is promoted via the staff site, quarterly reports to the Executive Management Board and the DCIS Orientation Program.

The annual flu vaccination program is made available to all staff, with 534 staff participating in the 2020 campaign.

Number 12 – Code of Conduct

Chief Executive to report annually to the OCPE on work, health and safety programs.

The department has a Work Health and Safety (WHS) Management Committee and Workplace Building Management Committees for buildings where DCIS is the primary tenant. WHS is promoted via the staff site, quarterly reports to the Executive Management Board and the DCIS Orientation Program.

The annual flu vaccination program is made available to all staff, with 534 staff participating in the 2020 campaign.

Number 13 – Appropriate Workplace Behaviour

Chief Executive must develop and implement an agency policy and procedure to foster appropriate workplace behaviour and a culture of respect.

Appropriate workplace behaviour for new employees is covered in the DCIS Orientation Program. The presentations include the Code of Conduct, Public Sector Principles and DCIS Values.

Workshops on Building Positive Workplace Culture, Managing Conflict, Managing Complaints, Giving and Receiving Feedback and Managing Poor Performance will continue in the next reporting period. These workshops are designed to assist team leaders and managers develop their skills in managing employees.

Specific advice on encouraging appropriate behaviour and managing inappropriate behaviour in the workplace is provided on a case-by-case basis. Where possible, early intervention action is initiated in order to minimise cases.

Four workplace behavior matters were addressed in 2019-20

DCIS' 2019 Global Challenge!

2019 marked DCIS' fifth year in the Virgin Pulse Global Challenge. Over a 100 day virtual journey around the globe, teams track their daily activity and work towards an individual daily target of 10,000 steps, with their step entries (or biking, swimming and other physical activities) unlocking new locations along the way.

Each year, there has been an increase in participation levels in DCIS and in the 2019 challenge, 15 teams of seven participated, with 105 of our employees setting out to improve their overall wellbeing through exercise, diet and sleep. By the end of the 100 day period, DCIS teams achieved:

- over 120,481,478 steps
- 77,108 kilometres (approximately 3 times around Australia)
- 62% exceeded 10 000 steps per day vs 16% pre challenge
- 47% were feeling better overall and feeling more productive
- 60% felt less stressed

The 2019 winners were 'Social Steppers' from Contracts and Procurement Services, who covered a total distance of 7,418 kilometres.

DCIS staff are currently participating in the Global Challenge 2020.



FAST FACTS

8%

of DCIS employees identify as Aboriginal

DCIS has

11.4%

of staff from a culturally diverse background

80%

increase in DCIS workforce in 2019-20

47%

of DCIS staff have 10 or more years of service

42.1%

of DCIS staff are under 40 years of age

The average age of DCIS staff is

43 years

47%

of DCIS staff have 10 or more years of service

Around

41%

of DCIS staff work in ICT and digital roles

Of the 93 staff with over 30 years of service,

67

are female

3.1%

of DCIS employees have a disability

43%

(534) of staff had a flu vaccination

2.9%

WHS incidents reported over 2019-20

5a



FINANCIAL STATEMENT OVERVIEW

For the Year Ended 30 June 2020

The budget and staffing of the Department of Corporate and Information Services (DCIS) were significantly increased in 2019-20 following a major Machinery of Government (MoG) change that substantially expanded the department's remit and span of functions. Given the extent of this change, financial

information from the previous year does not provide a relevant or reliable comparison with current year data. Accordingly, comparative financial information is not provided for DCIS' 2019-20 financial statements.

FINANCIAL PERFORMANCE (Comprehensive Operating Statement)

DCIS' financial performance has been compared with the department's final estimate as set out in Table 1. More details are provided in subsequent commentary and analysis in Tables 2 to 4. The department's financial position, impact of financing decisions and recognition of assets and liabilities are outlined at Table 5 and related commentary.

Table 1: 2019-20 Final estimate and performance

	2019-20		
	Actual \$000	Final Estimate \$000	Variation \$000
Income	347 406	346 120	1 286
Expenses	364 378	364 500	122
Surplus/(Deficit)	(16 972)	(18 380)	1 408
Other Comprehensive Income	-	-	-
Comprehensive Result	(16 972)	(18 380)	1 408

DCIS achieved a budget underspend of \$0.12 million for 2019-20 after including additional costs incurred for COVID-19 pandemic response activities and returning \$3.5 million budget savings to the Central Holding Authority for redistribution.

DCIS' operating financial performance for 2019-20 reflects a deficit of \$17.0 million compared with an expected final budget deficit of \$18.3 million. DCIS' improved result of \$1.4 million was largely due to an increase in ICT income.

Income

DCIS is funded through a combination of NTG appropriation and goods and services income from Government Business Divisions (GBDs) and Government Owned Corporations (GOCs). DCIS' services are billed under a costing model based on service usage.

Table 2: Income by category

Year	Output Appropriation		Goods and Services		Other Income		Grants		Goods and Services received FOC		Total	
	\$000	%	\$000	%	\$000	%	\$000	%	\$000	%	\$000	%
2019-20	266 019	76.6	74 153	21.3	6 625	1.9	413	1.9	196	0.1	347 406	100

Other income comprises recovered expenditure for work undertaken on behalf of other agencies.

Expenses

DCIS expenses are primarily related to employee and digital (ICT) costs, reflecting DCIS' management of government's ICT systems, network and major digital transformation initiatives. Depreciation is a substantial expenditure this financial year as a result of the adoption of AASB16 relating to leases.

Table 3: Expenses by category

Year	Employee		Digital		Depreciation		Operational		Property		Grants		Other		Total	
	\$000	%	\$000	%	\$000	%	\$000	%	\$000	%	\$000	%	\$000	%	\$000	%
2019-20	126 698	34.8	99 235	27.2	84 390	23.2	17 155	4.7	15 363	4.2	12 677	3.5	8 860	2.4	364 378	100

2019-20 Expenses and Final Budget by Output

Expenses are reported in Budget Papers and to the Department of Treasury and Finance by output and output groups. During 2019-20, in line with departmental changes, DCIS' outputs and output groups have significantly changed and now reflect:

- Government Support Services – reliable and efficient corporate services that support government and enable agencies to focus on core business
- Digital Government Services – digital solutions management, initiatives and advice along with network and data management to improve government services and support
- Corporate and Governance – internal corporate and governance services that effectively and efficiently support the department and its government business divisions.

Table 4: 2019-20 Expenses and final estimate by output

	Actual \$000	Final Estimate \$000	Variation \$000
GOVERNMENT SUPPORT SERVICES OUTPUT GROUP			
Employment Services	18 292	18 572	280
Workforce Services	25 669	25 423	(246)
Procurement and Contract Services	7 355	8 048	693
Finance Services	7 536	7 926	390
Information Management Services	6 810	6 080	(730)
Vehicle Management Services	917	813	(104)
Property Leasing Services	100 009	101 296	1 287
GOVERNMENT SUPPORT SERVICES – TOTAL	166 588	168 158	1 570
DIGITAL GOVERNMENT SERVICES OUTPUT GROUP			
Network Services	44 377	47 098	2 721
Digital Systems	75 218	71 395	(3 823)
Digital Projects	32 868	35 509	2 641
Data Services	18 786	18 001	(785)
Digital Government	19 645	19 188	(457)
DIGITAL GOVERNMENT SERVICES – TOTAL	190 894	191 191	297
CORPORATE AND GOVERNANCE OUTPUT GROUP			
Corporate and Governance	6 036	4 291	(1 745)
Shared Services Provided	860	860	-
CORPORATE AND GOVERNANCE – TOTAL	6 896	5 151	(1 745)
TOTAL	364 378	364 500	122

The primary output variations were:

- Property Leasing Services – lower than expected CPI increases
- Network Services – delay in supply of ICT goods and services due to COVID-19
- Digital Systems – allocation and application of budget and expenses due to MoG changes
- Digital Projects – delayed start for some ICT projects due to MoG and COVID-19 pandemic
- Corporate and Governance – COVID-19 related expenses recorded centrally.

FINANCIAL POSITION (Balance Sheet)

The Statement of Financial Position sets out balances of the assets, liabilities and equity of the department at 30 June 2020.

Table 5: 2019-20 Financial position

	2019-20 \$'000
ASSETS	
Current Assets	104 523
Non-Current Assets	569 903
TOTAL ASSETS	674 426
LIABILITIES	
Current Liabilities	110 510
Non-Current Liabilities	376 071
TOTAL LIABILITIES	486 581
NET ASSETS	187 845
Equity	187 845
TOTAL EQUITY	187 845

DCIS' net asset position at the end of 2019-20 was \$187.8 million.

Major assets as at 30 June 2020 included:

Current assets

- \$83.9 million cash and deposits
- \$12.1 million prepayments (primarily related to the property leasing portfolio)
- \$8.4 million receivables (GST, service fees and property leasing charges)

Non-current assets

- \$440.7 million property, plant and equipment for right-of-use assets
- \$26.5 million other property plant and equipment (computer hardware, leasehold improvements)
- \$101.8 million intangible assets (computer software).

Major liabilities at 30 June 2020 included:

Current liabilities

- \$69.5 million leased property liabilities
- \$20.3 million provisions for employee entitlements
- \$19.7 million accrued expenses and payables.

Non-current liabilities

- \$376.1 million leased property liabilities.

Certification of the Financial Statements

We certify that the attached financial statements for the Department of Corporate and Information Services have been prepared based on proper accounts and records in accordance with the prescribed format, the *Financial Management Act 1995* 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 2020 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.



Kathleen Robinson

Chief Executive

28 September 2020



Rex Schoolmeester

Chief Financial Officer

28 September 2020

Comprehensive Operating Statement

For the year ended 30 June 2020

	Note	2020 \$000
INCOME		
Grants and subsidies revenue		
Current	4a	413
Appropriation		
Output	4b	266 019
Sales of goods and services	4c	74 153
Goods and services received free of charge	5	196
Other income	4d	6 625
TOTAL INCOME	3	347 406
EXPENSES		
Employee expenses		126 698
Administrative expenses		
Property management		15 363
Purchases of goods and services	7	116 390
Repairs and maintenance		-
Depreciation and amortisation	16, 17	84 390
Other administrative expenses ¹		196
Grants and subsidies expenses		
Current		227
Capital		12 450
Interest expenses	8	8 664
TOTAL EXPENSES	3	364 378
NET SURPLUS/(DEFICIT)		(16 972)
OTHER COMPREHENSIVE INCOME		
		-
TOTAL OTHER COMPREHENSIVE INCOME		
		-
COMPREHENSIVE RESULT		
		(16 972)

¹Includes DIPL repairs and maintenance service charges.

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

Balance Sheet

As at 30 June 2020

	Note	2020 \$000
ASSETS		
Current Assets		
Cash and deposits	10	83 947
Receivables	12	8 411
Prepayments	13	12 165
Total Current Assets		104 523
Non-Current Assets		
Property, plant and equipment	16, 17	467 182
Intangibles	18	101 774
Prepayments	13	947
Total Non-current Assets		569 903
TOTAL ASSETS		674 426
LIABILITIES		
Current Liabilities		
Deposits held	23	827
Payables	20	19 746
Borrowings and advances – Lease liabilities	21	69 507
Provisions	22	20 341
Other liabilities – Unearned contract revenue	23	89
Total Current Liabilities		110 510
Non-current liabilities		
Borrowings and advances – Lease liabilities	21	376 071
Total non-current Liabilities		376 071
TOTAL LIABILITIES		486 581
NET ASSETS		187 845
EQUITY		
Capital		195 635
Reserves	25	-
Accumulated funds		(7 790)
TOTAL EQUITY		187 845

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

Statement Of Changes In Equity

For the year ended 30 June 2020

	Note	Equity at 1 July \$000	Comprehensive result \$000	Transactions with owners in their capacity as owners \$000	Equity at 30 June \$000
2019-20					
Accumulated Funds					
Accumulated Funds		9 965	(16 972)	-	(7 007)
Transfers from reserves		(783)	-	-	(783)
		9 182	(16 972)	-	(7 790)
Reserves	25	-	-	-	-
Capital - Transactions with Owners					
Equity injections					
Capital appropriation		121 299	-	44 274	165 573
Equity transfers in		80 761	-	10 792	91 553
Other equity injections		15 343	-	11 882	27 225
Equity withdrawals					
Capital withdrawal		(34 060)	-	(4 199)	(38 259)
Equity transfers out		(46 201)	-	(4 256)	(50 457)
		137 142	-	58 493	195 635
Total Equity at End of Financial Year		146 324	(16 972)	58 493	187 845

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 2020

	Note	2020 \$000
CASH FLOWS FROM OPERATING ACTIVITIES		
Operating Receipts		
Grants and subsidies received		
Current	4a	413
Appropriation		
Output	4b	266 019
Commonwealth		-
Receipts from sales of goods and services		110 361
Interest received		-
Total Operating Receipts		376 793
Operating Payments		
Payments to employees		(113 943)
Payments for goods and services		(160 024)
Grants and subsidies paid		
Current		(227)
Capital		(12 450)
Interest paid	8	(8 664)
Total Operating Payments		(295 308)
Net Cash From/(Used in) Operating Activities	11a	81 485
CASH FLOWS FROM INVESTING ACTIVITIES		
Investing Payments		
Purchases of assets		(40 729)
Total Investing Payments		(40 729)
Net Cash From/(Used in) Investing Activities		(40 729)
CASH FLOWS FROM FINANCING ACTIVITIES		
Financing Receipts		
Proceeds of borrowings		
Deposits received		(4 566)
Equity injections		
Capital appropriation		44 274
Other equity injections		11 882
Total Financing Receipts		51 590
Financing Payments		
Finance lease payments		(69 143)
Equity withdrawals		(4 199)
Total Financing Payments		(73 342)
Net Cash From/(Used in) Financing Activities	11	(21 752)
Net increase/(decrease) in cash held		19 004
Cash at beginning of financial year		64 943
CASH AT END OF FINANCIAL YEAR	10	83 947

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

Index of Notes to the Financial Statements

Note	
1	Objectives and funding
2	Statement of significant accounting policies
3	Comprehensive Operating Statement by output group
Income	
4a	Grants and subsidies revenue
4b	Appropriation
4c	Sales of goods and services
4d	Other income
5	Goods and services received free of charge
6	Gain on disposal of assets
Expenses	
7	Purchases of goods and services
8	Interest expenses
9	Write-offs, postponements, waivers, gifts and ex gratia payments
Assets	
10	Cash and deposits
11	Cash flow reconciliation
12	Receivables
13	Prepayments
14	Advances and Investments
15	Other assets
16	Property, plant and equipment
17	Agency as a lessee
18	Intangibles
19	Assets held for sale
Liabilities	
20	Payables
21	Lease liabilities
22	Provisions
23	Other liabilities
24	Commitments
Equity	
25	Reserves
Other disclosures	
26	Fair value measurement
27	Financial instruments
28	Related parties
29	Contingent liabilities and contingent assets
30	Events subsequent to balance date
31	Accountable officer's trust account
32	Schedule of Administered Territory Items
33	Budgetary information

1. Objectives and Funding

The objective of the Department of Corporate and Information Services (DCIS) is to support government agencies to achieve their goals by delivering high quality corporate and digital services, solutions and advice.

The Department's remit was substantially expanded in 2019-20 and is focused on the twin disciplines of digital services and corporate services.

In the digital services discipline DCIS, including the Office of Digital Government, delivers the full range of digital services from network architecture and cyber security; through agency and across government digital systems management, data management and digital projects delivery; to ICT infrastructure, telecommunications and end user support.

In the corporate services discipline, DCIS provides end-to-end support services across workforce management, procurement and contract services, information management and vehicle fleet services, along with finance services and property leasing management.

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

Note 3 provides summary financial information in the form of an Operating Statement by output group.

MACHINERY OF GOVERNMENT CHANGES

Transfers in

Basis of transfer: Administrative Arrangements Order (No. 2) 2019, 27 June 2019

Date of transfer: Effective from 1 July 2019

The assets and liabilities transferred as a result of this change were as follows:

Agency	Assets					Liabilities			Net Assets
	Cash	Receivables	Property, Plant and Equipment	Other (software)	Total	Provisions	Other Liabilities	Total	
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Department of the Attorney-General and Justice	818	-	-	-	818	818	-	818	-
Department of the Chief Minister	278	-	8	-	286	278	-	278	8
Department of Treasury and Finance	311	-	-	-	311	311	-	311	-
Department of Education	1 176	-	3 732	-	4 908	1 176	-	1 176	3 732
Department of Environment and Natural Resources	158	-	175	-	333	158	-	158	175
Department of Local Government, Housing and Community Development	508	-	-	-	508	508	-	508	-
Department of Infrastructure, Planning and Logistics	538	-	23	65	626	538	-	538	88
Department of Health	2 638	-	1 457	5 048	9 143	2 638	-	2 638	6 505
Top End Health Service	233	-	-	-	233	233	-	233	-
Central Australia Health Service	100	-	-	-	100	100	-	100	-
Department of Trade, Business and Innovation	358	-	-	266	624	358	-	358	266
Territory Families	934	-	-	-	934	660	-	660	274
Department of Primary Industry and Resources	202	6	-	-	208	208	-	208	-
Department of Tourism, Sport and Culture	212	-	-	-	212	212	-	212	-
Northern Territory Electoral Commission	8	-	-	-	8	8	-	8	-
Northern Territory Police, Fire and Emergency Services	738	-	-	-	738	738	-	738	-
NT Fleet	26	-	-	-	26	26	-	26	-
Data Centre Services	12	-	-	-	12	12	-	12	-

Transfers out

There were no transfers out as a result of Administrative Arrangements Orders.

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 1995* and related Treasurer's Directions. The *Financial Management Act 1995* requires DCIS to prepare financial statements for each year ended 30 June based on the form determined by the Treasurer. The form of DCIS financial statements should include:

- (i) Certification of the Financial Statements
- (ii) Comprehensive Operating Statement
- (iii) Balance Sheet
- (iv) Statement of Changes in Equity
- (v) Cash Flow Statement
- (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 been prepared in accordance with the historical cost convention.

The form of DCIS financial statements is 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.

Standards and interpretations effective from 2019-20

AASB 15 Revenue from contracts with a customer / AASB 1058 Income for not for profit entities

AASB 15 Revenue from contracts with customers supersedes AASB 111 Construction contracts, AASB 118 Revenue and related interpretations and applies, with limited exceptions, to all revenue arising from contracts with customers. Under AASB 15, revenue from agreements that are enforceable, have sufficiently specific performance obligations and transfer goods or services to the customer or third party beneficiary will be recognised when or as performance obligations are satisfied. AASB 15 requires entities to exercise judgement, taking into consideration all of the relevant facts and circumstances when assessing contracts with their customers.

AASB 1058 Income for not-for-profit entities clarifies and simplifies income-recognition requirements that apply to not-for-profit entities and replaces most of the not-for-profit provisions under AASB 1004 Contributions. AASB 1058 applies to transactions where the consideration to acquire an asset is significantly less than fair value principally to enable the entity to further its objectives, and where volunteer services are received.

There is no impact on balances resulting from the adoption of AASB 15 and AASB 1058 as at 1 July 2019 and 30 June 2020.

AASB 16 Leases

AASB 16 Leases supersedes AASB 117 Leases and relevant interpretations and introduces significant changes to lessee accounting by removing the distinction between operating and finance leases. For lessees with operating leases, AASB16 now requires a right-of-use asset to be recognised on the Balance Sheet together with a lease liability at the lease commencement, for all leases except those with a term of less than 12 months or where the underlying assets are of low value. In contrast to lessee accounting, the requirements for lessor accounting have remained largely unchanged. AASB16 has not had a significant impact for leases where the agency is the lessor.

In accordance with transition provisions, DCIS has applied the modified retrospective approach on transition to AASB 16, with the cumulative effect of initial application of the standard as an adjustment to the Balance Sheet as at 1 July 2019.

Lease liabilities recognised at 1 July 2019 have been measured at the present value of the remaining lease payments discounted using the Northern Territory Treasury Corporation's institutional bond rate as the incremental borrowing rate at the date of initial application. The weighted average incremental borrowing rate applied to the lease liabilities as at 1 July 2019 was 1.84 per cent.

The corresponding right-of-use asset has been recorded on transition at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the Balance Sheet as at 1 July 2019.

DCIS has applied the following practical expedients permitted by AASB 16 on transition:

- application of a single discount rate to a portfolio of leases with reasonably similar characteristics
- expensing of leases with a remaining term of less than 12 months as at 1 July 2019 rather than being recognised on the Balance Sheet
- exclusion of initial direct costs from the measurement of the right-of-use asset as at 1 July 2019.

On adoption of AASB 16, DCIS recognised additional right-of-use assets and lease liabilities for office building leases which had previously been classified as operating leases.

The impact on affected balances of adopting AASB 16 as at 1 July 2019 is as follows:

Balance Sheet	\$000
ASSETS	
Leased property, plant and equipment	505 337
TOTAL ASSETS	505 337
LIABILITIES	
Lease liabilities	505 337
TOTAL LIABILITIES	505 337
NET ASSETS	0

The lease liabilities as at 1 July 2019 can be reconciled to the operating lease commitments as at 30 June 2019, as follows:

	\$000
Minimum operating lease commitments as at 30 June 2019	403 395
Less: commitments relating to short-term leases	1 443
Less: commitments relating to leases of low-value assets	-
Add: lease payments relating to renewal periods not included in operating lease commitments as at 30 June 2019	148 252
Undiscounted lease payments	550 204
Less: effect of discounting using the incremental borrowing rate	44 867
Additional lease liabilities recognised at 1 July 2019	505 337
Add: commitments relating to leases previously classified as finance leases	-
Adjusted lease liabilities as at 1 July 2019	505 337

AASB 2016-8 Amendments to Australian Accounting Standards – Australian implementation guidance for not-for-profit entities (AASB 9 Financial instruments)

AASB 2016-8 is effective for the first time in 2019-20 and requires non-contractual receivables arising from statutory requirements to apply the initial recognition and measurement requirements of AASB 9. The requirements of AASB 2016-8 are largely consistent with existing recognition and measurement practices of DCIS and are therefore not expected to have a material impact.

Several other amending standards and AASB interpretations have been issued that apply to the current reporting periods, but are considered to have no impact on public sector reporting.

Standards and interpretations issued but not yet effective

No new or changed Australian accounting standards have been early adopted for 2019-20.

Several amending standards and AASB interpretations have been issued that apply to future reporting periods but are considered to have limited impact on public sector reporting.

C) REPORTING ENTITY

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

DCIS is a Northern Territory Government department established under the *Interpretation Act 1978* and specified in the Administrative Arrangements Order.

The principal place of business of the department is: Level 9, Charles Darwin Centre, 19 The Mall, Darwin NT.

DCIS has no controlled entities.

D) DCIS AND TERRITORY ITEMS

The financial statements of DCIS include income, expenses, assets, liabilities and equity over which DCIS has control (DCIS items). Certain items, while managed by DCIS, are controlled and recorded by the Northern Territory rather than DCIS (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 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 DCIS' financial statements. However, DCIS is accountable for certain Territory items managed on behalf of government.

E) COMPARATIVES

The Corporate Services Reform Program which came into effect from 1 July 2019 resulted in a larger entity, with a considerably wider range of services that changed the nature of DCIS' operations and output groups. Due to the significant restructure of DCIS, comparative data for 2018-19 is of limited value and not provided for these statements.

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 has been two minor changes to accounting policies adopted in 2019-20 as a result of management decisions:

- The Accounting Treatment for DCIS ICT Services for Agencies has been changed to return unused funds transferred from agencies within the year to miscellaneous revenue. The amount returned for 2019-20 was \$5.4 million.
- Changes in policies relating to COVID-19 are disclosed in k) below. Additional costs were incurred for COVID-19 related activities and are recognised in the Corporate and Governance output.

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.

Judgements and estimates that have significant effects on the financial statements are disclosed in the relevant notes to the financial statements.

I) GOODS AND SERVICES TAX (GST)

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

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

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

J) CONTRIBUTIONS BY AND DISTRIBUTIONS TO GOVERNMENT

DCIS may receive contributions from government where the government is acting as the owner of DCIS. Conversely, DCIS may make distributions to government. In accordance with the *Financial Management Act 1995* 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 DCIS as adjustments to equity.

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

K) IMPACT OF COVID-19

The Northern Territory Government modified its debt recovery process and postponed the payment date for a number of regulatory fees and charges to ease financial hardship faced by individuals and businesses as a result of COVID-19.

DCIS delayed commencement of billing the non-government schools for ICT services until later in 2020, post recovery from COVID-19. This had no impact on DCIS' revenue as the Department of Education agreed to fund the shortfall.

3. Comprehensive Operating Statement by Output Group

	Note	Government Support Services 2020 \$000	Digital Government Services 2020 \$000	Corporate and Governance 2020 \$000	Total 2020 \$000
INCOME					
Grants and subsidies revenue					
Current	4a	-	-	413	413
Appropriation					
Output	4b	131 482	130 724	3 813	266 019
Sales of goods and services	4c	27 888	44 907	1 358	74 153
Goods and services received free of charge	5	-	-	196	196
Other income	4d	268	6 242	115	6 625
TOTAL INCOME		159 638	181 873	5 895	347 406
EXPENSES					
Employee expenses		61 039	61 307	4 352	126 698
Administrative expenses					
Property Management		13 908	915	540	15 363
Purchases of goods and services	7	7 553	107 172	1 665	116 390
Depreciation and amortisation	16,17	75 424	8 843	123	84 390
Other administrative expenses	5	-	-	196	196
Grants and subsidies expenses					
Current		-	207	20	227
Capital		-	12 450	-	12 450
Interest Expenses	8	8 664	-	-	8 664
TOTAL EXPENSES		166 588	190 894	6 896	364 378
NET SURPLUS/(DEFICIT)		(6 950)	(9 021)	(1 001)	(16 972)
OTHER COMPREHENSIVE INCOME					
Items that will not be reclassified to net surplus/deficit					
Changes in asset revaluation reserve		-	-	-	-
TOTAL OTHER COMPREHENSIVE INCOME		-	-	-	-
COMPREHENSIVE RESULT		(6 950)	(9 021)	(1 001)	(16 972)

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

4. Income

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.

DCIS revenue for the 2019-20 financial year has been disaggregated below into categories to enable users of these financial statements to understand the nature,

amount, timing and certainty of income and cash flows.

These categories include a description of the type of product or service line, type of customer and timing of transfer of goods and services.

DCIS provides corporate services and digital services for government agencies.

A) GRANTS AND SUBSIDIES REVENUE

	2020		
	\$000	\$000	\$000
	Revenue from contracts with customers	Other	Total
Current grants	-	413	413
Capital grants	-	-	-
Total grants and subsidies revenue	-	413	413

Grants revenue is recognised at fair value exclusive of the amount of GST.

Grant revenue, passed on from a Northern Territory Government controlled entity with the exception of the Central Holding Authority, is recognised upfront on receipt, irrespective of which revenue accounting standard it may fall under in accordance with the Treasurer's Direction on income.

B) APPROPRIATION

	2020		
	\$000	\$000	\$000
	Revenue from contracts with customers	Other	Total
Output	-	266 019	266 019
Commonwealth	-	-	-
Total appropriation	-	266 019	266 019

Output appropriation is the operating payment to each agency for the outputs they provide as specified in the *Appropriation Act*. It does not include any allowance for major non-cash costs such as depreciation. The treatment of output appropriations remains the same after adopting AASB 15 and AASB 1058, because it does not have sufficiently specific performance obligations.

From 1 July 2019, where appropriation received has an enforceable contract with sufficiently specific performance obligations as defined in AASB 15, revenue is recognised as and when goods and or services are transferred to the customer or third party beneficiary.

Otherwise revenue is recognised when DCIS gains control of the funds. DCIS, through output appropriation, provides government support services and digital government services to agencies.

C) SALES OF GOODS AND SERVICES

	2020		
	\$000	\$000	\$000
	Revenue from contracts with customers	Other	Total
Property – recovery of costs	-	11 128	11 128
Corporate services charges	-	35 870	35 870
ICT infrastructure program	-	26 211	26 211
Salary sacrifice administrative fee	944	-	944
Total sales of goods and services	944	73 209	74 153

Sale of goods

Until 30 June 2019, revenue from sales of goods was recognised as revenue when DCIS transferred significant risks and rewards of ownership of the goods to the buyer.

From 1 July 2019, revenue from sales of goods is recognised when DCIS satisfies a performance obligation by transferring the promised goods.

Revenue from these sales are based on the price specified in the contract, and revenue is only recognised to the extent that it is highly probable a significant reversal will not occur. There is no element of financing present as sales are made with a short credit term.

DCIS sale of goods revenue includes:

ICT infrastructure program – a program to manage the supply of ICT hardware to agencies, including desktops, laptops, printers, PABX handsets, servers and MFDs. Revenue is recognised as DCIS satisfies its performance obligation when services are performed, with the payments typically due a month after.

Rendering of services

Until 30 June 2019, revenue from rendering services was recognised by reference to the stage of completion of the contract. From 1 July 2019, revenue from rendering of services is recognised when DCIS satisfies the performance obligation by delivering the promised services.

DCIS services revenue includes:

Corporate services charges – services are billed to agencies through a costing model which covers the wide range of corporate services that DCIS provides. Data on services performed for each NTG agency is collected on a monthly basis, and applied to determine agency charges. Revenue is recognised as DCIS satisfies its performance obligation when services are performed for agencies. Where payments are required, the payments are typically due a month after being charged.

Property – recovery of costs – includes funds received from agencies for rent, cleaning, security and management fees. Revenue is recognised as DCIS satisfies its performance obligation when these services are performed and the payments are typically due a month after.

Salary sacrifice administrative fee – fees charged by DCIS for the work undertaken to facilitate personal salary packaging arrangements for NTPS employees. Revenue is recognised as DCIS satisfies its performance obligation when these services are performed, with the payments typically due a month after.

Revenue from contracts with customers for the 2019-20 financial year have been disaggregated below into categories to enable users of these financial statements to understand the nature, amount, timing and certainty of income and cash flows. These categories include a description of the type of product or service line, type of customer and timing of transfer of goods and services.

2020
\$000**Type of good and service:**

Regulatory services	-
Service delivery	944
Construction services	-
Sales of inventory	-
Research services	-
Total revenue from contracts with customers by good or service	944
Type of customer:	
Australian Government entities	-
State and territory governments	-
Non-government entities	944
Total revenue from contracts with customers by type of customer	944
Timing of transfer of goods and services:	
Over time	-
Point in time	944
Total revenue from contracts with customers by timing of transfer	944

D) OTHER INCOME

	2020		
	\$000	\$000	\$000
	Revenue from contracts with customers	Other	Total
One-off ICT revenue adjustment	-	5 363	5 363
Other recovered costs	-	1 262	1 262
Total other income	-	6 625	6 625

DCIS pays for goods and services on behalf of other agencies and expense recoveries are classified as follows:

One-off ICT revenue adjustment – return of unused ICT clearing account funds to the Northern Territory Government.

Other recovered costs – recovered expenses, includes management costs for digital projects.

DCIS satisfies performance obligations when the goods or services have been completely delivered. Subsequently, DCIS recovers the expenditure from the other agency through issuance of an invoice, with revenue recognised when payment is received.

5. Goods and Services Received Free of Charge

	2020 \$000
Repairs and maintenance – DIPL notional charges	196
	196

Resources received free of charge are recognised as revenue when, and only when, a fair value can be reliably determined and the services would have been purchased if they had not been donated. Use of those resources is recognised as an expense.

Resources received free of charge are recorded as either revenue or gains depending on their nature.

From 1 July 2019, repairs and maintenance expenses and associated employee costs were centralised under the Department of Infrastructure, Planning and Logistics as part of a machinery of government change and now form part of goods and services received free of charge by DCIS.

6. Gain on Disposal of Assets

DCIS has no gain on disposal of assets in 2019-20.

7. Purchases of Goods and Services

2020
\$000

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

Goods and services expenses	
Information technology charges	41 051
Information technology hardware and software	24 016
Telecommunications	1 746
Contractors and consultants ¹	38 869
Advertising ²	1
Marketing and promotion ³	168
Document production	62
Legal expenses ⁴	356
Recruitment ⁵	239
Training and study	681
Official duty fares	84
Travelling allowance	35
Equipment expenses – other ⁶	3 580
Other	5 502
Total	116 390

¹ Includes IT contractors and consultants, marketing and promotion.

² Does not include recruitment advertising or marketing and promotion advertising.

³ Includes advertising for marketing and promotion but excludes marketing and promotion consultants' expenses, which are incorporated in the contractors and consultants category.

⁴ Includes legal fees, claim and settlement costs.

⁵ Includes recruitment-related advertising costs.

⁶ Radio handsets for NTPFES.

Property management expense

Property management expenses primarily relates to whole of government commercial property leasing costs, including rent, cleaning and security.

Repairs and maintenance expense

From 1 July 2019, repairs and maintenance expenses were centralised under the Department of Infrastructure, Planning and Logistics (DIPL) as part of machinery of government changes. DCIS now recognises a notional repairs and maintenance expense under services received free of charge in Note 5.

8. Interest Expense

2020
\$000

Interest from lease liabilities ¹	8 664
Total	8 664

¹ Interest expense for 2020 relates to lease liabilities in accordance with AASB 16.

9. Write-offs, Postponements, Waivers, Gifts and Ex Gratia Payments

	Agency		Territory Items	
	2020 \$000	No. of Trans.	2020 \$000	No. of Trans.
Write-offs, Postponements and Waivers Under the <i>Financial Management Act 1995</i>	3	5	-	-
Represented by:				
Amounts written off, postponed and waived by delegates				
Irrecoverable amounts payable to the Territory or an agency written off	3	3	-	-
Losses or deficiencies of money written off ¹	-	2	-	-
Public property written off	-	-	-	-
Waiver or postponement of right to receive or recover money or property	-	-	-	-
Total written off, postponed and waived by delegates	3	5	-	-

¹This relates to NTG superannuation remediation amounts which are reflected in the Central Holding Authority with the loss required to be recorded by DCIS.

10. Cash and Deposits

	2020 \$000
Cash on hand	51
Cash at bank	83 896
	83 947

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 that are ultimately payable to the beneficial owner.

11. Cash Flow Reconciliation

A) RECONCILIATION OF CASH

The total of DCIS' 'Cash and deposits' of \$83.9 million recorded in the Balance Sheet is consistent with that recorded as 'Cash' in the Cash Flow Statement.

Reconciliation of net surplus/deficit to net cash from operating activities

	2020 \$000
Net surplus/(deficit)	(16 972)
Non-cash items:	
Depreciation and amortisation	84 390
Asset write-offs/write-downs	-
Asset donations/gifts	-
(Gain)/Loss on disposal of assets	-
Changes in assets and liabilities:	
Decrease/(Increase) in receivables	(4 553)
Decrease/(Increase) in prepayments	(2 088)
Decrease/(Increase) in other assets	-
(Decrease)/Increase in payables	9 079
(Decrease)/Increase in provision for employee benefits	9 690
(Decrease)/Increase in other provisions	1 850
(Decrease)/Increase in other liabilities	89
Net cash from operating activities	81 485

B) RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES 2019-20

	Cash flows								
	1 July	Recognised on AASB 16 adoption	Adjusted 1 July	Equity injection/ withdrawal	Appropriation	Deposits received	Lease liabilities repayments	Other	Total cash flows
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Deposits held	5 393	-	5 393	-	-	(4 566)	-	-	(4 566)
Provisions	-	-	-	-	-	-	-	-	-
Lease liabilities	-	505 337	505 337	-	-	-	(69 143)	-	(69 143)
Equity injections/ withdrawals	137 142	-	137 142	7 683	44 274	-	-	-	51 957
Total	142 535	505 337	647 872	7 683	44 274	(4 566)	(69 143)	-	(21 752)

	Other		
	Other	Total other	30 June
	\$000	\$000	\$000
Deposits held	-	-	827
Provisions	20 341	20 341	20 341
Lease liabilities	9 384	9 384	445 578
Equity injections/ withdrawals	6 536	6 536	195 635
Total	36 261	36 261	662 381

C) NON-CASH FINANCING AND INVESTING ACTIVITIES

Lease transactions

During the financial year, DCIS recorded right-of-use asset for the lease of buildings with an aggregate value of \$441 million.

12. Receivables

	2020 \$000
Current	
Accounts receivable	1 721
Less: loss allowance	-
	1 721
Interest receivables	-
GST receivables	5 156
Other receivables	1 534
	6 690
Non-current	
Other receivables	-
	-
Total Receivables	8 411

Receivables are initially recognised when DCIS becomes a party to the contractual provisions of the instrument and are measured at fair value less any directly attributable transaction costs. Receivables include contract receivables, accounts receivable, accrued contract revenue and other receivables.

Receivables are subsequently measured at amortised cost using the effective interest method, less any impairments.

Accounts receivable and other receivables are generally settled within 30 days.

The loss allowance reflects lifetime expected credit losses and represents the amount of receivables DCIS estimates are likely to be uncollectible and are considered doubtful.

Accrued contract revenue

Accrued contract revenue arises from contracts with customers where DCIS' right to consideration in exchange for goods transferred to customers or works completed have arisen but have not been billed at the reporting date. Once DCIS' rights to payment becomes unconditional, usually on issue of an invoice, accrued contract revenue balances are reclassified as contract receivables. Accrued revenue that does not arise from contracts with customers is reported as part of other receivables.

DCIS has no accrued contract revenues.

Credit risk exposure of receivables

Receivables are monitored on an ongoing basis to ensure exposure to bad debts is not significant. DCIS applies the simplified approach to measuring expected credit losses. This approach recognises a loss allowance based on lifetime expected credit losses for all accounts receivables, contracts receivables and accrued contract revenue. To measure expected credit losses, receivables have been grouped based on shared risk characteristics and days past due.

Loss allowance for receivables

	2020			
	Gross Receivables \$000	Loss rate %	Expected credit losses \$000	Net receivables \$000
Internal receivables				
Not overdue	1 585	-	-	1 585
Overdue for less than 30 days	18	-	-	18
Overdue for 30 to 60 days	8	-	-	8
Overdue for more than 60 days	63	-	-	63
Total internal receivables	1 674	-	-	1 674
External receivables				
Not overdue	27	-	-	27
Overdue for less than 30 days	4	-	-	4
Overdue for 30 to 60 days	2	-	-	2
Overdue for more than 60 days	14	-	-	14
Total external receivables	47	-	-	47

Total amounts disclosed exclude statutory amounts and include contract receivables and accrued contract revenue.

The expected loss rates are based on historical observed loss rates, adjusted to reflect current and forward-looking information, including macroeconomic factors.

In accordance with the provisions of the *Financial Management Act 1995*, receivables are written-off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include a failure to make contractual payments for a period greater than 182 days past due.

Due to COVID-19, DCIS' credit risk exposure has increased and is reflected in the expected credit losses reported. To ease financial hardship faced by individuals and businesses as a result of COVID-19, the Northern Territory Government modified its debt recovery process and postponed the payment date for a number of regulatory fees and charges. This has been reflected in the expected credit loss recorded within the reporting period.

There is no loss allowance for the 2019-20 financial year as the doubtful debts were written off in the same year. All other overdue receivables are deemed collectible as at 30 June 2020.

The loss allowance for receivables and reconciliation as at the reporting date are disclosed below.

Reconciliation of loss allowance for receivables

	2020 \$000
External receivables	
Opening balance	71
Receivables in 2019-20	57
Written off during the year	3
Recovered during the year	(81)
Increase/decrease in allowance recognised in profit or loss	(3)
Total external receivables	47

13. 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.

	2020 \$000
Prepayments	
Current prepayments	12 165
Non-current prepayments	947
Total Prepayments	13 112

DCIS prepayments include software licenses and related software and hardware support services.

14. Advances and Investments

DCIS had no advances paid, equity accounted investments and investments in shares for the 2019-20 financial year.

15. Other Assets

A) AGENCY AS A LESSOR

DCIS is not a lessor and therefore, does not have any finance lease, operating lease or sublease arrangements. There is no lease receivables for 2019-20.

B) CONTRACT COST ASSET

For the 2019-20 reporting period, no costs were capitalised as a contract cost asset.

16. Property, Plant and Equipment

Total property, plant and equipment

	2020 \$000
Plant and equipment	
At cost	40 370
Less: Accumulated depreciation	(18 109)
	22 261
Computer hardware	
At cost	18 743
Less: Accumulated depreciation	(14 529)
	4 214
Leased property, plant and equipment¹	
At capitalised cost	514 721
Less: accumulated depreciation	(74 014)
	440 707
Total property, plant and equipment	467 182

¹DCIS has no concessionary leases.

2020 Property, plant and equipment reconciliations

From 1 July 2019, property, plant and equipment includes right-of-use assets under AASB 16 Leases, effective from that date. Further information on right of use assets is disclosed in Note 17. A reconciliation of the carrying amount of property, plant and equipment at the beginning and end of 2019-20 is set out below:

	Computer hardware \$000	Plant and equipment \$000	Leased property, plant and equipment \$000	Total \$000
Carrying amount as at 1 July 2019	3 301	77 459	-	80 760
Reclassification ¹	-	-	-	-
Recognition of right-of-use assets on initial adoption of AASB 16	-	-	505 337	505 337
Adjusted carrying amount as at 1 July 2019	3 301	77 459	505 337	586 097
Additions	8 823	4 007	-	12 830
Additions of right-of-use assets	-	-	6 310	6 310
Depreciation expense – asset owned	(8 642)	(3 319)	-	(11 961)
Amortisation expense – right-of-use asset	-	-	(74 014)	(74 014)
Additions/disposals from administrative restructuring	732	-	-	732
Additions/disposals from asset transfers	-	(55 886)	-	(55 886)
Revaluation increments/decrements	-	-	3 074	3 074
Carrying amount as at 30 June 2020	4 214	22 261	440 707	467 182

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 DCIS 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, DIPL is responsible for managing general government capital works projects on an all-of-government basis. Therefore, appropriation for DCIS capital works is provided directly to DIPL and the cost of construction work in progress is recognised as an asset of DIPL. Once completed, capital works assets are transferred to DCIS.

Revaluations and Impairment

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

For right-of-use assets, the net present value of the remaining lease payments is often an appropriate proxy for the fair value of relevant right-of-use assets at the time of initial recognition. Subsequently, right-of-use assets are stated at cost less amortisation, which is deemed to equate to fair value.

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:

	2020
Plant and equipment	10 years
Leased plant and equipment	5 years
Right-of-use assets ¹	Lease term
Computer software – general (off the shelf)	2-5 years
Computer software – Corporate Systems	5-10 years
Computer hardware	3-6 years

¹ Further information on right-of-use assets is disclosed in Note 17.

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

17. DCIS as a Lessee

DCIS leases office, warehouse and specialty facilities. Lease contracts vary in lease terms and extension options. Lease terms are negotiated on an individual basis and are based on the standard memorandum of common provisions. The lease agreements do not impose any covenants. DCIS does not provide residual value guarantees in relation to leases.

Extension and termination options are only included in the lease term for measurement of the lease liability if the lease is reasonably certain to be extended. The majority of extension and termination options held are exercisable only by DCIS and not by the respective lessor. In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

Potential future cash outflows of \$2.8 million have not been included in the lease liability because it is not reasonably certain the leases will be extended (or not terminated).

The assessment is reviewed if a significant event or a significant change in circumstances occurs that affects this assessment and is within the control of the lessee. During the current financial year, the financial effect of revising lease terms to reflect the effect of exercising extension and termination options was an increase (or decrease) in recognised lease liabilities and right-of-use assets of \$3.1 million.

DCIS has elected to recognise payments for short-term leases and low value leases as expenses on a straight-line basis, instead of recognising a right-of-use asset and lease liability. Short-term leases are leases with a lease term of 12 months or less with no purchase option.

Right-of-use asset

The following table presents right-of-use assets included in the carrying amounts of property, plant and equipment at Note 16.

	Land \$000	Buildings \$000	Infrastructure \$000	Plant and equipment \$000	Total \$000
Balance as at 1 July 2019	-	505 337	-	-	505 337
Additions	-	6 310	-	-	6 310
Disposals	-	-	-	-	-
Amortisation expense	-	(74 014)	-	-	(74 014)
Revaluation increments/decrements including remeasurement	-	3 074	-	-	3 074
Impairment losses	-	-	-	-	-
Impairment losses reversed	-	-	-	-	-
Carrying amount as at 30 June 2020	-	440 707	-	-	440 707

The following amounts were recognised in the statement of comprehensive income for the year ending 30 June 2020 in respect of leases where DCIS is the lessee:

	\$000
Amortisation expense of right-of-use assets	(74 014)
Interest expense on lease liabilities	(8 664)
Expense relating to short-term leases	6 810
Expense relating to leases of low-value assets	-
Variable lease payments, not included in the measurement of lease liabilities	-
Intergovernmental leases	-
Income from subleasing right-of-use assets	-
Gains or losses arising from sale and leaseback transactions	-
Total amount recognised in the Comprehensive Operating Statement	(75 868)

Recognition and measurement (under AASB 16 from 1 July 2019)

DCIS assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

DCIS recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets, except for short-term leases and leases of low-value assets.

DCIS recognises right-of-use assets at the commencement date of the lease (the date the underlying asset is available for use). Right-of-use assets are initially measured at the amount of initial measurement of the lease liability, adjusted by any lease payments made at or before the commencement date and lease incentives.

Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets.

Inter-governmental leases

DCIS applies the inter-governmental leases recognition exemption as per the Treasurer's Direction – Leases and recognises these as an expense on a straight-line basis over the lease term. These largely relate to the lease of motor vehicles

from NT Fleet. Leases of commercial properties for office accommodation are centralised within DCIS.

Recognition and measurement (under AASB 117 until 30 June 2019)

Leases under which DCIS 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 are capitalised and recorded under property, plant and equipment. A lease asset and a 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.

Repayments of principal reduce lease liabilities. The interest components of the lease payments are expensed.

Operating lease payments are recognised as an operating expense in the Comprehensive Operating Statement on a straight-line basis over the lease term.

18. Intangibles

	2020 \$000
Carrying amount	
Intangibles with a finite useful life	
Internally generated intangibles	
At cost	128 190
Less: accumulated amortisation	(26 416)
Written down value – 30 June	101 774
Total intangibles	101 774

Intangible valuations

Intangible assets for DCIS are comprised of computer software. Intangible assets are stated at historical cost less depreciation, which is deemed to equate to fair value.

Impairment of intangibles

Due to the method of valuation of DCIS intangible assets, no assessment for impairment was undertaken for the year ended 30 June 2020.

	2020 \$000
Reconciliation of movements	
Intangibles with a finite useful life	
Internally generated intangibles	
Carrying amount at 1 July	9 151
Additions	35 974
Disposals	-
Depreciation and amortisation	(10 829)
Additions/disposals from administrative restructuring	5 379
Additions/disposals from asset transfers ¹	62 099
Carrying amount as at 30 June	101 774

¹This reflects reclassification of computer software assets to intangible assets, recorded within property, plant and equipment in prior years.

19. Assets Held for Sale

Assets and disposal groups are classified as held for sale if their carrying amount will be recovered through a sale transaction or a grant agreement rather than continuing use. Assets held for sale consist of those assets that management has determined are available for immediate sale or granting in their present condition and their sale is highly probable within one year from the date of classification.

These assets are measured at the lower of the asset's carrying amount and fair value less costs to sell. These assets are not depreciated. Non-current assets held for sale have been recognised on the face of the financial statements as current assets.

DCIS had no assets held for sale in 2019-20.

20. Payables

	2020 \$000
Accounts payable	4 205
Accrued expenses	14 091
Other payables	1 450
Total payables	19 746

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 DCIS. Accounts payable are normally settled within 20 days from receipt of valid invoices under \$1 million or 30 days for invoices over \$1 million.

21. Lease liabilities

	2020 \$000
Current	
Lease liabilities	69 507
	69 507
Non-current	
Lease liabilities	376 071
	376 071
Total lease liabilities	445 578

At the commencement date of the lease where DCIS is the lessee, DCIS recognises lease liabilities measured at the present value of lease payments to be made over the lease term. Lease payments include:

- fixed payments (including in substance fixed payments) less any lease incentives receivable
- variable lease payments that depend on an index or a rate
- amounts expected to be paid under residual value guarantees
- exercise price of a purchase options reasonably certain to be exercised by the entity
- payments of penalties for terminating the lease, if the lease term reflects the entity exercising the option to terminate.

Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for DCIS' leases, the Northern Territory Treasury Corporation's institutional bond rate is used as the incremental borrowing rate.

After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made.

DCIS had total cash outflows for leases of \$86.5 million in 2019-20.

Future minimum lease payments under non-cancellable leases not recorded as liability are as follows:

	2020	
	Internal \$000	External \$000
Within one year	257	432
Later than one year and not later than five years	403	-
Later than five years	-	-
	660	432

In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (such as changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

Lease liabilities were determined in accordance with AASB 117 until 30 June 2019.

From 1 July 2019, lease liabilities are determined in accordance with AASB 16.

The following table presents liabilities under leases for 2019-20.

	\$000
Balance at 1 July 2019	-
Recognition of lease liabilities on initial adoption of AASB 16	505 337
Adjusted balance at 1 July 2019	505 337
Additions/remeasurements	9 385
Interest expenses	8 664
Payments	(77 808)
Balance at 30 June 2020	445 578

22. Provisions

	2020 \$000
Current	
Employee benefits	
Recreation leave	15 403
Leave loading	1 936
Recreation leave airfares	141
Other current provisions	-
Other provisions	2 861
	20 341
Non-current	
Employee benefits	
Recreation leave	-
Total provisions	20 341
Reconciliations of other provisions	
Balance as at 1 July	1 012
Additional provisions recognised	2 861
Reductions arising from payments	(1 012)
Balance as at 30 June	2 861

DCIS employed 1 103 employees as at 30 June 2020.

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 12 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 12 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
- other types of employee benefits.

As part of the financial management framework, the Central Holding Authority assumes the long service leave liabilities of government agencies, including DCIS, and as such no long service leave liability is recognised in DCIS' financial statements.

23. Other Liabilities

	2020 \$000
Current	
Financial guarantee liability	-
Unearned revenue	89
Unearned capital grants	-
Deposits held	827
Total other liabilities	916

Financial guarantee contracts

Financial guarantee contracts are recognised as a financial liability at the time the guarantee is issued where the total value being guaranteed is greater than \$1 million.

DCIS had no financial guarantee contracts for 2019-20.

Superannuation

Employees' superannuation entitlements are provided through the:

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

DCIS 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 therefore not recognised in DCIS' financial statements.

Unearned contract revenue

Unearned contract revenue relates to consideration received in advance from customers in respect of an ICT project to be delivered in 2020-21. Unearned contract revenue balance as at 30 June 2020 is \$0.09 million.

DCIS anticipates to recognise as revenue, any liabilities for unsatisfied obligations as at the end of the reporting period in accordance with the time bands below:

	2020 \$000
Not later than one year	89
Later than one year and not later than five years	-
Later than five years	-
Total	89

24. Commitments

Commitments are those contracted as at 30 June where the amount of the future commitment can be reliably measured. Following the adoption of AASB 16 Leases, as reported in 2019, operating lease commitments satisfying eligibility criteria have now been recognised as a lease liability on the Balance Sheet and in Note 21.

Similarly, following the adoption of AASB 15 Revenue from contracts with customers and AASB 1058 Income of not-for-profit entities, a significant portion of capital commitments and other non-cancellable commitments as reported in 2019 have now been recognised as unearned liabilities on the Balance Sheet.

Disclosures in relation to capital and other commitments are detailed below.

	2020	
	Internal \$000	External \$000
(i) Capital expenditure commitments		
Capital expenditure commitments primarily relate to digital projects' hardware/software.		
Capital expenditure commitments contracted at balance date but not recognised as liabilities are payable as follows:		
Within one year	-	103 043
Later than one year and not later than five years	-	131 399
Later than five years	-	-
	-	234 442
(ii) Other expenditure commitments		

DCIS has no other expenditure commitments.

25. Reserves

DCIS has no asset revaluation surplus as at 30 June 2020.

26. 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.

DCIS' property, plant and equipment, computer software and computer hardware are recognised at cost less depreciation or amortisation. The carrying amounts of these financial assets and liabilities approximates their fair value.

27. Financial Instruments

A financial instrument is a contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial assets and liabilities are recognised on the Balance Sheet when DCIS becomes a party to the contractual provisions of the financial instrument. DCIS' financial instruments include cash and deposits, receivables, payables and finance lease liabilities.

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.

DCIS has limited exposure to financial risks as discussed below.

Exposure to interest rate risk, foreign exchange risk, credit risk, price risk and liquidity risk arise in the normal course of activities.

A) CATEGORIES OF FINANCIAL INSTRUMENTS

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

	Fair value through profit or loss		Amortised cost	Fair value through other comprehensive income	Total
	Mandatorily at fair value	Designated at fair value			
	\$000	\$000	\$000	\$000	\$000
2019-20					
Cash and deposits	-	-	83 947	-	83 947
Receivables ¹	-	-	1 721	-	1 721
Total financial assets	-	-	85 668	-	85 668
Deposits held	-	-	827	-	827
Payables ¹	-	-	5 655	-	5 655
Lease liabilities	-	-	445 578	-	445 578
Total financial liabilities	-	-	452 060	-	452 060

¹Total amounts disclosed exclude statutory amounts and accrued items.

Categories of financial instruments

DCIS' financial instruments are classified in accordance with AASB 9.

Financial assets are classified under the following categories:

- amortised cost
- Financial liabilities are classified under the following categories:
- amortised cost

Financial assets at amortised cost

Financial assets are classified at amortised cost when they are held by DCIS to collect the contractual cash flows and the contractual cash flows are solely payments of principal and interest.

These assets are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less impairment. DCIS' financial assets categorised at amortised cost include cash and deposits and receivables.

Financial assets at fair value through other comprehensive income

DCIS does not have any financial assets in this category.

Financial assets at fair value through profit or loss

DCIS does not have any financial assets in this category.

Financial liabilities at amortised cost

Financial liabilities at amortised cost are measured at amortised cost using the effective interest rate method. DCIS' financial liabilities categorised at amortised cost include all accounts payable, deposits held and lease liabilities.

Financial liabilities at fair value through profit or loss

DCIS does not have any financial liabilities in this category.

Derivatives

DCIS does not trade in derivatives.

B) CREDIT RISK

DCIS has limited credit risk exposure (risk of default). In respect of any dealings with organisations external to government, DCIS 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 DCIS' maximum exposure to credit risk without taking account of the value of any collateral or other security obtained.

Credit risk relating to receivables is disclosed in Note 12.

2020 Maturity analysis for financial liabilities

	Carrying amount \$000	Less than a year \$000	1 to 5 years \$000	More than 5 years \$000	Total \$000
Liabilities					
Deposits held	827	827	-	-	827
Payables ¹	5 655	5 655	-	-	5 655
Lease liabilities	445 578	69 507	305 715	70 356	445 578
Total financial liabilities	452 060	75 989	305 715	70 356	452 060

¹Total amounts disclosed exclude statutory amounts and accrued items.

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.

DCIS has relatively limited exposure to market risk.

(iii) Currency risk

DCIS 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.

C) LIQUIDITY RISK

Liquidity risk is the risk that DCIS will not be able to meet its financial obligations as they fall due. DCIS' approach to managing liquidity is to ensure that it will always have sufficient funds to meet its liabilities when they fall due. This is achieved by ensuring that minimum levels of cash are held in the DCIS bank account to meet various current employee and supplier liabilities. DCIS' exposure to liquidity risk is minimal. Cash injections are available from the Central Holding Authority in the event that one-off extraordinary expenditure items arise that deplete cash to levels that compromise DCIS' ability to meet its financial obligations.

The following tables detail DCIS' remaining contractual maturity for its financial liabilities, calculated based on undiscounted cash flows at reporting date. The undiscounted cash flows in these tables differ from the amounts included in the Balance Sheet which are based on discounted cash flows.

(i) Interest rate risk

DCIS is not exposed to interest rate risk as financial assets and financial liabilities are non interest bearing.

(ii) Price risk

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

28. Related Parties

I) RELATED PARTIES

DCIS is a government administrative entity and is wholly owned and controlled by the Northern Territory Government. Related parties of the department include:

- the Portfolio Minister and key management personnel (KMP) because they have authority and responsibility for planning, directing and controlling the activities of DCIS directly
- close family members of the Portfolio Minister or KMP including spouses, children and dependants
- all public sector entities that are controlled and consolidated into the whole of government financial statements
- any entities controlled or jointly controlled by KMPs or the Portfolio Minister or controlled or jointly controlled by their close family members.

II) KEY MANAGEMENT PERSONNEL (KMP)

KMP of DCIS are those persons having authority and responsibility for planning, directing and controlling the activities of DCIS. These include the Minister, the Chief Executive Officer and 11 members of the Executive Management Board of DCIS as listed on page 37.

III) REMUNERATION OF KEY MANAGEMENT PERSONNEL

The details below exclude the salaries and other benefits of the Minister as the Minister's remuneration and allowances are payable by the Department of the Legislative Assembly and disclosed within the Treasurer's Annual financial statements.

The aggregate compensation of KMP of DCIS is set out below:

	2019-20 \$000
Short-term benefits	5 652
Post-employment benefits	581
Total	6 233

IV) RELATED PARTY TRANSACTIONS

Transactions with Northern Territory Government controlled entities

DCIS' primary ongoing source of funding is received from the Central Holding Authority in the form of output and capital appropriation.

The following table provides quantitative information about related party transactions entered into during the year with other Northern Territory Government controlled entities.

2020

Related party	Revenue from related parties \$000	Payments to related parties \$000	Amounts owed by related parties \$000	Amounts owed to related parties \$000
NTG agencies	135 507	41 954	1 414	3 484

DCIS' transactions with other government entities are not individually significant.

Other related party transactions

Given the breadth and depth of Northern Territory Government activities, related parties will transact with the Northern Territory Public Sector in a manner consistent with other members of the public including paying stamp duty and other government fees and charges and therefore these transactions have not been disclosed.

DCIS had no other related party transactions in excess of \$10 000.

29. Contingent Liabilities and Contingent Assets

DCIS had no material contingent liabilities or contingent assets in 2019-20.

30. Events Subsequent to Balance Date

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

31. Accountable Officer's Trust Account

In accordance with section 7 of the Financial Management Act 1995, an Accountable Officer's Trust Account has been established for the receipt of money to be held in trust.

There was no activity in the Accountable Officer's trust account in 2019-20.

32. Schedule of Administered Territory Items

DCIS had no administered Territory items for 2019-20.

33. Budgetary Information

Comprehensive Operating Statement	2019-20 Actual	2019-20 Original budget	Variance	Note
	\$000	\$000	\$000	
INCOME				
Grants and subsidies revenue				
Current	413	-	413	1
Capital	-	-	-	
Appropriation				
Output	266 019	149 832	116 187	2
Sales of goods and services	74 153	67 447	6 706	3
Goods and services received free of charge	196	-	196	4
Other income	6 625	70	6 555	5
TOTAL INCOME	347 406	217 349	130 057	
EXPENSES				
Employee expenses	126 698	57 611	(69 087)	6
Administrative expenses				
Purchases of goods and services	131 752	76 662	(55 090)	7
Repairs and maintenance	-	290	290	8
Depreciation and amortisation	84 391	72 936	(11 455)	9
Other administrative expenses	196	-	(196)	10
Grants and subsidies expenses				
Current	227	216	(11)	
Capital	12 450	9 450	(3 000)	11
Interest expenses	8 664	11 955	3 291	12
TOTAL EXPENSES	364 378	229 120	(135 258)	
NET SURPLUS/(DEFICIT)	(16 972)	(11 771)	(5 201)	
OTHER COMPREHENSIVE INCOME				
TOTAL OTHER COMPREHENSIVE INCOME	-	-	-	
COMPREHENSIVE RESULT	(16 972)	(11 771)	(5 201)	

This comparison is different from the Comprehensive Operating Statement presented in the financial statement overview at the front of this report. This note reflects the original budget, whilst the overview section references the final budget, which incorporates budget adjustments approved during the year.

Notes:

1. Reimbursement from Department of Health for some of DCIS' COVID-19 costs.
2. Variance is attributed to Machinery of Government of \$123.9 million, realignment of ICT projects \$13.6 million, offset by: -\$7.5 million for VERITAS project and -\$5.2 million ICT projects transferred from 2019-20 to 2020-21, -\$2.0 million repurpose properties in 2019-20 to grants in 2020-21, -\$1.4 million superannuation project funds returning to DTF, -\$1.5 million leased property management, -\$3.5 million savings for COVID-19 and -\$0.3 million in R&M transferred to DIPL.
3. Variance is attributed to Machinery of Government of \$2.7 million, \$3.3 million of leased property management revenue, \$0.7 million for DCS and NT Fleet finance staff transfer to DCIS.
4. DIPL free of charge revenue for repairs and maintenance.
5. One-off for service centre toolset \$1.8 million, cost recovery for projects undertaken on behalf of agencies \$1.3 million and \$3.5 million balance of the ICT clearing account transferred to CHA.
6. Variance is largely due to Machinery of Government transfers of \$68.8 million.
7. Variance is mostly attributed to Machinery of Government transfers of \$60.7 million, \$1.7 million property management; offset by -\$2.0 million repurpose properties in 2019-20 to grants in 2020-21 and -\$5.3 million AASB 16 Leases implementation.
8. Repairs and maintenance transferred to DIPL as part of the Machinery of Government restructure.
9. Variation mostly attributed to AASB 16 Leases implementation of \$7.6 million and Machinery of Government transfer impact of \$4.3 million.
10. DIPL free of charge costs for repairs and maintenance.
11. \$2.0 million for Remote Telecommunications Co-investment Program with Telstra and \$1.0 million for Darwin to Groote Eylandt fibre upgrade to improve telecommunications.
12. Variance due to the implementation of AASB 16 Leases.

Balance Sheet	2019-20 Actual	2019-20 Original budget	Variance	Note
	\$000	\$000	\$000	
ASSETS				
Current assets				
Cash and deposits	83 947	27 889	56 058	1
Receivables	8 411	4 020	4 391	2
Inventories	-	-	-	
Advances and investments	-	-	-	
Prepayments	12 165	8 284	3 881	3
Other assets	-	-	-	
Total current assets	104 523	40 193	64 330	
Non-current assets				
Property, plant and equipment	467 182	472 691	(5 509)	4
Prepayments	947	-	947	5
Other assets	101 774	161 082	(59 308)	6
Total non-current assets	569 903	633 773	(63 870)	
TOTAL ASSETS	674 426	673 966	460	
LIABILITIES				
Current liabilities				
Deposits held	827	8 320	7 493	7
Payables	19 746	6 978	(12 768)	8
Borrowings and advances - lease liabilities	69 507	-	(69 507)	9
Provisions	20 341	8 723	(11 618)	10
Other liabilities	89	-	(89)	
Total current liabilities	110 510	24 021	(86 489)	
Non-current liabilities				
Borrowings and advances - lease liabilities	376 071	410 422	34 351	9
Provisions	-	-	-	
Other liabilities	-	-	-	
Total non-current liabilities	376 071	410 422	34 351	
TOTAL LIABILITIES	486 581	434 443	(52 138)	
NET ASSETS	187 845	239 523	(51 678)	
EQUITY				
Capital	195 636	258 967	(63 331)	
Reserves	-	-	-	
Accumulated funds	(7 789)	(19 444)	11 655	
TOTAL EQUITY	187 845	239 523	(51 678)	

This comparison is different from the Balance Sheet presented in the financial statement overview at the front of this report. This note reflects the original budget and the overview section references the final budget which incorporates approved budget adjustments during the year.

Further, the original published budget figure has not been adjusted to reflect the actual opening balances as at 1 July 2019.

Notes:

1. Opening balance adjustment of \$37.1 million plus the net increase in cash of \$19.0 million.
2. Opening balance adjustment of -\$0.2 million plus the net increase in clearing account receivables \$4.6 million.
3. Opening balance adjustment of \$2.7 million plus net increase in prepayment of \$1.1 million primarily relating to ECS ICT licensing.
4. Opening balance adjustment of -\$18.4 million to reflect reclassification of computer software assets to intangible assets, offset by an increase in computer hardware acquisition of \$12.9 million.
5. Prepayments increase mainly related to ICT licensing as a result of MOG change.
6. Opening balance adjustment of \$18.4 million to reflect reclassification of computer software assets to intangible assets, offset by a budget transfer to outer years of -\$77.7 million.
7. Opening balance adjustment of -\$2.9 million plus net decrease of -\$3.5 million primarily relating to ICT clearing account, and net increase in cash from operations.
8. Opening balance adjustment of \$2.2 million plus net increase in creditors and accrued expenses of \$10 million primarily relating to ICT projects.
9. Property leases liability.
10. Opening balance adjustment of \$0.1 million plus net increase of \$11.5 million primarily relating to Machinery of Government changes

Cash Flow Statement	2019-20 Actual	2019-20 Original budget	Variance	Note
	\$000	\$000	\$000	
CASH FLOWS FROM OPERATING ACTIVITIES				
Operating receipts				
Grants and subsidies received				
Current	413	-	413	1
Capital	-	-	-	
Appropriation				
Output	266 019	149 832	116 187	2
Commonwealth	-	-	-	
Receipts from sales of goods and services	110 361	67 517	42 844	3
Total operating receipts	376 793	217 349	159 444	
Operating payments				
Payments to employees	113 943	57 611	(56 332)	4
Payments for goods and services	160 024	76 952	(83 072)	5
Grants and subsidies paid				
Current	227	216	(11)	
Capital	12 450	9 450	(3 000)	6
Interest paid	8 664	11 955	3 291	7
Total operating payments	295 308	156 184	(139 124)	
Net cash from/(used in) operating activities	81 485	61 165	20 390	
CASH FLOWS FROM INVESTING ACTIVITIES				
Investing payments				
Purchases of assets	40 729	124 421	83 692	8
Total investing payments	40 729	124 421	83 692	
Net cash from/(used in) investing activities	(40 729)	(124 421)	83 692	
CASH FLOWS FROM FINANCING ACTIVITIES				
Financing receipts				
Deposits received	(4 566)	-	(4 566)	9
Equity injections				
Capital appropriation	44 274	119 175	(74 901)	10
Other equity injections	11 882	2 000	9 882	11
Total financing receipts	51 590	121 175	(69 585)	
Financing payments				
Finance lease payments	69 143	60 334	(8 808)	12
Equity withdrawals	4 199	-	(4 199)	
Total financing payments	73 342	60 334	(13 007)	
Net cash from/(used in) financing activities	(21 752)	60 841	(82 592)	
Net increase/(decrease) in cash held	19 004	(2 415)	21 419	
Cash at beginning of financial year	64 943	30 304	34 639	
CASH AT END OF FINANCIAL YEAR	83 947	27 889	56 058	

Notes:

1. Reimbursement from Department of Health for some of DCIS' COVID-19 costs.
2. Variance attributed to Machinery of Government of \$123.9 million, realignment of ICT projects \$13.6 million, offset by; -\$7.5 million VERITAS project and -\$5.2 million ICT projects transfer from 2019-20 to 2020-21, -\$2.0 million repurpose properties in 2019-20 to grants in 2020-21, -\$1.4 million superannuation project returning to DTF, -\$1.5 million leased property management, -\$3.5 million savings for COVID-19 and -\$0.3 million in R&M transferred to DIPL.
3. GST receipts \$25.5 million and Commonwealth paid parental leave \$6.0 million not budgeted, Machinery of Government transfers of \$2.1 million, leased property management revenue of \$2.4 million, one-off funding for service centre toolset project \$1.8 million, cost recovery for digital projects undertaken on behalf of agencies \$1.3 million and \$3.5 million balance of the ICT clearing account transfer to CHA, \$0.9 million corporate services charges, \$0.7 million for DCS and NT Fleet finance staff transfer to DCIS, offset by a change in accrued revenue of \$1.3 million.
4. Variation is primarily Machinery of Government related.
5. GST payment of \$28.2 million, Commonwealth paid parental leave \$5.9 million not budgeted and increase in expenditure \$49.0 million as result of Machinery of Government.
6. \$2.0 million for Remote Telecommunications Co-investment Program with Telstra and \$1.0 million for Darwin to Groote Eylandt fibre upgrade project to improve telecommunications.
7. Variance due to the implementation of AASB 16 Leases.
8. Variation is related to realignment of the major ICT projects to outer years.
9. Variation is related to realignment between capital and operational expenditure for major ICT projects.
10. Variation is related to realignment of capital appropriation for the major ICT projects to outer years, offset by Machinery of Government capital of \$4.3 million transferred from agencies to DCIS.
11. Variation is due to the equity injection related to Machinery of Government.
12. Variance due to the implementation of AASB 16 Leases.

5b

NT FLEET FINANCIAL REPORT



FINANCIAL STATEMENT OVERVIEW

For the Year Ended 30 June 2020

FINANCIAL PERFORMANCE (Comprehensive Operating Statement)

The financial performance of NT Fleet is presented in two ways. Table 1 compares NT Fleet's 2019-20 performance with the final estimate for the year and Table 2 compares performance between the current year and previous year. More details are

provided in subsequent commentary and analysis in Tables 3 and 4. The impact of financing decisions and recognition of assets and liabilities is outlined in the financial position analysis at Table 5 and related commentary.

Table 1: 2019-20 final estimate and performance

	2019-20		
	Actual \$000	Final Estimate \$000	Variation \$000
Income	36 533	36 520	13
Expenses	31 693	31 770	77
Net Surplus Before Tax	4 840	4 750	90
Income Tax Expense	1 452	1 425	(27)
Net Surplus After Tax	3 388	3 325	63
Comprehensive Result	3 388	3 325	63
Dividend (50%)	1 694	1 663	(31)

NT Fleet achieved an operating result for 2019-20 of \$3.4 million after tax, which was \$0.1 million above the final budget estimate of \$3.3 million.

NT Fleet will pay an income tax equivalent of \$1.5 million and return a dividend of \$1.7 million to government for 2019-20.

Table 2: 2019-20 and 2018-19 performance

	2019-20 \$000	2018-19 \$000	Variation \$000
Income	36 533	41 773	(5 240)
Expenses	31 693	32 732	1 039
Net Surplus before Tax	4 840	9 041	(4 201)
Income Tax Expense	1 452	2 712	1 260
Net Surplus after Tax	3 388	6 329	(2 941)
Other Comprehensive Income	-	-	-
Comprehensive Result	3 388	6 329	(2 941)

The lease period of light vehicles was extended by one year in 2019-20 in response to *the Plan for Budget Repair*.

This resulted in a decrease in income, a decrease in depreciation and income tax expense which jointly contributed to a \$2.9 million decrease in the comprehensive result.

Income

NT Fleet sources its primary income from vehicle lease charges. The vehicle lease income, classified under the income category of goods and services in Table 3 below, represented 94.3 per cent of NT Fleet's total income, with the remainder made up of gain on disposal of assets, interest and other income.

Table 3: Income by category

Year	Goods and Services		Gain on Disposal of Assets		Investment		Other Income		Total	
	\$000	%	\$000	%	\$000	%	\$000	%	\$000	%
2019-20	34 454	94.3	1 742	4.8	226	0.6	111	0.3	36 533	100
2018-19	39 653	94.9	1 582	3.8	402	1.0	136	0.3	41 773	100

Goods and services income decreased primarily due to the extension of light vehicle lease periods by one year. Gain on disposal of assets increased mainly due to a higher than anticipated sale prices of vehicles disposed during the period.

Expenses

NT Fleet incurred the majority of its expenses on depreciation and operational costs for the fleet.

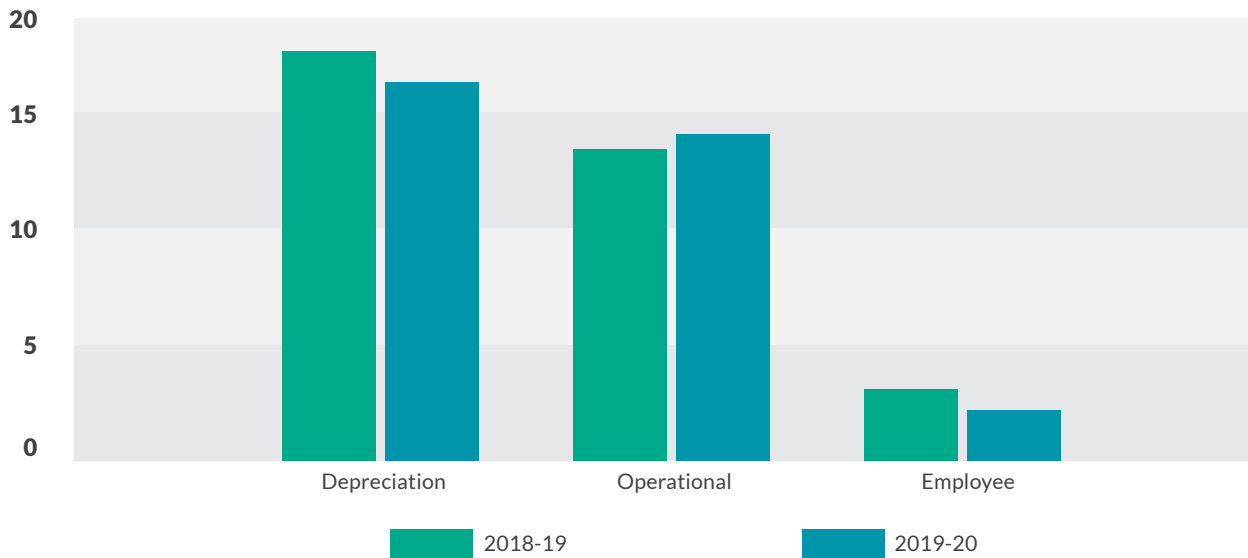
Table 4: Expenses by category

Year	Depreciation		Operational		Employee		Interest		Total	
	\$000	%	\$000	%	\$000	%	\$000	%	\$000	%
2019-20	17 032	53.7	12 918	40.8	1 732	5.5	10	-	31 693	100
2018-19	17 979	54.9	12 371	37.8	2 382	7.3	-	-	32 732	100

The decrease in depreciation expense compared to the previous year is attributed to an increase in lease period of light vehicles by one year in the reporting year. The decrease in employee expenses is due to the transfer of five FTEs resulting from the Machinery of Government (MoG) changes and DCIS

realignment of business functions. The increase in operational expenses reflects the purchase of services provided by the business functions transferred out.

Figure 1: Expenses (\$million) by category



FINANCIAL POSITION (Balance Sheet)

The Statement of Financial Position details the balances of the assets, liabilities and equity of NT Fleet at the end of the financial year. The table below compares NT Fleet's financial position as at 30 June 2020 with the position at 30 June 2019.

Table 5: 2019-20 and 2018-19 financial position

	2019-20 \$'000	2018-19 \$'000	Variation \$'000
ASSETS			
Current Assets	37 187	34 465	2 722
Non-Current Assets	92 518	96 262	(3 744)
TOTAL ASSETS	129 705	130 727	(1 022)
LIABILITIES			
Current Liabilities	4 924	8 058	3 134
Non-Current Liabilities	418	-	(418)
TOTAL LIABILITIES	5 342	8 058	2 715
NET ASSETS	124 363	122 669	1 693
Equity	124 363	122 669	1 694
TOTAL EQUITY	124 363	122 669	1 694

NT Fleet's net asset position at the end of 2019-20 was \$124.4 million, compared with the previous year's position of \$122.7 million, an increase of \$1.7 million.

This improvement is largely due to an increase in current assets, primarily cash and deposits, driven by an improved cash inflow from operating activities and decreased purchases of assets. A decrease of \$3.7 million in non-current assets is due to the movement of property, plant and equipment.

Major assets at 30 June 2020 included:

Current assets

- \$34.8 million cash and deposits
- \$0.9 million receivables
- \$1.4 million assets held for disposal

Non-current assets

- \$92.5 million property, plant and equipment (mainly motor vehicles).

Major liabilities at 30 June 2020 included:

- \$1.3 million payables and accrued expenses
- \$1.5 million income tax provision
- \$0.2 million provision for employee entitlements
- \$1.7 million provision for dividends
- \$0.6 million lease liabilities.

Certification of the Financial Statements

We certify that the attached Financial Statements for NT Fleet have been prepared based on proper accounts and records in accordance with the prescribed format, the *Financial Management Act 1995* 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 2020 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.



Kathleen Robinson

Chief Executive

28 September 2020



Rex Schoolmeester

Chief Financial Officer

28 September 2020



Auditor-General
Independent Auditor's Report
to the Minister for Corporate and Digital Development

NT Fleet
Page 1 of 2

Opinion

I have audited the accompanying financial report of NT Fleet, which comprises the balance sheet as at 30 June 2020, and the comprehensive operating statement, statement of changes in equity and cash flow statement for the year then ended, a summary of significant accounting policies and other explanatory notes, and the certification of the financial statements by the Chief Executive.

In my opinion, the financial report gives a true and fair view, in all material respects, of the financial position of NT Fleet as at 30 June 2020, and of its financial performance and its cash flows for the year then ended in accordance with Australian Accounting Standards.

Basis for Opinion

I conducted my audit in accordance with Australian Auditing Standards. My responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of my report. I am independent of NT Fleet in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to my audit of the financial report in Australia. I have also fulfilled my other ethical responsibilities in accordance with the Code. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Other Information

The Chief Executive of the Department of Corporate and Digital Development is responsible for the other information. The other information comprises the information included in NT Fleet's financial statement overview for the year ended 30 June 2020, but does not include the financial report and my auditor's report thereon.

My opinion on the financial report does not cover the other information and accordingly I do not express any form of assurance conclusion thereon.

In connection with my audit of the financial report, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or my knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.

Responsibilities of the Chief Executive for the Financial Report

The Chief Executive is responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards and for such internal control as the Chief Executive determines is necessary to enable the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error.

In preparing the financial report, management is responsible for assessing the ability of NT Fleet to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate NT Fleet or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the financial reporting process of NT Fleet.

Level 9 Northern Territory House 22 Mitchell Street Darwin 0800 Tel: 08 8999 7155



Auditor-General

Page 2 of 2

Auditor's Responsibilities for the Audit of the Financial Report

My objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial report.

As part of an audit in accordance with the Australian Auditing Standards, I exercise professional judgement and maintain professional scepticism throughout the audit. I also:

- identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of internal control of NT Fleet.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of NT Fleet to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report however, future events or conditions may cause NT Fleet to cease to continue as a going concern.
- evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

Julie Crisp
Auditor-General for the Northern Territory

Darwin, Northern Territory

29 September 2020

Level 9 Northern Territory House 22 Mitchell Street Darwin 0800 Tel: 08 8999 7155

Comprehensive Operating Statement

For the year ended 30 June 2020

	Note	2020 \$000	2019 \$000
INCOME			
Sales of goods and services	3a	34 454	39 653
Interest revenue		226	402
Gain on disposal of assets	5	1 742	1 582
Other income	3b	111	136
TOTAL INCOME		36 533	41 773
EXPENSES			
Employee expenses		1 732	2 382
Administrative expenses			
Property management		79	288
Purchases of goods and services	6	11 261	11 226
Depreciation and amortisation	16, 18	17 032	17 979
Other administrative expenses ¹		1 579	857
Interest expenses	7	10	-
TOTAL EXPENSES		31 693	32 732
SURPLUS BEFORE INCOME TAX		4 840	9 041
Income tax expense	9	1 452	2 712
NET SURPLUS		1 452	6 329
COMPREHENSIVE RESULT		3 388	6 329

¹Includes DCIS service charges

The Comprehensive Operating Statement is to be read in conjunction with the notes to the Financial Statements.

Balance Sheet

For the year ended 30 June 2020

	Note	2020 \$'000	2019 \$'000
ASSETS			
Current assets			
Cash and deposits	10	34 759	32 284
Receivables	12	889	748
Prepayments	13	188	158
Assets held for sale	19	1 351	1 275
Total current assets		37 187	34 465
Non-current assets			
Property, plant and equipment	16	90 198	94 260
Intangibles	18	2 320	2 002
Total non-current assets		92 518	96 262
TOTAL ASSETS		129 705	130 727
LIABILITIES			
Current liabilities			
Payables	20	1 290	1 795
Income tax liabilities	22	1 452	2 712
Provisions	23	1 964	3 548
Lease liabilities	21	218	-
Other liabilities	24	-	3
Total current liabilities		4 924	8 058
Non-current liabilities			
Lease liabilities	21	418	-
Total non-current liabilities		418	-
TOTAL LIABILITIES		5 342	8 058
NET ASSETS		124 363	122 669
EQUITY			
Capital	26	565	565
Accumulated funds	26	123 798	122 104
TOTAL EQUITY		124 363	122 669

The Balance Sheet is to be read in conjunction with the notes to the Financial Statements.

Statement of Changes in Equity

For the year ended 30 June 2020

	Note	Equity at 1 July \$000	Comprehensive result \$000	Transactions with owners in their capacity as owners \$000	Equity at 30 June \$000
2019-20					
Accumulated funds	26	122 104	3 388	-	125 492
Dividends payable	23	-	-	(1 694)	(1 694)
		122 104	3 388	(1 694)	123 798
Capital – transactions with owners		565	-	-	565
Equity injections					
Equity transfers in	26	-	-	-	-
		565	-	-	565
Total equity at end of financial year		122 669	3 388	(1 694)	124 363
2018-19					
Accumulated funds	26	118 939	6 329	-	125 268
Dividends payable	23	-	-	(3 164)	(3 164)
		118 939	6 329	(3 164)	122 104
Capital – transactions with owners		565	-	-	565
Equity injections					
Equity transfers in		-	-	-	-
		565	-	-	565
Total equity at end of financial year		119 504	6 329	(3 164)	122 669

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 2020

	Note	2020 \$000	2019 \$000
CASH FLOWS FROM OPERATING ACTIVITIES			
Operating receipts			
Receipts from sales of goods and services		34 510	40 618
GST receipts		4 393	5 073
Interest received		251	398
Total operating receipts		39 154	46 089
Operating payments			
Payments to employees		(1 808)	(2 392)
Payments for goods and services		(13 211)	(12 769)
GST payments		(4 509)	(4 876)
Interest paid		(10)	-
Income tax paid		(2 712)	(2 804)
Total operating payments		(22 250)	(22 841)
Net cash from/(used in) operating activities	11a	16 904	23 248
CASH FLOWS FROM INVESTING ACTIVITIES			
Investing receipts			
Proceeds from asset sales	5	8 927	11 014
Total investing receipts		8 927	11 014
Investing payments			
Purchases of assets	11b, 16, 18	(19 977)	(21 370)
Total investing payments		(19 977)	(21 370)
Net cash from/(used in) investing activities		(11 050)	(10 356)
CASH FLOWS FROM FINANCING ACTIVITIES			
Financing payments			
Finance lease payments		(216)	-
Dividends paid		(3 164)	(3 271)
Total financing payments		(3 380)	(3 271)
Net cash from/(used in) financing activities		(3 380)	(3 271)
Net increase/(decrease) in cash held		2 475	9 621
Cash at beginning of financial year		32 284	22 663
CASH AT END OF FINANCIAL YEAR	10	34 759	32 284

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

Index of Notes to the Financial Statements

Note	
1	Objectives and funding
2	Statement of significant accounting policies
Income	
3a	Sales of goods and services
3b	Other income
4	Goods and services received free of charge
5	Gain on disposal of assets
Expenses	
6	Purchases of goods and services
7	Interest expenses
8	Write-offs, postponements, waivers, gifts and ex gratia payments
9	Income tax expense
Assets	
10	Cash and deposits
11	Cash flow reconciliation
12	Receivables
13	Prepayments
14	Advances and investments
15	Other assets
16	Property, plant and equipment
17	NT Fleet as a lessee
18	Intangibles
19	Assets held for sale
Liabilities	
20	Payables
21	Lease liabilities
22	Income tax liabilities
23	Provisions
24	Other liabilities
25	Commitments
Equity	
26	Equity
Other disclosures	
27	Fair value measurement
28	Financial instruments
29	Related parties
30	Contingent liabilities and contingent assets
31	Events subsequent to balance date
32	Budgetary information

1. Objectives and Funding

NT Fleet manages the light and heavy vehicle fleet for Northern Territory Government agencies, except Northern Territory Police, Fire and Emergency Services. Management of the Northern Territory Government vehicle fleet incorporates acquisition, vehicle leasing, maintenance and disposal.

Key functional responsibilities are:

- delivering a low-cost and fit-for-purpose passenger and light commercial vehicle fleet in accordance with the Northern Territory Government Vehicle Policy Framework
- managing supply and service contracts
- managing the disposal of vehicles, plant and equipment.

Funding is received predominantly from vehicle lease income derived from client agencies.

MACHINERY OF GOVERNMENT CHANGES

Transfers In

No transfers-in to NT Fleet as result of the Machinery of Government changes.

Transfers Out

Details of transfer: One procurement officer was transferred out to the Department of Corporate and Information Services.

Basis of transfer: Administrative Arrangements Order (No. 2) 2019, 27 June 2019

Date of transfer: Effective from 1 July 2019

The assets and liabilities transferred as a result of this change were as follows:

Assets	\$000
Cash	26
	26
Liabilities	
Provisions	26
	26
Net assets	-

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 1995* and related Treasurer's Directions. The *Financial Management Act 1995* requires NT Fleet to prepare Financial Statements for each year ended 30 June based on the form determined by the Treasurer.

The form of NT Fleet Financial Statements should include:

- (i) Certification of the Financial Statements
- (ii) Comprehensive Operating Statement
- (iii) Balance Sheet
- (iv) Statement of Changes in Equity
- (v) Cash Flow Statement
- (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 been prepared in accordance with the historical cost convention.

The form of NT Fleet's Financial Statements is 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.

Standards and interpretations effective from 2019-20

AASB 15 Revenue from contracts with a customer / AASB 1058 Income for not-for-profit entities

AASB 15 Revenue from Contracts with Customers supersedes AASB 111 Construction Contracts, AASB 118 Revenue and related interpretations and applies, with limited exceptions, to all revenue arising from contracts with customers. Under AASB 15, revenue from agreements that are enforceable, have sufficiently specific performance obligations and transfer goods or services to the customer or third party beneficiary will be recognised when or as performance obligations are satisfied. AASB 15 requires entities to exercise judgement, taking into consideration all of the relevant facts and circumstances when assessing contracts with their customers.

AASB 1058 Income for not-for-profit entities clarifies and simplifies income recognition requirements that apply to not-for-profit entities and replaces most of the not-for-profit provisions under AASB 1004 Contributions. AASB 1058 applies to transactions where the consideration to acquire an asset is significantly less than fair value principally to enable the entity to further its objectives, and where volunteer services are received.

There is no impact on NT Fleet's Balance Sheet resulting from the adoption of AASB 15 and AASB 1058 as at 1 July 2019 and 30 June 2020.

AASB 16 Leases

AASB 16 Leases supersedes AASB 117 Leases and relevant interpretations and introduces significant changes to lessee accounting by removing the distinction between operating and finance leases. For lessees with operating leases, AASB 16 now

requires a right-of-use asset to be recognised on the Balance Sheet together with a lease liability at the lease commencement, for all leases except those with a term of less than 12 months or where the underlying assets are of low value. In contrast to lessee accounting, the requirements for lessor accounting have remained largely unchanged. AASB 16 has not had a significant impact for leases where NT Fleet is the lessor.

In accordance with transition provisions, NT Fleet has applied the modified retrospective approach on transition to AASB 16, with the cumulative effect of initial application of the standard as an adjustment to the Balance Sheet as at 1 July 2019. Accordingly, the comparative information presented for 2018-19 has not been restated and is presented as previously reported.

Lease liabilities recognised at 1 July 2019 have been measured at the present value of the remaining lease payments discounted using the Northern Territory Treasury Corporation's institutional bond rate as the incremental borrowing rate at the date of initial application.

The weighted average incremental borrowing rate applied to the lease liabilities as at 1 July 2019 was 1.35 per cent.

The corresponding right-of-use asset has been recorded on transition at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to

that lease recognised in the Balance Sheet as at 1 July 2019.

NT Fleet has applied the following practical expedients permitted by AASB 16 on transition:

- application of a single discount rate to a portfolio of leases with reasonably similar characteristics
- application of onerous contract assessment before transition, in place of performing an impairment review
- expensing of leases with a remaining term of less than 12 months as at 1 July 2019 rather than being recognised on the Balance Sheet
- exclusion of initial direct costs from the measurement of the right-of-use asset as at 1 July 2019.

On adoption of AASB 16, NT Fleet recognised additional right-of-use assets and lease liabilities for office accommodation and four vehicles which had previously been classified as operating leases.

The impact on affected balances of adopting AASB 16 as at 1 July 2019 is as follows:

Balance Sheet	\$000
ASSETS	
Leased property, plant and equipment	852
TOTAL ASSETS	852
LIABILITIES	
Lease liabilities	852
TOTAL LIABILITIES	852
NET ASSETS	-

The lease liabilities as at 1 July 2019 can be reconciled to the operating lease commitments as at 30 June 2019, as follows:

	\$000
Minimum operating lease commitments as at 30 June 2019 ¹	875
Less: commitments relating to short-term leases	-
Less: commitments relating to leases of low-value assets	-
Add: lease payments relating to renewal periods not included in operating lease commitments as at 30 June 2019	-
Undiscounted lease payments	875
Less: effect of discounting using the incremental borrowing rate	(23)
Additional lease liabilities recognised at 1 July 2019	852
Add: commitments relating to leases previously classified as finance leases	-
Adjusted lease liabilities as at 1 July 2019	852

¹2019 lease commitments did not include any allowance for property leases (refer Note 17)

Standards and interpretations issued but not yet effective

No new or changed Australian accounting standards have been early adopted for 2019-20.

Several amending standards and AASB interpretations have been issued that apply to future reporting periods but are considered to have limited impact on public sector reporting.

C) REPORTING ENTITY

The Financial Statements cover NT Fleet as an individual reporting entity.

NT Fleet is a Northern Territory Government Business Division (GBD) established under the *Interpretation Act 1978* and specified in the Administrative Arrangements Order.

The principal place of business of the GBD is: Lot 5441 Armidale Street, Woolner NT 0820.

NT Fleet has no controlled entities.

D) NT FLEET AND TERRITORY ITEMS

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

NT Fleet held no Territory items.

E) COMPARATIVES

Where necessary, comparative information for the 2018-19 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 2019-20 as a result of management decisions. Changes in policies relating to COVID-19 are disclosed in L) below.

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.

I) GOODS AND SERVICES TAX (GST)

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

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

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

J) TAXATION

NT Fleet is required to pay income tax on its accounting surplus at the company tax equivalent rate of 30 per cent in accordance with the requirements of the Treasurer's Directions, NT Tax Equivalents Regime.

K) CONTRIBUTIONS BY AND DISTRIBUTIONS TO GOVERNMENT

NT Fleet may receive contributions from government where the government is acting as owner of NT Fleet. Conversely, NT Fleet may make distributions to government. In accordance with the *Financial Management Act 1995* and Treasurer's Directions, certain types of contributions and distributions, including those relating to administrative restructures, have been designated as contributions by, and distributions to, government. These designated contributions and distributions are treated by NT Fleet as adjustments to equity.

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

L) IMPACT OF COVID-19

The Northern Territory Government modified its debt recovery process and postponed the payment date for a number of regulatory fees and charges to ease financial hardship faced by individuals and businesses as a result of COVID-19.

NT Fleet has provided 25 vehicles for key agencies such as Department of Health, Northern Territory Police, Fire and Emergency Services and Territory Families to carry out required services to prevent Northern Territory communities from COVID-19. There was no impact on the financial statements of these leases. No extra vehicles were purchased and no other impacts were identified on NT Fleet's operations.

M) DIVIDENDS

NT Fleet has provided for a dividend payable at the rate of 50 percent of net profit after tax in accordance with the Northern Territory Government's dividend policy.

3. Income

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.

NT Fleet revenue for the 2019-20 financial year has been disaggregated below into categories to enable users of these Financial Statements to understand the nature, amount, timing and uncertainty of income and cash flows. These categories include a description of the type of product or service line, type of customer and timing of transfer of goods and services.

NT Fleet provides vehicle acquisition, vehicle leasing, repair and maintenance services and disposal services for government and non-government agencies.

A) SALES OF GOODS AND SERVICES

	2020			2019
	\$000 Revenue from contracts with customers	\$000 Other	\$000 Total	\$000
Hire revenue (from vehicle leases)	-	30 824	30 824	35 723
Recoverable repairs and maintenance	-	3 630	3 630	3 930
Total sales of goods and services	-	34 454	34 454	39 653

Sale of goods

Until 30 June 2019, revenue from sales of goods was recognised as revenue when NT Fleet transferred significant risks and rewards of ownership of the goods to the buyer.

From 1 July 2019, revenue from sales of goods is recognised when NT Fleet satisfies a performance obligation by transferring the promised goods such as vehicles and equipment.

NT Fleet typically acquires and registers fit-for-purpose vehicles for customers/agencies.

NT Fleet satisfies its performance obligations when the control of a vehicle is transferred to a customer/agency under a lease arrangement.

NT Fleet issues monthly tax invoices to customers for lease payments which are due within 30 days. Lease rate income arising is accounted for on a straight-line basis over the

lease term and is included in revenue in the Statement of Comprehensive Income due to its operating nature (AASB 16).

Rendering of services

Until 30 June 2019, revenue from rendering of services was recognised by reference to the stage of completion of the promised services. From 1 July 2019, revenue from rendering of services is recognised when NT Fleet satisfies the performance obligation by completing repair and maintenance services.

NT Fleet manages various repair and maintenance services for leased vehicles throughout the lease term. Unscheduled repair and maintenance costs are recovered from agencies after vehicles have been serviced in accordance with lease terms and conditions.

Disposing of vehicles

Gain on disposal of assets comprises profits from disposing of lease vehicles after they are returned from customers. Pickles Auctions Pty Ltd (Pickles) provides auction services for NT Fleet under a disposal contract.

The contract requires Pickles to pay all proceeds of the auction sale into a trust account on the first banking day after completion of the sale and on successive days thereafter, until all proceeds are deposited pending settlement with a detailed statement of services provided within five working days from the last day of the auction sale. Successful bidders are not provided with vehicles until payments have been made in full. NT Fleet then issues the recipient-created-tax invoices to Pickles and clears the clearing account.

Sale profits/losses are then recognised as gain or loss on disposal of assets. These transactions neither create performance obligations nor give rise to liabilities for NT Fleet as income is recognised on receipt after vehicles are sold.

NT Fleet's performance obligations are typically satisfied at the time the asset is sold.

B) OTHER INCOME

	2020			2019
	\$000 Revenue from contracts with customers	\$000 Other	\$000 Total	\$000
Refund for cancellation of registration	-	111	111	136
Total other income	-	111	111	136

4. Goods and Services Received Free of Charge

NT Fleet as a government business division, does not receive goods and services free of charge.

5. Gain on Disposal of Assets

	2020 \$000	2019 \$000
Net proceeds from the disposal of non-current assets	8 927	11 014
Less: Carrying value of non-current assets disposed	(7 185)	(9 432)
Total gain on disposal of assets	1 742	1 582

6. Purchases of Goods and Services

	2020 \$000	2019 ⁴ \$000
The net surplus/(deficit) has been arrived at after charging the following expenses:		
Goods and services expenses:		
Contractors and consultants ¹	31	34
Audit fees	72	38
Advertising ²	1	1
Legal expenses ³	2	2
Training and study	9	8
Official duty fares	2	7
Travelling allowance	1	4
Information technology charges and communications	856	802
Insurance premiums	1 943	1 825
Motor vehicle expenses	8 253	8 389
Other	91	116
Total	11 261	11 226

¹Includes IT contractors and IT consultants.

²Includes recruitment-related advertising costs.

³Includes legal fees, claim and settlement costs.

⁴2018-19 figures have been adjusted from the original published version to align with the purchase of goods and services reported in the Comprehensive Operating Statement.

Purchases of goods and services generally represent the day-to-day running costs incurred in normal operations, including supplies and services costs recognised in the reporting period in which they are incurred.

7. Interest Expense

	2020 \$000	2019 \$000
Interest from lease liabilities ¹	10	-
Total	10	-

¹Interest expense in 2020 relates to lease liabilities in accordance with AASB 16.

Interest expenses consist of interest and other costs incurred in connection with the borrowing of funds. It includes interest on lease liabilities.

8. Write-offs, Postponements, Waivers, Gifts and Ex Gratia Payments

NT Fleet had no write-offs, postponements, waivers, gifts or ex gratia payments for the year ended 30 June 2019 or 30 June 2020.

9. Income Tax Expense

	2020 \$000	2019 \$000
Prima facie income tax expense calculated at 30% of the surplus before income tax	1 452	2 712
	1 452	2 712

10. Cash and Deposits

	2020 \$000	2019 \$000
Cash on hand	4	4
Cash at bank	34 755	32 280
	34 759	32 284

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.

11. Cash Flow Reconciliation

A) RECONCILIATION OF CASH

The total of NT Fleet 'Cash and deposits' of \$34.8 million recorded in the Balance Sheet is consistent with that recorded as 'Cash' in the Cash Flow Statement.

Reconciliation of net surplus/(deficit) to net cash from operating activities

	2020 \$000	2019 \$000
Net surplus	3 388	6 329
Non-cash items:		
Depreciation and amortisation	17 032	17 979
Gain/loss on disposal of assets	(1 742)	(1 582)
Changes in assets and liabilities:		
Decrease/(Increase) in receivables	(142)	1 022
Decrease/(Increase) in prepayments	(30)	(59)
(Decrease)/Increase in payables	(225)	(330)
(Decrease)/Increase in provision for employee benefits	(98)	(8)
(Decrease)/Increase in other provisions	(1 279)	(103)
Net cash from operating activities	16 904	23 248

B) RECONCILIATION OF LIABILITIES ARISING FROM FINANCING AND INVESTING ACTIVITIES

2019-20

	Cash flows					Non-Cash-flows			
	1 July	Recognised on AASB 16 adoption	Adjusted 1 July	Payments	Lease liabilities repayments	30 June Total cash flows	Other	30 June Total non-cash	30 June
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Dividends paid	3 164	-	3 164	(3 164)	-	(3 164)	1 694	1 694	1 694
Lease liabilities	-	852	852	-	(215)	(215)	-	-	637
Equity injections/ withdrawals	122 669	-	122 669	-	-	-	-	-	122 669
Fixed asset creditors	40	-	40	(40)	-	(40)	282	282	282
Total	125 873	852	126 725	(3 204)	(215)	(3 419)	1 976	1 976	125 282

2018-19

	Cash flows				Non-Cash-flows		
	1 July	Payments	Lease liabilities repayments	30 June Total cash flows	Other	30 June Total non-cash	30 June
	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Dividends paid	3 271	(3 271)	-	(3 271)	3 164	3 164	3 164
Fixed asset creditors	33	(33)	-	(33)	40	40	40
Total	3 304	(3 304)	-	(3 304)	3 204	3 204	3 204

C) NON-CASH FINANCING AND INVESTING ACTIVITIES

Lease transactions

During the financial year, NT Fleet recorded right-of-use assets for the lease of the office accommodation and four vehicles with an aggregate value of \$0.85 million.

12. Receivables

	2020 \$000	2019 \$000
Current		
Accounts receivable	150	238
Less: loss allowance	-	-
	150	238
Interest receivables	7	33
GST receivables	27	-
Other receivables	705	477
Total receivables	889	748

Receivables are initially recognised when NT Fleet becomes a party to the contractual provisions of the instrument and are measured at fair value less any directly attributable transaction costs. Receivables include accounts receivable, accrued and other receivables.

Receivables are subsequently measured at amortised cost using the effective interest method, less any impairments.

Accounts receivable and contract receivables are generally settled within 30 days and other receivables within 30 days.

The loss allowance reflects lifetime expected credit losses and represents the amount of receivables NT Fleet estimates are likely to be uncollectible and are considered doubtful. Based on the assessment, NT Fleet's accounts receivable are 100 percent collectible.

Accrued contract revenue

Accrued contract revenue arises from contracts with customers where NT Fleet's right to consideration in exchange for goods transferred to customers or works completed have arisen but have not been billed at the reporting date. Once NT Fleet's rights to payment becomes unconditional, usually on issue of an invoice, accrued contract revenue balances are reclassified as contract receivables. Accrued revenue that does not arise from contracts with customers is reported as part of other receivables.

NT Fleet has no accrued contract revenue and contract receivables as NT Fleet revenue is recognised under AASB 16 leases and other revenue.

Credit risk exposure of receivables

Receivables are monitored on an ongoing basis to ensure exposure to bad debts is not significant. NT Fleet applies the simplified approach to measuring expected credit losses. This approach recognises a loss allowance based on lifetime expected credit losses for all accounts receivables, contracts receivables and accrued contract revenue. To measure expected credit losses, receivables have been grouped based on shared risk characteristics and days past due.

The expected loss rates are based on historical observed loss rates, adjusted to reflect current and forward-looking information, including macroeconomic factors.

In accordance with the provisions of the *Financial Management Act 1995*, receivables are written-off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include a failure to make contractual payments for a period greater than 182 days past due.

NT Fleet's credit risk exposure has decreased which is reflected in the expected credit losses reported in the table below. To ease financial hardship faced by individuals and businesses as a result of COVID-19, the Northern Territory Government modified its debt recovery process and postponed the payment date for a number of regulatory fees and charges.

The loss allowance for receivables and reconciliation as at the reporting date are disclosed below.

Loss allowance for receivables

	2020				2019			
	Gross Receivables \$000	Loss rate %	Expected credit losses \$000	Net receivables \$000	Gross Receivables \$000	Loss rate %	Expected credit losses \$000	Net receivables \$000
Internal receivables								
Not overdue	87	-	-	87	111	-	-	111
Overdue for less than 30 days	49	-	-	49	89	-	-	89
Overdue for 30 to 60 days	-	-	-	-	2	-	-	2
Overdue for more than 60 days	-	-	-	-	-	-	-	-
Total internal receivables	136	-	-	136	202	-	-	202
External receivables								
Not overdue	2	-	-	2	-	-	-	-
Overdue for less than 30 days	6	-	-	6	36	-	-	36
Overdue for 30 to 60 days	6	-	-	6	-	-	-	-
Overdue for more than 60 days	-	-	-	-	-	-	-	-
Total external receivables	14	-	-	14	36	-	-	36

Total amounts disclosed exclude statutory amounts and include contract receivables and accrued contract revenue.

Reconciliation of loss allowance for receivables

NT Fleet recognised no loss allowance for receivables in 2019-20 and 2018-19 from the assessment of expected credit losses.

13. 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.

	2020 \$000	2019 \$000
Prepayments	188	158
Total Prepayments	188	158

14. Advances and Investments

NT Fleet had no advances paid, equity accounted investments and investment in shares for the 2019-20 and 2018-19 financial years.

15. Other Assets

	2020 \$000	2019 \$000
Non-current		
Right-of-use assets – leased property and leased vehicles	633	-
Total other assets	633	-

NT FLEET AS A LESSOR

Prior to 1 July 2019, leases under which NT Fleet assumed substantially all the risks and rewards of ownership of an asset were classified as finance leases. Other leases were classified as operating leases.

From 1 July 2019, subleases are classified by reference to the right-of-use asset arising from the head lease, rather than by reference to the underlying asset. A sublease is an arrangement where the underlying asset is re-leased by a lessee (intermediate lessor) to another party, and the lease (head lease) between the head lessor and original lessee remains in effect.

Finance Leases

At the lease commencement date, NT Fleet recognises a receivable for assets held under a finance lease in its statement of financial position at an amount equal to the net investment in the lease. The net investment in leases is classified as financial assets at amortised cost and equals the lease payments receivable by a lessor and the unguaranteed residual value, plus initial direct costs, discounted using the interest rate implicit in the lease.

Finance income arising from finance leases is recognised over the lease term, based on a pattern reflecting a constant periodic rate of return on the lessor's net investment in the lease.

NT Fleet entered into a 3-year sublease arrangement with the private sector to lease 4 hybrid electric cars.

Operating leases

An operating lease is a lease other than a finance lease. Rental income arising is accounted for on a straight-line basis over

the lease terms and is included in revenue in the statement of comprehensive income due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the underlying asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

NT Fleet owned vehicles and plant and equipment are leased to general government and non-government agencies under finance lease arrangements with rentals payable monthly. Lease payments include the capital cost, registration fee, administration fee, AANT fee, scheduled repairs and maintenance cost, financing rate and Community Benefit Levy.

Future minimum rentals receivable (undiscounted) under non-cancellable finance leases as at 30 June are as follows:

	2020 \$000	2019 \$000
Not later than one year	23 788	25 780
Later than one year and not later than five years	37 230	43 083
Later than five years	2 575	2 868
Total	63 593	71 731

16. Property, Plant and Equipment

A) TOTAL PROPERTY, PLANT AND EQUIPMENT

	2020 \$000	2019 \$000
Motor vehicles – light		
At cost	103 765	103 882
Less: accumulated depreciation	(37 518)	(33 920)
	66 247	69 962
Motor vehicles – heavy		
At cost	45 103	44 490
Less: accumulated depreciation	(21 856)	(20 232)
	23 247	24 258
Leasehold improvement		
At cost	158	117
Less: accumulated depreciation	(87)	(77)
	71	40
Leased property, plant and equipment		
At capitalised cost	852	-
Less: accumulated amortisation	(219)	-
	633	-
Total property, plant and equipment	90 198	94 260

2020 property, plant and equipment reconciliations

From 1 July 2019, property, plant and equipment includes right-of-use assets under AASB 16 Leases, effective from that date. Further information on right-of-use assets is disclosed in Note 17. A reconciliation of the carrying amount of property, plant and equipment at the beginning and end of 2019-20 is set out below.

	Motor vehicles light \$000	Motor vehicles heavy \$000	Leasehold improvements \$000	Leased property, plant and equipment \$000	Total \$000
Carrying amount as at 1 July 2019	69 962	24 258	40	-	94 260
Recognition of right-of-use assets on initial adoption of AASB 16	-	-	-	852	852
Adjusted carrying amount as at 1 July 2019	69 962	24 258	40	852	95 112
Additions	13 989	5 062	42	-	19 093
Disposals	(8 656)	(1 771)	-	-	(10 427)
Depreciation expense – asset owned	(10 324)	(4 302)	(10)	-	(14 637)
Amortisation expense – right-of-use asset	-	-	-	(219)	(219)
Asset transfers	3 167	-	-	-	3 167
Depreciation transfers	(1 892)	-	-	-	(1 892)
Carrying amount as at 30 June 2020	66 246	23 247	72	633	90 198

2019 property, plant and equipment reconciliations

A reconciliation of the carrying amount of property, plant and equipment at the beginning and end of 2018-19 is set out below:

	Motor vehicles light \$000	Motor vehicles heavy \$000	Leasehold improvements \$000	Total \$000
Carrying amount as at 1 July 2018	75 029	24 871	50	99 950
Additions	16 297	4 586	-	20 883
Disposals	(9 426)	(1 281)	-	(10 707)
Depreciation expense	(13 626)	(4 104)	(10)	(17 740)
Adjustment to opening carrying amount (assets held for sale)	1 688	186	-	1 874
Carrying amount as at 30 June 2019	69 962	24 258	40	94 260

B) PROPERTY, PLANT AND EQUIPMENT HELD AND USED BY NT FLEET

A reconciliation of the carrying amount of property, plant and equipment held and used by NT Fleet (Director NT Fleet, Executive Contract Officer) at the beginning and end of 2019-20 is set out below:

	Motor vehicles light \$000	Total \$000
Balance at 1 July		
Gross carrying amount	33	33
Accumulated depreciation/amortisation	(4)	(4)
Carrying amount as at 1 July 2019	29	29
Adjusted carrying amount as at 1 July 2019	29	29
Depreciation expense – asset owned	(3)	(3)
Carrying amount as at 30 June 2020	26	26

C) PROPERTY, PLANT AND EQUIPMENT WHERE ENTITY IS LESSOR UNDER FINANCE LEASES

A reconciliation of the carrying amount of property, plant and equipment where NT Fleet is lessor under finance leases at the beginning and end of 2019-20 is set out below:

	Motor vehicles light \$000	Motor vehicles heavy \$000	Total \$000
Balance at 1 July			
Gross carrying amount	103 849	44 490	148 339
Accumulated depreciation/amortisation	(33 916)	(20 232)	(54 148)
Carrying amount as at 1 July 2019	69 933	24 258	94 191
Recognition of right-of-use assets on initial adoption of AASB 16	67		67
Adjusted carrying amount as at 1 July 2019	70 000	24 258	94 258
Amortisation expense – right-of-use asset	(23)		(23)
Additions	17 155	5 062	22 217
Disposals	(8 656)	(1 771)	(10 427)
Depreciation expense – asset owned	(12 212)	(4 302)	(16 514)
Carrying amount as at 30 June 2020	66 264	23 247	89 511

Acquisitions

Property, plant and equipment are initially recognised at cost less accumulated depreciation and impairment. Cost is the amount of cash or cash equivalents paid or the fair value of the other consideration given to acquire the asset at the time of its acquisition or construction or, where applicable, the amount attributed to that asset when initially recognised in accordance with the requirements of other accounting standards.

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

Construction (work in progress)

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

17. NT Fleet as a Lessee

NT Fleet leases office accommodation and the lease contract is typically made for the fixed period of 13 years but may have extension options. The contract is managed by Northern Territory Government to whom NT Fleet makes monthly lease payments.

NT Fleet leases four Plug in Hybrid Electric Vehicles for 36 months from a dealer. At the end of the lease term, the vehicles are to be returned to the lessor or the lease term can be renewed with the lessor's consent. Termination of lease before the end of the lease term attracts early termination fee. Lease terms are negotiated on the same basis and contain the same terms and conditions. The lease agreements do not impose any covenants. NT Fleet did not provide residual value guarantees.

Revaluations and impairment

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

For right-of-use assets, the net present value of the remaining lease payments is often an appropriate proxy for the fair value of relevant right-of-use assets at the time of initial recognition. Subsequently, right-of-use assets are stated at cost less amortisation, which is deemed to equate to fair value.

There has been no impairment or revaluation of assets for NT Fleet.

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:

	2020	2019
Vehicles – light	4-5 years	3-4 years
Vehicles – heavy	5-10 years	3-10 years
Leasehold improvements	Lease term/ 10 years	Lease term/ 10 years
Computer software	2-10 years	2-10 years
Right-of-use assets ¹	Lease term	n/a

¹Further information on right-of-use assets is disclosed in Note 17.

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

RIGHT-OF-USE ASSET

The following table presents right-of-use assets included in the carrying amounts of property, plant and equipment at Note 16.

	Buildings \$000	Plant and equipment \$000	Total \$000
Balance as at 1 July 2019	785	67	852
Additions	-	-	-
Amortisation expense	(196)	(23)	(219)
Carrying amount as at 30 June 2020	589	44	633

The following amounts were recognised in the comprehensive operating statement for the year ended 30 June 2020 in respect of leases where NT Fleet is the lessee:

	\$000
Amortisation expense of right-of-use assets	(219)
Interest expense on lease liabilities	(10)
Income from subleasing right-of-use assets	26
Total amount recognised in the comprehensive operating statement	(203)

RECOGNITION AND MEASUREMENT (UNDER AASB 16 FROM 1 JULY 2019)

NT Fleet assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

NT Fleet recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets, except for short-term leases and leases of low-value assets.

NT Fleet recognises right-of-use assets at the commencement date of the lease (the date the underlying asset is available for use). Right-of-use assets are initially measured at the amount of initial measurement of the lease liability, adjusted by any lease payments made at or before the commencement date.

Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:

Building	2 to 18 years
Transport equipment	2 to 4 years

RECOGNITION AND MEASUREMENT (UNDER AASB 117 UNTIL 30 JUNE 2019)

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

Finance leases are capitalised and recorded under property, plant and equipment. A lease asset and a 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.

Repayments of principal reduce lease liabilities. The interest components of the lease payments are expensed.

Operating lease payments are recognised as an operating expense in the comprehensive operating statement on a straight-line basis over the lease term.

18. Intangibles

NT Fleet capitalised enhancements made to Fleet Business Systems in 2019-20 and 2018-19.

	2020 \$000	2019 \$000
Carrying amount		
Intangibles with a finite useful life		
Internally generated intangibles		
At cost	3 369	2 905
Less: accumulated amortisation	1 049	903
Written down value – 30 June	2 320	2 002
Total intangibles	2 320	2 002

INTANGIBLE VALUATIONS

Intangible assets for NT Fleet are comprised of computer software. Intangible assets are stated at historical cost less amortisation, which is deemed to equate to fair value.

IMPAIRMENT OF INTANGIBLES

As the historical cost less amortisation is deemed to equate to fair value, no impairment was recognised for the year ended 30 June 2020.

	2020 \$000	2019 \$000
Reconciliation of movements		
Intangibles with a finite useful life		
Internally generated intangibles		
Carrying amount at 1 July	2 002	1 721
Additions	602	519
Disposals	-	-
Depreciation and amortisation	(284)	(238)
Carrying amount as at 30 June	2 320	2 002

19. Assets Held for Sale

	2020 \$000	2019 \$000
Motor vehicles – light	1 091	1 008
Motor vehicles – heavy	260	267
Total assets held for sale	1 351	1 275

Assets and disposal groups are classified as held for sale if their carrying amount will be recovered through a sale transaction or a grant agreement rather than continuing use. Assets held for sale consist of those assets that management has determined are available for immediate sale or granting in their present condition and their sale is highly probable within one year from the date of classification.

These assets are measured at the asset's carrying amount. The carrying amounts of these financial assets and liabilities approximates their fair value. These assets are not depreciated. Non-current assets held for sale have been recognised in the Financial Statements as current assets.

20. Payables

	2020 \$000	2019 \$000
Accounts payable	1 067	1 394
Accrued expenses	223	401
Total payables	1 290	1 795

Liabilities for accounts payable and other amounts payable are carried at cost, which is the fair value of the consideration to be paid in the future for goods and services received, whether or

not billed to NT Fleet. Accounts payable are normally settled within 20 days from the receipt of a valid invoice for invoices under \$1 million or 30 days for invoices over \$1 million.

21. Lease Liabilities

	2020 \$000	2019 \$000
Current		
Lease liabilities	218	-
Non-current		
Lease liabilities	418	-
Total lease liabilities	636	-

At the commencement date of the lease where NT Fleet is the lessee, NT Fleet recognises lease liabilities measured at the present value of lease payments to be made over the lease term. Lease payments include:

- fixed payments (including in substance fixed payments) less any lease incentives receivable
- variable lease payments that depend on an index or a rate
- amounts expected to be paid under residual value guarantees
- exercise price of a purchase options reasonably certain to be exercised by NT Fleet
- payments of penalties for terminating the lease, if the lease term reflects NT Fleet exercising the option to terminate.

Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for NT Fleet's leases, the Northern Territory Treasury Corporation's institutional bond rate is used as the incremental borrowing rate.

After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (such as changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

Lease liabilities were determined in accordance with AASB 117 until 30 June 2019.

From 1 July 2019, lease liabilities are determined in accordance with AASB 16.

The following table presents liabilities under leases for 2019-20.

	\$000
Balance at 1 July 2019	-
Recognition of lease liabilities on initial adoption of AASB 16	852
Adjusted balance at 1 July 2019	852
Additions/re-measurements	
Interest expenses	9
Payments	(225)
Balance at 30 June 2020	636

NT Fleet had total cash outflows for leases of \$225 000 in 2019-20.

Future minimum lease payments under non-cancellable leases not recorded as liability are as follows:

	2020		2019	
	Internal \$000	External \$000	Internal ¹ \$000	External \$000
Within one year	-	3	227	30
Later than one year and not later than five years	-	12	681	44
Later than five years	-	-	-	-
	-	15	908	74

¹Adjustment made to the original published notes as other expenditure commitments for the office accommodation lease was not reported in the notes to the 2018-19 financial statements.

22. Income Tax Liabilities

	2020 \$000	2019 \$000
Income tax liabilities	1 452	2 712
Income tax liabilities	1 452	2 712

23. Provisions

	2020 \$000	2019 \$000
Current		
<i>Employee benefits</i>		
Recreation leave	185	270
Leave loading	40	54
Other employee benefits	5	5
Other current provisions		
Provision for dividends	1 694	3 164
Provision for fringe benefits tax	2	2
Provision for superannuation	24	34
Provision for payroll tax	14	19
Total provisions	1 964	3 548
Reconciliations of provision for dividends		
Balance as at 1 July	3 164	3 271
Additional provisions recognised	1 694	3 164
Reductions arising from payments	(3 164)	(3 271)
Balance as at 30 June	1 694	3 164

NT Fleet employed 18 employees as at 30 June 2020 (27 employees as at 30 June 2019).

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 12 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 and other leave entitlements
- other types of employee benefits.

As part of the financial management framework, the Central Holding Authority assumes the long service leave liabilities of government agencies, including NT Fleet and therefore no long service leave liability is recognised in NT Fleet's Financial Statements.

SUPERANNUATION

Employees' superannuation entitlements are provided through the:

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

NT Fleet makes superannuation contributions on behalf of its employees to the Central Holding Authority or non-government employee-nominated schemes. Superannuation liabilities related to government superannuation schemes are held by the Central Holding Authority and therefore not recognised in NT Fleet's Financial Statements.

24. Other Liabilities

	2020 \$000	2019 \$000
Current		
Other liabilities – unearned revenue	-	3
Total other liabilities	-	3

FINANCIAL GUARANTEE CONTRACTS

NT Fleet had no financial guarantee contracts as at 30 June 2020 or 30 June 2019.

25. Commitments

Commitments are those contracted as at 30 June where the amount of the future commitment can be reliably measured. Following the adoption of AASB 16 Leases, as reported in 2019, operating lease commitments satisfying eligibility criteria have now been recognised as a lease liability on the Balance Sheet and in Note 21.

Disclosures in relation to capital and other commitments are detailed below.

2020		2019	
Internal \$000	External \$000	Internal \$000	External \$000

(i) Capital expenditure commitments

Capital expenditure commitments are primarily related to the acquisition of fleet vehicles.

Capital expenditure commitments contracted at balance date but not recognised as liabilities are payable as follows:

	2020 \$000	2019 \$000
Within one year	- 7 672	- 4 979
	- 7 672	- 4 979

2020		2019	
Internal \$000	External \$000	Internal ¹ \$000	External \$000

(ii) Other expenditure commitments

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

Lease liabilities for four leased vehicles are recognised in the Balance Sheet in 2019-20 (AASB 16).

	2020 \$000	2019 \$000
Within one year	- 3	227 30
Later than one year and not later than five years	- 12	681 44
	- 15	908 74

¹Adjustment made to the original published notes as other expenditure commitments for the office accommodation lease was not reported in the notes to the 2018-19 financial statements.

26. Equity

Equity represents the residual interest in the net assets of NT Fleet. The Northern Territory Government's ownership interest in NT Fleet is held in the Central Holding Authority.

	2020 \$000	2019 \$000
Capital		
Balance as at 1 July	565	565
Balance as at 30 June	565	565
Accumulated funds		
Balance as at 1 July	122 104	118 939
Surplus for the period	3 388	6 329
Dividends payable	(1 694)	(3 164)
Balance as at 30 June	123 798	122 104
Total Equity	124 363	122 669

27. 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.

NT Fleet recognises its vehicles, leasehold improvements and computer software at cost less depreciation and amortisation. The carrying amounts of these financial assets and liabilities approximates their fair value.

28. Financial Instruments

A financial instrument is a contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial assets and liabilities are recognised on the Balance Sheet when NT Fleet becomes a party to the contractual provisions of the financial instrument. NT Fleet's financial instruments include cash and deposits; receivables, payables and finance lease liabilities.

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.

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

Exposure to interest rate risk, foreign exchange risk, credit risk, price risk and liquidity risk arise in the normal course of activities.

A) CATEGORIES OF FINANCIAL INSTRUMENTS

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

	Fair value through profit or loss			Fair value through other comprehensive income \$000	Total \$000
	Mandatorily at fair value \$000	Designated at fair value \$000	Amortised cost \$000		
2019-20					
Cash and deposits	-	-	34 759	-	34 759
Receivables ¹	-	-	150	-	150
Total financial assets	-	-	34 909	-	34 909
Payables ¹	-	-	1 067	-	1 067
Lease liabilities	-	-	636	-	636
Total financial liabilities	-	-	1 703	-	1 703
2018-19					
Cash and deposits	-	-	32 284	-	32 284
Receivables ¹	-	-	238	-	238
Total financial assets	-	-	32 522	-	32 522
Payables ¹	-	-	1 394	-	1 394
Total financial liabilities	-	-	1 394	-	1 394

¹Total amounts disclosed exclude statutory amounts and accrued items.

Categories of financial instruments

NT Fleet's financial instruments are classified in accordance with AASB 9.

Financial assets are classified under the following categories:

- amortised cost

Financial liabilities are classified under the following categories:

- amortised cost

Financial assets at amortised cost

Financial assets are classified at amortised cost when they are held by NT Fleet to collect the contractual cash flows and the contractual cash flows are solely payments of principal and interest.

These assets are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less impairment. NT Fleet's financial assets categorised at amortised cost include receivables and lease receivables.

Financial liabilities at amortised cost

Financial liabilities at amortised cost are measured at amortised cost using the effective interest rate method. NT Fleet's financial liabilities categorised at amortised cost include all accounts payable, deposits held, advances received and lease liabilities.

B) CREDIT RISK

NT Fleet has limited credit risk exposure (risk of default).

In respect of any dealings with organisations external to government, NT Fleet has adopted a policy of only dealing with

credit-worthy organisations and obtaining sufficient collateral or other security where appropriate, as a means of mitigating the risk of financial loss from defaults.

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

Credit risk relating to receivables is disclosed in Note 12.

C) LIQUIDITY RISK

Liquidity risk is the risk NT Fleet will not be able to meet its financial obligations as they fall due. NT Fleet's approach to managing liquidity is to ensure it will always have sufficient funds to meet its liabilities when they fall due. This is achieved by ensuring minimum levels of cash are held in NT Fleet bank account to meet various current employee and supplier liabilities. NT Fleet's exposure to liquidity risk is minimal. Cash injections are available from the Central Holding Authority in the event of one-off extraordinary expenditure items arise that deplete cash to levels that compromise NT Fleet's ability to meet its financial obligations.

The following tables detail NT Fleet's remaining contractual maturity for its financial liabilities, calculated based on undiscounted cash flows at reporting date. The undiscounted cash flows in these tables differ from the amounts included in the Balance Sheet, which are based on discounted cash flows.

2020 Maturity analysis for financial liabilities

	Carrying amount \$000	Less than a year \$000	1 to 5 years \$000	More than 5 years \$000	Total \$000
Liabilities					
Payables	1 067	1 067	-	-	1 067
Lease liabilities	636	218	418	-	636
Total financial liabilities	1 703	1 285	418	-	1 703

2019 Maturity analysis for financial liabilities

	Carrying amount \$000	Less than a year \$000	1 to 5 years \$000	More than 5 years \$000	Total \$000
Liabilities					
Payables ¹	1 394	1 394	-	-	1 394
Total financial liabilities	1 394	1 394	-	-	1 394

¹Total amounts disclosed exclude statutory amounts and accrued items.

D) MARKET RISK

Market risk is the risk 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

NT Fleet has limited exposure to interest rate risk as NT Fleet's financial assets and financial liabilities, are non-interest bearing. Finance lease arrangements are established on a fixed interest rate and as such do not expose NT Fleet to interest rate risk.

Sensitivity analysis

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

	Profit or loss and equity	
	100 basis points increase \$000	100 basis points decrease \$000
30 June 2020		
Financial assets – cash at bank	348	(348)
Net sensitivity	348	(348)
30 June 2019		
Financial assets – cash at bank	323	(323)
Net sensitivity	323	(323)

(ii) Price risk

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

(iii) Currency risk

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

Borrowings and capital purchases

NT Fleet had no borrowings and capital purchases subject to currency risk.

29. Related Parties

I) RELATED PARTIES

NT Fleet is a government administrative entity and is wholly owned and controlled by the Northern Territory Government. Related parties of NT Fleet include:

- the portfolio minister and key management personnel (KMP) because they have authority and responsibility for planning, directing and controlling the activities of NT Fleet directly
- close family members of the portfolio minister or KMP including spouses, children and dependants
- all public sector entities that are controlled and consolidated into the whole of government Financial Statements
- any entities controlled or jointly controlled by KMPs or the portfolio minister, or controlled or jointly controlled by their close family members.

II) KEY MANAGEMENT PERSONNEL (KMP)

KMP of NT Fleet are those persons having authority and responsibility for planning, directing and controlling the activities of NT Fleet. These include the Minister for Corporate and Information Services, Chief Executive Officer of DCIS, Deputy Chief Executive Officer of DCIS, Director of NT Fleet and Chief Financial Officer.

III) REMUNERATION OF KEY MANAGEMENT PERSONNEL

The details below exclude the salaries and other benefits of the Minister as the Minister's remuneration and allowances are payable by the Department of the Legislative Assembly and consequently disclosed within the Treasurer's Annual Financial Statements.

The aggregate compensation of key management personnel of NT Fleet is set out below:

	2019-20 \$000	2018-19 \$000
Short-term benefits	219	235
Post-employment benefits	35	36
Total	254	271

IV) RELATED PARTY TRANSACTIONS

Transactions with Northern Territory Government controlled entities

NT Fleet's primary ongoing source of funding is received from the Northern Territory Government controlled entities.

The following table provides quantitative information about related party transactions entered into during the year with all other Northern Territory Government controlled entities.

2020

Related party	Revenue from related parties \$000	Payments to related parties \$000	Amounts owed by related parties \$000	Amounts owed to related parties \$000
NTG agencies	33 628	7 035	864	3 409

2019

Related party	Revenue from related parties \$000	Payments to related parties \$000	Amounts owed by related parties \$000	Amounts owed to related parties \$000
NTG agencies	39 908	7 428	787	6 107

NT Fleet's transactions with other government entities are not individually significant.

Other related party transactions

Given the breadth and depth of Northern Territory Government activities, related parties will transact with the Northern Territory Public Sector in a manner consistent with other members of the public including paying stamp duty and other government fees and charges and therefore these transactions have not been disclosed. There were no other related party transactions to be reported.

NT Fleet had no other related party transactions in excess of \$10 000.

30. Contingent Liabilities and Contingent Assets

NT Fleet had no material contingent liabilities or contingent assets as at 30 June 2020 and 30 June 2019.

31. Events Subsequent to Balance Date

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

32. Budgetary Information

	2019-20 Actual \$000	2019-20 Original budget \$000	Variance \$000	Note
Comprehensive operating statement				
INCOME				
Sales of goods and services	34 454	35 813	(1 359)	1
Interest revenue	226	400	(174)	2
Gain on disposal of assets	1 742	1 900	(158)	
Other income	111	140	(29)	
TOTAL INCOME	36 533	38 253	(1 720)	
EXPENSES				
Employee expenses	1 732	2 534	802	3
Administrative expenses				
Property management	79	295	216	4
Purchases of goods and services	3 007	2 880	(127)	
Repairs and maintenance	8 254	8 441	187	
Depreciation and amortisation	17 032	17 900	868	5
Other administrative expenses	1 579	850	(729)	6
Interest expenses	10	-	(10)	
TOTAL EXPENSES	31 693	32 900	1 207	
NET SURPLUS/(DEFICIT)	4 840	5 353	(513)	
COMPREHENSIVE RESULT	4 840	5 353	(513)	

This comparison is different from the Comprehensive Operating Statement presented in the financial statement overview at the front of this report. This note reflects the original budget, whilst the overview section references the final budget, which incorporates approved budget adjustments during the year.

Notes:

1. A decrease in sales of goods and services revenue due to the one-year extension of light vehicle lease periods under the *Plan for Budget Repair*.
2. Decreased interest revenue resulted from the lower interest rate on the cash at bank balance.
3. Reduced employee expenditure due to a transfer of staff to DCIS under Machinery of Government changes and realignment of business functions.
4. Decrease in property management expenses attributed to an adjustment in reporting of property leases under AASB 16.
5. Decreased depreciation expenses resulted from the extension of standard lease periods of light vehicles for one year.
6. An increase in other administrative expenses is due to increased corporate service charges resulting from realignment of business functions.

	2019-20 Actual \$'000	2019-20 Original budget \$'000	Variance \$'000	Note
Balance Sheet				
ASSETS				
Current assets				
Cash and deposits	34 759	28 114	6 645	1
Receivables	889	1 770	(881)	2
Prepayments	188	99	89	
Assets held for sale	1 351	-	1 351	3
Total current assets	37 187	29 983	7 204	
Non-current assets				
Property, plant and equipment	89 565	98 884	(9 319)	4
Computer Software	2 320	1 721	599	5
Other assets	633	41	592	6
Total non-current assets	92 518	100 646	(8 128)	
TOTAL ASSETS	129 705	130 629	(924)	
LIABILITIES				
Current liabilities				
Payables	1 290	2 094	804	7
Income tax liabilities	1 452	1 606	154	
Provisions	1 964	2 276	312	
Lease liabilities	218	-	(218)	8
Other liabilities	-	3	3	
Total current liabilities	4 924	5 979	1 055	
Non-current liabilities				
Lease liabilities	418	-	(418)	8
Total non-current liabilities	418	-	(418)	
TOTAL LIABILITIES	5 342	5 979	637	
NET ASSETS	124 363	124 650	(287)	
EQUITY				
Capital	565	565	-	
Dividends paid/payable	(1 694)	(1 874)	180	
Accumulated funds – opening balance	123 798	122 212	1 586	
Current year surplus	1 694	3 747	(2 053)	
TOTAL EQUITY	124 363	124 650	(287)	

This comparison is different from the Balance Sheet presented in the financial statement overview at the front of this report. This note reflects the original budget and the overview section references the final budget which incorporates budget adjustments approved during the year.

Further, the original published budget has not been adjusted to reflect the actual opening balances as at 1 July 2019.

Notes:

1. NT Fleet vehicles being retained longer resulting in a higher than expected cash at bank balance.
2. Lower than anticipated receivables due to timing of customer payments.
3. Assets held for sale originally included in the non-current assets budget.
4. Lower than anticipated vehicle acquisitions resulting from retaining fleet vehicles longer.
5. More enhancements to online Fleet Business System resulting in an increase in intangible assets.
6. Recognising right-of-use assets for leases for the first time in 2019-20.
7. Lower than expected payables due to timing of supplier payments.
8. Recognising lease liabilities under AASB 16 for the first time in 2019-20.

2019-20 Actual \$000	2019-20 Original budget \$000	Variance \$000	Note
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Cash Flow Statement

CASH FLOWS FROM OPERATING ACTIVITIES

Operating receipts				
Receipts from sales of goods and services	34 510	35 953	(1 443)	1
GST receipts	4 393	-	4 393	2
Interest received	251	400	(149)	3
Total operating receipts	39 154	36 353	2 801	
Operating payments				
Payments to employees	(1 808)	(2 534)	726	4
Payments for goods and services	(13 211)	(12 466)	(745)	5
GST payments	(4 509)	-	(4 509)	2
Income tax paid	(2 712)	(2 805)	93	
Interest paid	(10)	-	(10)	
Total operating payments	(22 250)	(17 805)	(4 445)	
Net cash from operating activities	16 904	18 548	(1 644)	

CASH FLOWS FROM INVESTING ACTIVITIES

Investing receipts				
Proceeds from asset sales	8 927	11 900	(2 973)	6
Total investing receipts	8 927	11 900	(2 973)	
Investing payments				
Purchases of assets	(19 977)	(24 600)	4 623	7
Total investing payments	(19 977)	(24 600)	4 623	
Net cash used in investing activities	(11 050)	(12 700)	1 650	

CASH FLOWS FROM FINANCING ACTIVITIES

Financing payments				
Dividends paid	(3 164)	(3 273)	109	
Lease payments	(216)	-	(216)	8
Total financing payments	(3 380)	(3 273)	(107)	
Net cash used in financing activities	(3 380)	(3 273)	(107)	
Net increase/(decrease) in cash held	2 475	2 575	(100)	
Cash at beginning of financial year	32 284	25 539	6 745	
CASH AT END OF FINANCIAL YEAR	34 759	28 114	6 645	

Notes:

- Decreased receipts due to one-year extension of light vehicle lease periods under the *Plan for Budget Repair*.
- GST receipts and payments not included in original budget.
- Reduction in interest received due to lower interest rates on cash balances.
- Reduced payments to employees resulted from transfer of staff to DCIS under Machinery of Government change and realignment of business functions.
- Increased goods and services payments due to increased fee for services now provided by DCIS.
- Lower than anticipated disposal of vehicles as light vehicles are being retained longer.
- Decreased number of vehicles acquired as light vehicles are being retained longer.
- Recognising lease payments under AASB 16 for the first time in 2019-20.

5C

DATA CENTRE SERVICES
FINANCIAL REPORT



FINANCIAL STATEMENT OVERVIEW

For the Year Ended 30 June 2020

FINANCIAL PERFORMANCE (Comprehensive Operating Statement)

The financial performance of Data Centre Services (DCS) is presented in two ways. Table 1 compares DCS' 2019-20 performance with the final estimate for the year and Table 2 compares performance between the current year and previous year. More details are provided in subsequent commentary and analysis in Tables 3 to 6. The impact of financing decisions and recognition of assets and liabilities is outlined in the financial position analysis at Table 7 and related commentary.

Table 1: 2019-20 final estimate and performance

	2019-20		
	Actual \$000	Final Estimate \$000	Variation \$000
Income	27 290	26 593	697
Expenses	24 030	23 143	(887)
Net Surplus before Tax	3 260	3 450	(190)
Income Tax Expense	978	1 035	57
Net Surplus after Tax	2 282	2 415	(133)
Comprehensive Result	2 282	2 415	(133)
Dividend (50%)	1 141	1 208	67

DCS' overall operating financial performance showed a surplus of \$3.3 million compared with a final estimated budgeted surplus of \$3.5 million. The final result was impacted by higher than expected income from an increase in demand for midrange services, offset by an increase in operating costs as DCS transitioned to a new primary data centre facility and addition of the new Backup Data Centre.

DCS will pay an income tax equivalent of \$1.0 million and will return a dividend of \$1.1 million to government for 2019-20.

Table 2: 2019-20 and 2018-19 performance

	2019-20 \$000	2018-19 \$000	Variation \$000
Income	27 290	25 769	1 521
Expenses	24 030	21 295	(2 735)
Net Surplus before Tax	3 260	4 474	(1 214)
Income Tax Expense	978	1 342	364
Net Surplus after Tax	2 282	3 132	(850)
Comprehensive Result	2 282	3 132	(850)

Income increased primarily due to growth in midrange services and one-off miscellaneous income from the reimbursement of property management charges made on behalf of the Data Centre Transition project. Purchase of goods and services increased primarily from increased use of specialist contracted resources, ICT related expenses and depreciation related to the transition to the Government Data Centre and new Backup Data Centre facility. This produced an operating surplus of \$2.3 million for 2019-20, which is \$0.9 million lower than the previous year.

Income

DCS' primary income source results from the provision of computing services to Northern Territory Government agencies. These services, classified under the income category of sales of goods and services, in Table 3 below represented 98 per cent of DCS' total income of \$27.3 million, with the remainder made up of interest and other income.

Goods and services income has grown \$2.0 million and is consistent with increased demand from agencies. Other income has fallen due to a one-off insurance settlement in 2018-19 and a one-off reimbursement of property management charges from the Data Centre Transition Project in 2019-20.

Table 3: Income by category

Year	Sales of Goods and Services		Interest Revenue		Other Income		Total	
	\$000	%	\$000	%	\$000	%	\$000	%
2019-20	26 772	98.1	50	0.2	468	1.7	27 290	100
2018-19	24 769	96.1	103	0.4	897	3.5	25 769	100

Total income has been also classified according to DCS' major business functions:

- Mainframe Services – hosting and managing mainframe applications
- Midrange Services – hosting and managing mid-range server applications
- Enterprise Storage – managing enterprise data storage and performing data backups
- Data Centre Operations – hosting ICT infrastructure for agencies and contracted service providers.

Table 4: Income by business function

Year	Mainframe services		Midrange services		Enterprise storage and backup services		Data centre facility services		Total	
	\$000	%	\$000	%	\$000	%	\$000	%	\$000	%
2019-20	10 998	40.3	11 162	40.9	2 703	9.9	2 427	8.9	27 290	100
2018-19	10 654	41.3	9 315	36.1	3 627	14.1	2 173	8.5	25 769	100

Midrange Services income increased due to demand driven growth, while Enterprise Storage Services decreased due to a one-off insurance settlement in 2018-19. The increase in Data Centre Operations is largely due to the property management charges made on behalf of the Data Centre Transition Project.

Expenses

DCS incurred the majority of its expenditure for ICT related expenses for hardware, software and specialist contractors, with employee expenses being the second largest expense category.

Table 5: Expenses by category

Year	ICT		Employee		Operational		Asset expenses		Property		Total	
	\$000	%	\$000	%	\$000	%	\$000	%	\$000	%	\$000	%
2019-20	11 416	47.5	6 325	26.3	1 748	7.3	3 468	14.4	1 073	4.5	24 030	100
2018-19	9 593	45.0	6 604	31.0	993	4.7	2 181	10.2	1 924	9.0	21 295	100

ICT expenditure has increased primarily due to software licensing charges and contract resources.

The decrease in employee expenses is due to staff seconded to the Data Centre Transition Project, the transfer of three staff to DCIS resulting from Machinery of Government changes and realignment of business functions, partially offset by increased employee costs (enterprise bargaining agreement).

Increased operational expenditure reflects new service charges for centralised service functions transferred to DCIS and other administrative expenses including interest. Increase in depreciation is due to asset additions from the Data Centre Transition Project and the adoption of AASB 16 Leases.

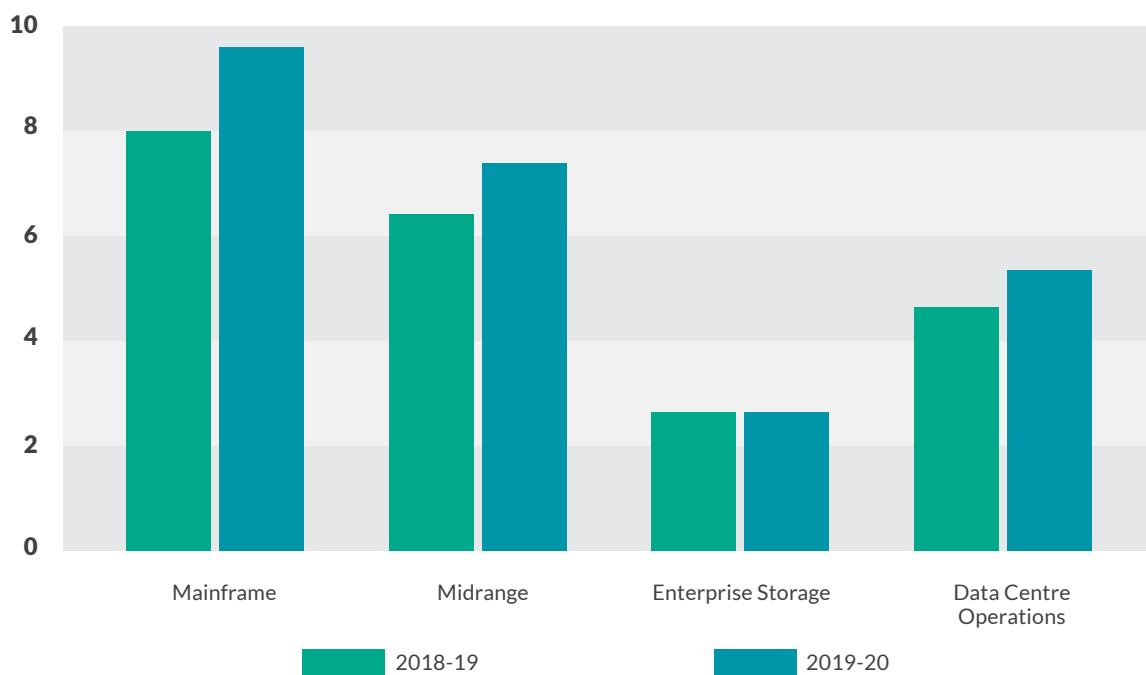
Expenses have also been classified according to DCS' major business functions below.

Table 6: Expenses by business function

Year	Mainframe services		Midrange services		Enterprise storage and backup services		Data centre facility services		Total	
	\$000	%	\$000	%	\$000	%	\$000	%	\$000	%
2019-20	9 496	39.5	6 938	28.9	2 393	10.0	5 203	21.6	24 030	100
2018-19	8 130	38.2	6 262	29.4	2 366	11.1	4 537	21.3	21 295	100

ICT expenditure in Mainframe and Midrange Services has increased due to increased licensing and maintenance costs, as well as contract resource requirements. Data Centre Operations expenses were higher as a result of transitioning to a new Government Data Centre and establishment of the new Backup Data Centre.

Figure 1: Expenses (\$million) by business function



FINANCIAL POSITION (Balance Sheet)

The Statement of Financial Position details the balances of the assets, liabilities and equity of DCS at the end of the financial year. The table below compares the DCS' financial position as at 30 June 2020 with the position at 30 June 2019.

Table 7: 2019-20 and 2018-19 financial position

	2019-20 \$000	2018-19 \$000	Variation \$000
ASSETS			
Current Assets	17 768	14 119	3 649
Non-Current Assets	24 717	13 178	11 539
TOTAL ASSETS	42 485	27 297	15 188
LIABILITIES			
Current Liabilities	5 643	4 914	(729)
Non-Current Liabilities	12 222	-	(12 222)
TOTAL LIABILITIES	17 865	4 914	(12 951)
NET ASSETS	24 620	22 383	2 237
Equity	24 620	22 383	2 237
TOTAL EQUITY	24 620	22 383	2 237

DCS' net financial position at the end of 2019-20 was \$24.6 million, compared to the previous year's position of \$22.4 million, an increase of \$2.2 million.

This increase in assets and liabilities is largely due to the recognition of leases under AASB 16.

Major assets at 30 June 2020 included:

Current assets

- \$10.5 million cash and deposits
- \$2.5 million receivables (outstanding service fees)
- \$4.8 million prepayments (software licensing and maintenance)

Non-current assets

- \$23.3 million property, plant and equipment (including buildings and leasehold improvements)
- \$1.0 million in software intangibles
- \$0.5 million prepayments (software licensing and maintenance)

Major liabilities at 30 June 2020 included:

- \$0.7 million payables and accrued expenses
- \$1.0 million income tax expense
- \$1.1 million provision for dividends
- \$1.0 million provision for employee entitlements
- \$1.6 million in other liabilities
- \$1.1 million in current lease liabilities
- \$10.8 million in non-current lease liabilities.

Certification of the Financial Statements

We certify that the attached Financial Statements for Data Centre Services have been prepared based on proper accounts and records in accordance with the prescribed format, the *Financial Management Act 1995* 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 2020 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.



Kathleen Robinson

Chief Executive

28 September 2020



Rex Schoolmeester

Chief Financial Officer

28 September 2020



Auditor-General
Independent Auditor's Report
to the Minister for Corporate and Digital Development
Data Centre Services
Page 1 of 2

Opinion

I have audited the accompanying financial report of Data Centre Services, which comprises the balance sheet as at 30 June 2020, and the comprehensive operating statement, statement of changes in equity and cash flow statement for the year then ended, a summary of significant accounting policies and other explanatory notes, and the certification of the financial statements by the Chief Executive.

In my opinion, the financial report gives a true and fair view, in all material respects, of the financial position of Data Centre Services as at 30 June 2020, and of its financial performance and its cash flows for the year then ended in accordance with Australian Accounting Standards.

Basis for Opinion

I conducted my audit in accordance with Australian Auditing Standards. My responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of my report. I am independent of Data Centre Services in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to my audit of the financial report in Australia. I have also fulfilled my other ethical responsibilities in accordance with the Code. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Other Information

The Chief Executive of the Department of Corporate and Digital Development is responsible for the other information. The other information comprises the information included in Data Centre Services' financial statement overview for the year ended 30 June 2020, but does not include the financial report and my auditor's report thereon.

My opinion on the financial report does not cover the other information and accordingly I do not express any form of assurance conclusion thereon.

In connection with my audit of the financial report, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or my knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.

Responsibilities of the Chief Executive for the Financial Report

The Chief Executive is responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards and for such internal control as the Chief Executive determines is necessary to enable the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error.

In preparing the financial report, management is responsible for assessing the ability of Data Centre Services to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate Data Centre Services or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the financial reporting process of Data Centre Services.



Auditor-General

Page 2 of 2

Auditor's Responsibilities for the Audit of the Financial Report

My objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial report.

As part of an audit in accordance with the Australian Auditing Standards, I exercise professional judgement and maintain professional scepticism throughout the audit. I also:

- identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of internal control of Data Centre Services.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of Data Centre Services to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report however, future events or conditions may cause Data Centre Services to cease to continue as a going concern.
- evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

Julie Crisp
Auditor-General for the Northern Territory

Darwin, Northern Territory

29 September 2020

Level 9 Northern Territory House 22 Mitchell Street Darwin 0800 Tel: 08 8999 7155

Comprehensive Operating Statement

For the year ended 30 June 2020

	Note	2020 \$000	2019 \$000
INCOME			
Sales of goods and services	3a	26 772	24 769
Interest revenue		50	103
Other income	3b	468	897
TOTAL INCOME		27 290	25 769
EXPENSES			
Employee expenses		6 325	6 604
Administrative expenses			
Purchases of goods and services	4	12 945	10 586
Property management	4	1 073	1 924
Depreciation and amortisation	14,15,16	3 431	2 181
Impairment losses		37	-
Interest expenses	5	219	-
TOTAL EXPENSES		24 030	21 295
NET SURPLUS/(DEFICIT)		3 260	4 474
SURPLUS BEFORE INCOME TAX			
		3 260	4 474
Income tax expense	7	978	1 342
NET SURPLUS		2 282	3 132
COMPREHENSIVE RESULT		2 282	3 132

The Comprehensive Operating Statement is to be read in conjunction with the notes to the Financial Statements.

Balance Sheet

For the year ended 30 June 2020

	Note	2020 \$000	2019 \$000
ASSETS			
Current assets			
Cash and deposits	8	10 515	9 226
Receivables	10	2 464	2 211
Prepayments	11	4 789	2 682
Total current assets		17 768	14 119
Non-current assets			
Property, plant and equipment	14,15	23 302	10 831
Intangibles	16	958	936
Prepayments	11	457	1 411
Total non-current assets		24 717	13 178
TOTAL ASSETS		42 485	27 297
LIABILITIES			
Current liabilities			
Payables	17	693	693
Income tax liabilities	18	978	1 342
Provisions	20	2 657	2 879
Lease liabilities	19	1 149	-
Other liabilities	21	166	-
Total current liabilities		5 643	4 914
Non-current liabilities			
Lease liabilities	19	10 755	-
Other liabilities	21	1 467	-
Total non-current liabilities		12 222	-
TOTAL LIABILITIES		17 865	4 914
NET ASSETS		24 620	22 383
EQUITY			
Capital	23	4 563	1 466
Accumulated funds	23	20 057	20 917
TOTAL EQUITY		24 620	22 383

The Balance Sheet is to be read in conjunction with the notes to the Financial Statements.

Statement Of Changes In Equity

For the year ended 30 June 2020

	Note	Equity at 1 July \$000	Comprehensive result \$000	Transactions with owners in their capacity as owners \$000	Equity at 30 June \$000
2019-20					
Accumulated funds		20 917	2 282	-	23 199
Dividends payable	23	-	-	(1 142)	(1 142)
Special dividend	23	-	-	(2 000)	(2 000)
		20 917	2 282	(3 142)	20 057
Capital - transactions with owners		1 466	-	-	1 466
Equity injections					
Equity transfers in	23	-	-	4 256	4 256
Other equity injections	23	-	-	169	169
Equity withdrawals					
Equity transfers out	23	-	-	(1 328)	(1 328)
		1 466	-	3 097	4 563
Total equity at end of financial year		22 383	2 282	(45)	24 620
2018-19					
Accumulated Funds		20 351	3 132	-	23 483
Dividends payable	23	-	-	(1 566)	(1 566)
Special dividend	23	-	-	(1 000)	(1 000)
		20 351	3 132	(2 566)	20 917
Capital - Transactions with Owners		1 466	-	-	1 466
		1 466	-	-	1 466
Total equity at end of financial year		21 817	3 132	(2 566)	22 383

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 2020

	Note	2020 \$000	2019 \$000
CASH FLOWS FROM OPERATING ACTIVITIES			
Operating receipts			
Receipts from sales of goods and services		28 613	25 535
GST receipts		1 804	1 719
Interest received		57	104
Total operating receipts		30 474	27 358
Operating payments			
Payments to employees		(6 427)	(6 598)
Payments for goods and services		(14 901)	(10 621)
GST payments		(1 770)	(1 730)
Income tax paid		(1 342)	(1 253)
Interest paid		(219)	-
Total operating payments		(24 659)	(20 202)
Net cash from/(used in) operating activities	9a	5 815	7 156
CASH FLOWS FROM INVESTING ACTIVITIES			
Investing payments			
Purchases of assets		(154)	(1 752)
Total investing payments		(154)	(1 752)
Net cash from/(used in) investing activities		(154)	(1 752)
CASH FLOWS FROM FINANCING ACTIVITIES			
Financing receipts			
Equity injections		169	-
Total financing receipts		169	-
Financing payments			
Dividends paid		(3 566)	(2 462)
Finance lease payments		(975)	-
Total financing payments		(4 541)	(2 462)
Net cash from/(used in) financing activities	9b	(4 372)	(2 462)
Net increase/(decrease) in cash held		1 289	2 942
Cash at beginning of financial year		9 226	6 284
CASH AT END OF FINANCIAL YEAR	8	10 515	9 226

The Cash Flow Statement is to be read in conjunction with the notes to the Financial Statements.

Index of Notes to the Financial Statements

Note	
1	Objectives and funding
2	Statement of significant accounting policies
Income	
3a	Sales of goods and services
3b	Other income
Expenses	
4	Purchases of goods and services
5	Interest expenses
6	Write-offs, postponements, waivers, gifts and ex gratia payments
7	Income Tax Expense
Assets	
8	Cash and deposits
9	Cash flow reconciliation
10	Receivables
11	Prepayments
12	Advances and investments
13	Other assets
14	Property, plant and equipment
15	DCS as lessee
16	Intangibles
Liabilities	
17	Payables
18	Income tax liabilities
19	Lease liabilities
20	Provisions
21	Other liabilities
22	Commitments
Equity	
23	Equity
Other disclosures	
24	Fair value measurement
25	Financial instruments
26	Related parties
27	Contingent liabilities and contingent assets
28	Events subsequent to balance date
29	Budgetary information

1. Objectives and Funding

Data Centre Services (DCS) delivers a range of ICT services to all Northern Territory Government agencies and ensures that critical business systems operate in an environment that is flexible, reliable and secure with high levels of access and availability.

DCS is funded through income generated by services provided to Northern Territory Government agencies. The Financial Statements encompass all funds and resources which DCS controls to undertake its functions.

MACHINERY OF GOVERNMENT CHANGES

Transfers Out

Details of transfer: Procurement employee transferred to the Department of Corporate and Information Services.

Basis of transfer: Administrative Arrangements Order (No. 2) 2019, 27 June 2019.

Date of transfer: Effective from 1 July 2019

The assets and liabilities transferred as a result of this change were as follows:

Assets	\$000
Cash	12
	12
Liabilities	
Provisions	12
	12
Net assets	-

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 1995* and related Treasurer's Directions. The *Financial Management Act 1995* requires Data Centre Services to prepare Financial Statements for each year ended 30 June based on the form determined by the Treasurer. The form of DCS Financial Statements should include:

- (i) Certification of the Financial Statements
- (ii) Comprehensive Operating Statement
- (iii) Balance Sheet
- (iv) Statement of Changes in Equity
- (v) Cash Flow Statement
- (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 been prepared in accordance with the historical cost convention.

The form of DCS' Financial Statements is 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.

Standards and interpretations effective from 2019-20

**AASB 15 Revenue from contracts with a customer /
AASB 1058 Income for not-for-profit entities**

AASB 15 Revenue from contracts with customers supersedes AASB 111 Construction contracts, AASB 118 Revenue and related interpretations and applies, with limited exceptions, to all revenue arising from contracts with customers. Under AASB 15, revenue from agreements that are enforceable, have sufficiently specific performance obligations and transfer goods or services to the customer or third party beneficiary will be recognised when or as performance obligations are satisfied. AASB 15, requires entities to exercise judgement, taking into consideration all of the relevant facts and circumstances when assessing contracts with their customers.

AASB 1058 Income for not-for-profit entities clarifies and simplifies income recognition requirements that apply to not-for-profit entities and replaces most of the not for profit provisions under AASB 1004 Contributions. AASB 1058 applies to transactions where the consideration to acquire an asset is significantly less than fair value principally to enable the entity to further its objectives, and where volunteer services are received. AASB 1058 has no impact on DCS' Financial Statements as DCS acquires all assets at fair value.

The Balance Sheet for DCS is impacted from the adoption of AASB 15 and AASB 1058 as at 30 June 2020 and this has been disclosed in Note 21.

AASB 16 Leases

AASB 16 Leases supersedes AASB 117 Leases and relevant interpretations and introduces significant changes to lessee accounting by removing the distinction between operating and finance leases. For lessees with operating leases, AASB 16 now requires a right-of-use asset to be recognised on the Balance Sheet together with a lease liability at the lease commencement, for all leases except those with a term of less than 12 months or where the underlying assets are of low value. In contrast to lessee accounting, the requirements for lessor accounting have remained largely unchanged. AASB 16 has not had a significant impact for leases where DCS is the lessor.

In accordance with transition provisions, DCS has applied the modified retrospective approach on transition to AASB 16, with the cumulative effect of initial application of the standard as an

adjustment to the Balance Sheet as at 1 July 2019. Accordingly, the comparative information presented for 2018-19 has not been restated and is presented as previously reported.

Lease liabilities recognised at 1 July 2019 have been measured at the present value of the remaining lease payments discounted using the Northern Territory Treasury Corporation's institutional bond rate as the incremental borrowing rate at the date of initial application.

The weighted average incremental borrowing rate applied to DCS lease liabilities as at 1 July 2019 was 2.04 per cent.

The corresponding right-of-use asset has been recorded on transition at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the Balance Sheet as at 1 July 2019.

DCS has applied the following practical expedients permitted by AASB 16 on transition:

- application of a single discount rate to a portfolio of leases with reasonably similar characteristics
- expensing of leases with a remaining term of less than 12 months as at 1 July 2019 rather than being recognised on the Balance Sheet
- exclusion of initial direct costs from the measurement of the right-of-use asset as at 1 July 2019.

On adoption of AASB 16, DCS had no additional right-of-use-assets and lease liabilities previously classified as operating leases.

The impact on affected balances of adopting AASB 16 as at 1 July 2019 is as follows:

Balance Sheet	\$000
ASSETS	
Leased property, plant and equipment	6 048
TOTAL ASSETS	6 048
LIABILITIES	
Lease liabilities	6 048
TOTAL LIABILITIES	6 048
NET ASSETS	-

The lease liabilities as at 1 July 2019 can be reconciled to the operating lease commitments as at 30 June 2019, as follows:

	\$000
Minimum operating lease commitments as at 30 June 2019 ¹	6 724
Undiscounted lease payments	6 724
Less: effect of discounting using the incremental borrowing rate	(676)
Adjusted lease liabilities as at 1 July 2019	6 048

¹No lease commitments were recognised for the 2018-19 financial statements.

Standards and interpretations issued but not yet effective

No new or changed Australian accounting standards have been early adopted for 2019-20.

Several amending standards and AASB interpretations have been issued that apply to future reporting periods but are considered to have limited impact on public sector reporting.

C) REPORTING ENTITY

The Financial Statements cover DCS as an individual reporting entity.

DCS is a Northern Territory Government Business Division (GBD) established under the *Interpretation Act 1978* and specified in the Administrative Arrangements Order.

The principal place of business of the GBD is: Level 3, Darwin Plaza, Smith Street Mall, Darwin NT 0800.

DCS has no controlled entities.

D) DCS AND TERRITORY ITEMS

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

DCS held no Territory items.

E) COMPARATIVES

Where necessary, comparative information for the 2018-19 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 2019-20 as a result of management decisions. Changes in policies relating to COVID-19 are disclosed in I) below.

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.

3. Income

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.

I) GOODS AND SERVICES TAX (GST)

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

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

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

J) TAXATION

DCS is required to pay income tax on its accounting surplus at the company tax equivalent rate of 30 per cent in accordance with the requirements of the Treasurer's Directions, NT Tax Equivalents Regime.

K) CONTRIBUTIONS BY AND DISTRIBUTIONS TO GOVERNMENT

DCS may receive contributions from government where the government is acting as owner of the DCS. Conversely, DCS may make distributions to government. In accordance with the *Financial Management Act 1995* and Treasurer's Directions, certain types of contributions and distributions, including those relating to administrative restructures, have been designated as contributions by, and distributions to, government. These designated contributions and distributions are treated by DCS as adjustments to equity.

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

L) IMPACT OF COVID-19

There was no activity that affected the Financial Statements of DCS as a result of the COVID-19 pandemic.

M) DIVIDENDS

DCS has provided for a dividend payable at the rate of 50 per cent of net profit after tax in accordance with the Northern Territory Government's dividend policy.

DCS revenue for the 2019-20 financial year has been disaggregated below into categories to enable users of these Financial Statements to understand the nature, amount, timing and uncertainty of income and cash flows. These categories include a description of the type of product or service line, type of customer and timing of transfer of goods and services.

DCS delivers a range of ICT services to all Northern Territory Government agencies.

A) SALES OF GOODS AND SERVICES

	2020			2019
	\$000 Revenue from contracts with customers	\$000 Other	\$000 Total	\$000 Total
Sale of mainframe services	10 995	-	10 995	10 651
Sale of midrange services	11 162	-	11 162	9 315
Sale of enterprise storage and backup services	2 703	-	2 703	2 735
Sale of data centre facility services	1 912	-	1 912	2 068
Total sales of goods and services	26 772	-	26 772	24 769

Rendering of services

Until 30 June 2019, revenue from rendering services was recognised by reference to the stage of completion of promised services. From 1 July 2019, revenue from rendering of services is recognised when DCS satisfies the performance obligation by transferring the promised information technology services. DCS typically satisfies its performance obligations at the end of the billing period when the services or capacity consumed by the customer can be quantified.

DCS services revenue includes:

Mainframe services – provision of a mainframe operating environment and hosting of mainframe applications billed to customers through a charging model based on utilisation share. Revenue is recognised as DCS satisfies its performance obligation when the monthly provision of the operating and hosting environment is complete, with payments typically due a month after.

Midrange services – provision of management services that build upon the base hosting or cloud offering. Services include operating system, database and technical support services. Data is collected on the quantity of services consumed on a monthly basis and applied to determine customer charges. DCS satisfies its performance obligation when the monthly provision of the management services is complete, with payments typically due a month after.

Enterprise storage and backup services – provision of enterprise scale storage and backup solutions to suit customers based on a pay-for-use basis. Enterprise storage service is delivered by means of a storage area network which is located in the data centre. Enterprise backup is a backup solution for customer business applications. The backup service is delivered by means of a fully managed enterprise class backup solution located in the data centre, with copies replicated to multiple sites for disaster recovery and included in the charge. DCS satisfies its performance obligation when the monthly provision of the storage and backup services is complete, with payments typically due a month after.

Data centre facility services - The Government Data Centre provides a continuous, secure and reliable facility hosting client and agency ICT equipment. As part of a disaster recovery service, DCIS also provides hosting options in a secondary site known as the Backup Data Centre. Data is collected on the quantity of services consumed on a monthly basis and applied to determine customer charges. DCS satisfies its performance obligation when the monthly provision of the data centre facility service is complete, with payments typically due a month after.

Revenue from contracts with customers for the 2019-20 financial year has been disaggregated below into categories to enable users of these Financial Statements to understand the nature, amount, timing and uncertainty of income and cash flows. These categories include a description of the type of product or service line, type of customer and timing of transfer of goods and services.

	2020 \$000
Type of good and service:	
Service delivery	26 772
Total revenue from contracts with customers by good or service	26 772
Type of customer:	
Australian Government entities	-
Northern Territory Government controlled entities	26 500
Non-government entities	272
Total revenue from contracts with customers by type of customer	26 772
Timing of transfer of goods and services:	
Over time	26 772
Point in time	-
Total revenue from contracts with customers by timing of transfer	26 772

B) OTHER INCOME

	2020			2019
	\$000	\$000	\$000	\$000
	Revenue from contracts with customers	Other	Total	
Other income (refund of rent)	468	-	468	897
Total other income	468		468	897

	2020
Type of good and service:	\$000
Service delivery	468
Total revenue from contracts with customers by good or service	468
Type of customer:	
Non-government entities	468
Total revenue from contracts with customers by type of customer	468
Timing of transfer of goods and services:	
Point in time	468
Total revenue from contracts with customers by timing of transfer	468

4. Purchases of Goods and Services

	2020	2019
	\$000	\$000
The net surplus/(deficit) has been arrived at after charging the following expenses:		
Goods and services expenses:		
Consultants ¹	4 448	3 500
Legal expenses ²	13	-
Training and study	25	15
Official duty fares	1	1
Travelling allowance	1	2
Information technology charges and communications	6 968	6 094
Property management expenses	1 073	1 924
Insurance premiums	100	101
Agency service arrangements	1 149	720
Audit fees	25	25
Other ³	215	128
	14 018	12 510

¹Includes marketing, promotion and IT consultants. ²Includes legal fees, claim and settlement costs. ³Includes other equipment and consumables.

Purchases of goods and services generally represent the day-to-day running costs incurred in normal operations, including supplies and services costs recognised in the reporting period in which they are incurred.

5. Interest Expense

	2020	2019
	\$000	\$000
Interest from lease liabilities ¹	219	-
Total	219	-

¹Interest expense in 2020 relates to lease liabilities in accordance with AASB 16, while 2019 interest expense relates to finance lease liabilities in accordance with AASB 117.

Interest expenses consist of interest and other costs incurred in connection with the borrowing of funds. It includes interest on lease liabilities.

6. Write-offs, Postponements, Waivers, Gifts and Ex Gratia Payments

DCS had no write-offs, postponements, waivers, gifts or ex gratia payments for the year ended 30 June 2019 or 30 June 2020.

7. Income Tax Expense

	2020 \$000	2019 \$000
Prima facie income tax expense calculated at 30% of the surplus before income tax	978	1 342
	978	1 342

8. Cash and Deposits

	2020 \$000	2019 \$000
Cash on hand	10 515	9 226
	10 515	9 226

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.

9. Cash Flow Reconciliation

A) RECONCILIATION OF CASH

The total of DCS 'Cash and deposits' of \$10.5 million recorded in the Balance Sheet is consistent with that recorded as 'Cash' in the Cash Flow Statement.

Reconciliation of net surplus/deficit to net cash from operating activities

	2020 \$000	2019 \$000
Net surplus	2 282	3 132
Non-cash items:		
Depreciation and amortisation	3 431	2 181
Asset write-offs/write-downs	37	-
Changes in assets and liabilities:		
Decrease/(Increase) in receivables	(253)	(129)
Decrease/(Increase) in prepayments	(1 153)	1 620
(Decrease)/Increase in payables	(94)	25
(Decrease)/Increase in other payables	94	81
(Decrease)/Increase in provision for employee benefits	(119)	4
(Decrease)/Increase in other provisions	321	153
(Decrease)/Increase in income tax liability	(364)	89
(Decrease)/Increase in unearned income	1 633	-
Net cash from operating activities	5 815	7 156

B) RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

2019-20

	Cash flows							Other			
	1 July	Recognised on AASB 16 adoption	Adjusted 1 July	Dividends paid	Equity injection/ withdrawals	Lease liabilities repayments	Other	Total cash flows	Other	Total non-cash	30 June
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Dividends	1 566	-	1 566	(1 566)	-	-	-	(1 566)	1 141	1 141	1 141
Special dividends	-	-	-	(2 000)	-	-	-	(2 000)	2 000	2 000	-
Lease liabilities	-	6 048	6 048	-	-	(975)	-	(975)	6 830	6 830	11 903
Equity injections/ withdrawals	22 383	-	22 383	-	169	-	-	169	2 928	2 928	25 480
Total	23 949	6 048	29 997	(3 566)	169	(975)	-	(4 372)	12 899	12 899	38 524

2018-19

	Cash flows						Other		
	1 July	Dividends paid	Securities	Finance lease	Other	Total cash flows	Dividends declared	Total non-cash	30 June
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Dividends paid	1 462	(1 462)	-	-	-	(1 462)	1 566	1 566	1 566
Special dividends	-	(1 000)	-	-	-	(1 000)	1 000	-	-
Total	1 462	(2 462)	-	-	-	(2 462)	2 566	1 566	1 566

C) NON-CASH FINANCING AND INVESTING ACTIVITIES

Lease transactions

During the financial year, DCS recorded right-of-use assets for the lease of buildings with an aggregate value of \$5.9 million.

10. Receivables

	2020 \$000	2019 \$000
Current		
Accounts receivable	133	49
Accrued contract revenue	2 329	2 152
Interest receivables	2	10
Total receivables	2 464	2 211

Receivables are initially recognised when DCS becomes a party to the contractual provisions of the instrument and are measured at fair value less any directly attributable transaction costs. Receivables include contract receivables, accounts receivable, accrued contract revenue and other receivables.

Receivables are subsequently measured at amortised cost using the effective interest method, less any impairments.

Accounts receivable and contract receivables are generally settled within 30 days and other receivables within 30 days.

The loss allowance reflects lifetime expected credit losses and represents the amount of receivables DCS estimates are likely to be uncollectible and are considered doubtful.

A) ACCRUED CONTRACT REVENUE

Accrued contract revenue arises from contracts with customers where DCS' right to consideration in exchange for goods transferred to customers or works completed have arisen but have not been billed at the reporting date. Once DCS' rights to payment becomes unconditional, usually on issue of an invoice, accrued contract revenue balances are reclassified as contract receivables. Accrued revenue that does not arise from contracts with customers is reported as part of other receivables.

B) CREDIT RISK EXPOSURE OF RECEIVABLES

Receivables are monitored on an ongoing basis to ensure exposure to bad debts is not significant. DCS applies the simplified approach to measuring expected credit losses. This approach recognises a loss allowance based on lifetime expected credit losses for all accounts receivables, contracts receivable and accrued contract revenue. To measure expected credit losses, receivables have been grouped based on shared risk characteristics and days past due.

Loss allowance for receivables

	2020				2019			
	Gross Receivables \$000	Loss rate %	Expected credit losses \$000	Net receivables \$000	Gross Receivables \$000	Loss rate %	Expected credit losses \$000	Net receivables \$000
Internal receivables								
Not overdue	82	-	-	82	8	-	-	8
Overdue for less than 30 days	29	-	-	29	-	-	-	-
Overdue for 30 to 60 days	15	-	-	15	-	-	-	-
Overdue for more than 60 days	-	-	-	-	-	-	-	-
Total internal receivables	126	-	-	126	8	-	-	8
External receivables								
Not overdue	6	-	-	6	28	-	-	28
Overdue for less than 30 days	-	-	-	-	3	-	-	3
Overdue for 30 to 60 days	-	-	-	-	3	-	-	3
Overdue for more than 60 days	-	-	-	-	7	-	-	7
Total external receivables	6	-	-	6	41	-	-	41

Total amounts disclosed exclude statutory amounts and include contract receivables and accrued contract revenue.

C) RECONCILIATION OF LOSS ALLOWANCE FOR RECEIVABLES

DCS recognised no loss allowance for receivables for 2019-20 and 2018-19 from the assessment of expected credit losses.

11. 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.

	2020 \$000	2019 \$000
Current		
Prepayments	4 789	2 682
Non-current Prepayments	457	1 411
Total Prepayments	5 246	4 093

DCS prepayments include software licenses and related software and hardware support services. Perpetual licenses are expensed in the year they are incurred if their expected life and future economic benefit from their usage cannot be reliably determined.

The expected loss rates are based on historical observed loss rates.

In accordance with the provisions of the *Financial Management Act 1995*, receivables are written-off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include a failure to make contractual payments for a period greater than 182 days past due.

DCS' credit risk exposure has not changed due to COVID-19.

The loss allowance for receivables and reconciliation as at the reporting date are disclosed below.

12. Advances and investments

DCS had no advances paid, equity accounted investments and investments in shares for the 2019-20 and 2018-19 financial years.

13. Other assets

DCS held no lease assets as a lessor for 2019-20 and 2018-19.

14. Property, plant and equipment

Total property, plant and equipment

	2020 \$000	2019 \$000
Infrastructure		
At capitalised cost	27	-
Less: accumulated depreciation	(1)	-
	26	-
Plant and equipment		
At capitalised cost	10 641	10 962
Less: accumulated depreciation	(648)	(2 661)
	9 993	8 301
Computer hardware		
At capitalised cost	5 097	10 948
Less: accumulated depreciation	(3 587)	(8 418)
	1 510	2 530
Leased property, plant and equipment		
At capitalised cost	12 879	-
Less: accumulated depreciation	(1 106)	-
	11 773	-
Total property, plant and equipment	23 302	10 831

2020 Property, Plant and Equipment Reconciliations

From 1 July 2019, property, plant and equipment includes right-of-use assets under AASB 16 Leases, effective from that date. Further information on right-of-use assets is disclosed in Note 15. A reconciliation of the carrying amount of property, plant and equipment at the beginning and end of 2019-20 is set out below.

	Infrastructure \$000	Plant and equipment \$000	Computer hardware \$000	Leased property, plant and equipment \$000	Total \$000
Carrying amount as at 1 July 2019	-	8 301	2 530	-	10 831
Recognition of right-of-use assets on initial adoption of AASB 16	-	-	-	6 048	6 048
Adjusted carrying amount as at 1 July 2019	-	8 301	2 530	6 048	16 879
Additions	27	-	1 528	-	1 555
Additions of right-of-use assets	-	-	-	6 830	6 830
Depreciation expense – asset owned	(1)	(414)	(1 560)	-	(1 975)
Amortisation expense – right-of-use asset	-	-	-	(1 105)	(1 105)
Additions/disposals from asset transfers	-	2 106	(988)	-	1 118
Carrying amount as at 30 June 2020	26	9 993	1 510	11 773	23 302

2019 Property, plant and equipment reconciliations

A reconciliation of the carrying amount of property, plant and equipment at the beginning and end of 2018-19 is set out below.

	Plant and equipment \$000	Computer hardware \$000	Leased buildings \$000	Total \$000
Carrying amount as at 1 July 2018	9 002	1 805	-	10 807
Additions	888	800	-	1 688
Depreciation expense	(373)	(1 291)	-	(1 664)
Additions/disposals from asset transfers	(1 216)	1 216	-	-
Carrying amount as at 30 June 2019	8 301	2 530	-	10 831

ACQUISITIONS

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

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

COMPLEX ASSETS

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

SUBSEQUENT ADDITIONAL COSTS

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

CONSTRUCTION (WORK IN PROGRESS)

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

REVALUATIONS AND IMPAIRMENT

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

For right-of-use assets, the net present value of the remaining lease payments is often an appropriate proxy for the fair value of relevant right-of-use assets at the time of initial recognition. Subsequently, right-of-use assets are stated at cost less amortisation, which is deemed to equate to fair value.

There has been no impairment or revaluation of assets for DCS.

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:

	2020	2019
Plant and equipment	2-18 years	2-10 years
Right-of-use assets ¹	Lease Term	-
Computer software	2-10 years	2-10 years
Computer hardware	2-10 years	2-10 years

¹Further information on right-of-use assets is disclosed in Note 15.

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

15. DCS as a Lessee

DCS leases office accommodation, vehicles and data centre facilities. Lease contracts are typically made for fixed periods of 2 to 10 years, but may have extension options. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants. DCS does not provide residual value guarantees in relation to leases.

Extension and termination options are included in a number of property and equipment leases. These terms are used to maximise operational flexibility in terms of managing contracts. The majority of extension and termination options held are exercisable only by the DCS and not by the respective lessor. In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

Potential future cash outflows have not been included in the lease liability because it is not reasonably certain the leases will

be extended (or not terminated). The assessment is reviewed if a significant event or a significant change in circumstances occurs that affects this assessment and is within the control of the lessee. During the current financial year, there was no financial effect of revising lease terms to reflect the effect of exercising extension and termination options in recognised lease liabilities and right-of-use assets.

DCS has elected to recognise payments for short-term leases and low value leases as expenses on a straight-line basis, instead of recognising a right-of-use asset and lease liability. Short-term leases are leases with a lease term of 12 months or less with no purchase option. DCS did not hold low value assets with a fair value of \$10 000 or less when new and not subject to a sublease arrangement.

RIGHT-OF-USE ASSET

The following table presents right-of-use assets included in the carrying amounts of leased property, plant and equipment at Note 14.

	Buildings \$000	Leased transport equipment \$000	Total \$000
Balance as at 1 July 2019	6 034	14	6 048
Additions	6 830	-	6 830
Amortisation expense	(1 098)	(7)	(1 105)
Carrying amount as at 30 June 2020	11 766	7	11 773

The following amounts were recognised in the statement of comprehensive income for the year ended 30 June 2020 in respect of leases where DCS is the lessee:

	\$000
Amortisation expense of right-of-use assets	(1 105)
Interest expense on lease liabilities	(219)
Total amount recognised in the comprehensive operating statement	(1 324)

RECOGNITION AND MEASUREMENT (UNDER AASB 16 FROM 1 JULY 2019)

DCS assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

DCS recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets, except for short-term leases and leases of low-value assets.

DCS recognises right-of-use assets at the commencement date of the lease (the date the underlying asset is available for use). Right-of-use assets are initially measured at the amount of initial measurement of the lease liability, adjusted by any lease payments made at or before the commencement date.

Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:

Building	2 to 18 years
Transport equipment	2 to 4 years

RECOGNITION AND MEASUREMENT (UNDER AASB 117 UNTIL 30 JUNE 2019)

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

Finance leases are capitalised and recorded under property, plant and equipment. A lease asset and a 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.

Repayments of principal reduce lease liabilities. The interest components of the lease payments are expensed.

Operating lease payments are recognised as an operating expense in the Comprehensive Operating Statement on a straight-line basis over the lease term.

16. Intangibles

	2020 \$000	2019 \$000
Carrying amount		
Computer software		
At cost	2 600	2 548
Less: accumulated amortisation	(1 642)	(1 612)
Written down value – 30 June	958	936
Total intangibles	958	936

INTANGIBLE VALUATIONS

Intangible assets for DCS are comprised of computer software. Intangible assets are stated at historical cost less depreciation, which is deemed to equate to fair value.

IMPAIRMENT OF INTANGIBLES

As the historical cost less amortisation is deemed to equate to fair value, no impairment was recognised for the year ended 30 June 2020.

	2020 \$000	2019 \$000
Reconciliation of movements		
Intangibles with a finite useful life		
Carrying amount at 1 July	936	1 388
Additions	-	65
Amortisation	(349)	(517)
Additions/(disposals) from asset transfers	371	-
Carrying amount as at 30 June	958	936

17. Payables

	2020 \$000	2019 \$000
Accounts payable	-	94
Accrued expenses	547	487
GST Payable	146	112
Total Payables	693	693

Liabilities for accounts payable and other amounts payable are carried at cost, which is the fair value of the consideration to be paid in the future for goods and services received, whether or not billed to DCS. Accounts payable are normally settled within 20 days from the receipt of a valid invoice for invoices under \$1 million or 30 days for invoices over \$1 million.

18. Income Tax Liabilities

	2020 \$000	2019 \$000
Income tax liabilities	978	1 342
Income tax liabilities	978	1 342

19. Lease Liabilities

	2020 \$000	2019 \$000
Current		
Lease liabilities	1 149	-
Non-current		
Lease liabilities	10 755	-
Total lease liabilities	11 904	-

At the commencement date of the lease where the DCS is the lessee, DCS recognises lease liabilities measured at the present value of lease payments to be made over the lease term. Lease payments include:

- fixed payments (including in substance fixed payments) less any lease incentives receivable
- variable lease payments that depend on an index or a rate
- amounts expected to be paid under residual value guarantees
- exercise price of a purchase options reasonably certain to be exercised by DCS
- payments of penalties for terminating the lease, if the lease term reflects DCS exercising the option to terminate.

Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for DCS' leases, the Northern Territory Treasury Corporation's institutional bond rate is used as the incremental borrowing rate.

After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (such as changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

Lease liabilities were determined in accordance with AASB 117 until 30 June 2019.

From 1 July 2019, lease liabilities are determined in accordance with AASB 16.

The following table presents liabilities under leases for 2019-20.

	\$000
Balance at 1 July 2019	-
Recognition of lease liabilities on initial adoption of AASB 16	6 048
Adjusted balance at 1 July 2019	6 048
Additions/remeasurements	6 830
Interest expenses	219
Payments	(1 193)
Balance at 30 June 2020	11 904

DCS had total cash outflows for leases of \$1.2 million in 2019-20.

20. Provisions

	2020 \$000	2019 \$000
Current		
Employee benefits		
Recreation leave	790	865
Leave loading	77	111
Other employee benefits	4	14
Other current provisions		
Provision for dividends	1 141	1 566
Provision for fringe benefits tax	2	1
Provision for superannuation	94	96
Provision for payroll tax	59	73
Other provisions	490	153
	2 657	2 879
Total provisions	2 657	2 879
Reconciliations of provision for dividends		
Balance as at 1 July	1 566	1 462
Additional provisions recognised	1 141	1 566
Reductions arising from payments	(1 566)	(1 462)
Balance as at 30 June	1 141	1 566

DCS employed 48 employees as at 30 June 2020 (53 employees as at 30 June 2019).

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 12 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 12 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 and other leave entitlements
- other types of employee benefits.

As part of the financial management framework, the Central Holding Authority assumes the long service leave liabilities of government agencies, including DCS and therefore no long service leave liability is recognised in DCS' Financial Statements.

SUPERANNUATION

Employees' superannuation entitlements are provided through the:

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

DCS makes superannuation contributions on behalf of its employees to the Central Holding Authority or non-government employee-nominated schemes. Superannuation liabilities related to government superannuation schemes are held by the Central Holding Authority and therefore not recognised in DCS Financial Statements.

21. Other Liabilities

	2020 \$000	2019 \$000
Current		
Unearned contract revenue	166	-
Non-current		
Unearned contract revenue	1 467	-
Total other liabilities	1 633	-

FINANCIAL GUARANTEE CONTRACTS

DCS had no financial guarantee contracts as at 30 June 2020 or 30 June 2019.

Unearned contract revenue

Unearned contract revenue relates to consideration received in advance from customers in respect of Information Technology services. Unearned contract revenue balances as at 30 June 2020 is \$1.6 million (balance at 1 July 2019 was zero). Software licensing, support and maintenance are valid for the contracted period, performance obligations are satisfied on the expiration of the validity period.

Of the amount included in the unearned contract revenue balance as at 1 July 2019, zero has been recognised as revenue in 2019-20.

Revenue recognised in 2019-20 from performance obligations satisfied or partially satisfied in previous period is zero. This is mainly due to a validity period yet to commence.

DCS anticipates to recognise as revenue, any liabilities for unsatisfied obligations as at the end of the reporting period in accordance with the time bands below:

	2020 \$000
Not later than one year	166
Later than one year and not later than five years	1 467
Total	1 633

22. Commitments

Commitments are those contracted as at 30 June where the amount of the future commitment can be reliably measured. Following the adoption of AASB 16 Leases, operating lease commitments as reported in 2019, satisfying eligibility criteria, have now been recognised as a lease liability on the Balance Sheet and in Note 19.

Similarly, following the adoption of AASB 15 Revenue from contracts with customers and AASB 1058 Income of not-for-profit entities, a significant portion of capital commitments and

other non-cancellable commitments as reported in 2019 have now been recognised as unearned liabilities on the Balance Sheet.

Disclosures in relation to capital and other commitments are detailed below:

2020		2019	
Internal \$000	External \$000	Internal \$000	External \$000

(i) Other expenditure commitments

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

Within one year	-	6 182	2 000	-
Later than one year and not later than five years	-	11 793	-	-
	-	17 975	2 000	-

23. Equity

Equity represents the residual interest in the net assets of DCS. The Northern Territory Government's ownership interest in DCS is held in the Central Holding Authority.

	2020 \$000	2019 \$000
Capital		
Balance as at 1 July	1 466	1 466
Equity Injections		
Equity injections	169	-
Equity transfers	2 928	-
Balance as at 30 June	4 563	1 466
Accumulated Funds		
Balance as at 1 July	20 916	20 350
Surplus for the period	2 282	3 133
Dividends payable	(1 141)	(1 566)
Special dividend	(2 000)	(1 000)
Balance as at 30 June	20 057	20 917
Total Equity	24 620	22 383

24. 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.

DCS' property, plant and equipment, computer software and computer hardware are recognised at cost less depreciation or amortisation. The carrying amounts of these financial assets and liabilities approximates their fair value.

25. Financial Instruments

A financial instrument is a contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial assets and liabilities are recognised on the Balance Sheet when DCS becomes a party to the contractual provisions of the financial instrument. DCS' financial instruments include cash and deposits; receivables and payables and finance lease liabilities.

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.

DCS has limited exposure to financial risks as discussed below.

Exposure to interest rate risk, foreign exchange risk, credit risk, price risk and liquidity risk arise in the normal course of activities.

A) CATEGORIES OF FINANCIAL INSTRUMENTS

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

	Fair value through profit or loss		Amortised cost \$000	Fair value through other comprehensive income \$000	Total \$000
	Mandatorily at fair value \$000	Designated at fair value \$000			
2019-20					
Cash and deposits	-	-	10 515	-	10 515
Receivables ¹	-	-	135	-	135
Total financial assets	-	-	10 650	-	10 650
2018-19					
Cash and deposits	-	-	9 226	-	9 226
Receivables ¹	-	-	59	-	59
Total financial assets	-	-	9 285	-	9 285
Payables ¹	-	-	-	-	-
Lease liabilities	-	-	11 904	-	11 904
Total financial liabilities	-	-	11 904	-	11 904
Payables ¹	-	-	94	-	94
Finance lease liabilities	-	-	-	-	-
Total financial liabilities	-	-	94	-	94

¹Total amounts disclosed exclude statutory amounts and accrued items.

Categories of financial instruments

DCS' financial instruments are classified in accordance with AASB 9.

Financial assets are classified under the following categories:

- amortised cost

Financial liabilities are classified under the following categories:

- amortised cost

Financial assets at amortised cost

Financial assets are classified at amortised cost when they are held by DCS to collect the contractual cash flows and the contractual cash flows are solely payments of principal and interest.

These assets are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less impairment. DCS' financial assets categorised at amortised cost include receivables and advances paid.

Financial liabilities at amortised cost

Financial liabilities at amortised cost are measured at amortised cost using the effective interest rate method. DCS' financial liabilities categorised at amortised cost include all accounts payable, deposits held, advances received and lease liabilities.

B) CREDIT RISK

DCS has limited credit risk exposure (risk of default). In respect of any dealings with organisations external to government, DCS has adopted a policy of only dealing with credit-worthy

organisations and obtaining sufficient collateral or other security where appropriate, as a means of mitigating the risk of financial loss from defaults.

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

Credit risk relating to receivables is disclosed in Note 10.

C) LIQUIDITY RISK

Liquidity risk is the risk DCS will not be able to meet its financial obligations as they fall due. DCS' approach to managing liquidity is to ensure it will always have sufficient funds to meet its liabilities when they fall due. This is achieved by ensuring minimum levels of cash are held in DCS' bank account to meet various current employee and supplier liabilities. DCS' exposure to liquidity risk is minimal. Cash injections are available from the Central Holding Authority in the event of one-off extraordinary expenditure items arise that deplete cash to levels that compromise DCS' ability to meet its financial obligations.

The following tables detail DCS' remaining contractual maturity for its financial liabilities, calculated based on undiscounted cash flows at reporting date. The undiscounted cash flows in these tables differ from the amounts included in the Balance Sheet, which are based on discounted cash flows.

2020 Maturity analysis for financial liabilities

	Carrying amount \$000	Less than a year \$000	1 to 5 years \$000	More than 5 years \$000	Total \$000
Liabilities					
Payables ¹	-	-	-	-	-
Total financial liabilities	-	-	-	-	-

¹Total amounts disclosed exclude statutory amounts and accrued items.

2019 Maturity analysis for financial liabilities

	Carrying amount \$000	Less than a year \$000	1 to 5 years \$000	More than 5 years \$000	Total \$000
Liabilities					
Payables ¹	94	94	-	-	94
Total financial liabilities	94	94	-	-	94

¹Total amounts disclosed exclude statutory amounts and accrued items.

D) MARKET RISK

Market risk is the risk 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.

Sensitivity analysis

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

(i) Interest rate risk

DCS has limited exposure to interest rate risk as DCS' financial assets and financial liabilities are non-interest bearing. Finance lease arrangements are established on a fixed interest rate and as such do not expose DCS to interest rate risk.

	Profit or loss and equity	
	100 basis points increase \$000	100 basis points decrease \$000
30 June 2020		
Financial assets – cash at bank	105	(105)
Net sensitivity	105	(105)
30 June 2019		
Financial assets – cash at bank	92	(92)
Net sensitivity	92	(92)

(ii) Price risk

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

(iii) Currency risk

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

26. Related Parties

I) RELATED PARTIES

DCS is a government administrative entity and is wholly owned and controlled by the Northern Territory Government.

Related parties of DCS include:

- the portfolio minister and key management personnel (KMP) because they have authority and responsibility for planning, directing and controlling the activities of DCS directly
- close family members of the portfolio minister or KMP including spouses, children and dependants
- all public sector entities that are controlled and consolidated into the whole of government Financial Statements
- any entities controlled or jointly controlled by KMPs or the portfolio minister, or controlled or jointly controlled by their close family members.

II) KEY MANAGEMENT PERSONNEL (KMP)

KMP of DCS are those persons having authority and responsibility for planning, directing and controlling the activities of DCS. These include the Minister for Corporate and Information Services, Chief Executive Officer of DCIS, Deputy Chief Executive Officer of DCIS, Senior Director Data Centre Services and Chief Financial Officer.

III) REMUNERATION OF KEY MANAGEMENT PERSONNEL

The details below exclude the salaries and other benefits paid/payable to the Minister as the Minister's remuneration and allowances are payable by the Department of the Legislative Assembly and disclosed within the Treasurer's Annual Financial Statements.

The aggregate compensation of key management personnel of DCS is set out below:

	2019-20 \$000	2018-19 \$000
Short-term benefits	269	303
Post-employment benefits	27	30
Total	296	333

DCIS provides management services to DCS and the amount relating to KMP has been included in the figures above.

IV) RELATED PARTY TRANSACTIONS

Transactions with Northern Territory Government controlled entities

DCS' primary ongoing source of funding is received from Northern Territory Government controlled entities.

The following table provides quantitative information about related party transactions entered into during the year with all other Northern Territory Government controlled entities.

2020

Related party	Revenue from related parties \$000	Payments to related parties \$000	Amounts owed by related parties \$000	Amounts owed to related parties \$000
NTG agencies	26 550	4 305	2 433	4 239

2019

Related party	Revenue from related parties \$000	Payments to related parties \$000	Amounts owed by related parties \$000	Amounts owed to related parties \$000
NTG agencies	24 689	4 141	2 155	3 085

DCS' transactions with other government entities are not individually significant.

Other related party transactions

Given the breadth and depth of Northern Territory Government activities, related parties will transact with the Northern Territory Public Sector in a manner consistent with other members of the public including paying stamp duty and other government fees and charges and therefore these transactions have not been disclosed. There were no other related party transactions to be reported.

DCS had no other related party transactions in excess of \$10 000.

27. Contingent Liabilities and Contingent Assets

DCS had no contingent liabilities or contingent assets as at 30 June 2020 or 30 June 2019.

28. Events Subsequent to Balance Date

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

29. Budgetary Information

	2019-20 Actual \$000	2019-20 Original budget \$000	Variance \$000	Note
Comprehensive Operating Statement				
INCOME				
Sales of goods and services	26 772	24 402	2 370	1
Interest revenue	50	120	(70)	
Other income	468	-	468	2
TOTAL INCOME	27 290	24 522	2 768	
EXPENSES				
Employee expenses	6 325	7 334	1 009	3
Administrative expenses				
Purchases of goods and services	12 945	10 246	(2 699)	4
Property Management	1 073	676	(397)	
Depreciation and amortisation	3 431	3 983	552	5
Impairment Losses	37	-	(37)	
Interest expenses	219	156	(63)	
TOTAL EXPENSES	24 030	22 395	(1 635)	
NET SURPLUS/(DEFICIT)	3 260	2 127	1 133	
Income tax expense	978	638	(340)	
NET SURPLUS	2 282	1 489	793	
COMPREHENSIVE RESULT	2 282	1 489	793	

This comparison is different from the Comprehensive Operating Statement presented in the financial statement overview at the front of this report. This note reflects the original budget, whilst the overview section references the final budget which incorporates budget adjustments approved during the year.

Notes:

- Growth in midrange and enterprise storage income by \$2.0 million.
- One-off reimbursement for rent paid was received during the year.
- Decrease due to staff transferred to DCIS under MoG change and internal realignment of business functions, staff seconded to the Data Centre Transition Project and position vacancies.
- Increase primarily relates to additional ICT related hardware expenses \$1.0 million and \$0.9 million for contract resources to cover increased demand for services and \$0.5 million new service charges from DCIS for functions transferred.
- Extended useful life of fitout assets in the new Government Data Centre.

	2019-20 Actual \$000	2019-20 Original budget \$000	Variance \$000	Note
Balance Sheet				
ASSETS				
Current assets				
Cash and deposits	10 515	5 061	5 454	1
Receivables	2 464	1 956	508	2
Prepayments	4 789	5 713	(924)	3
Total current assets	17 768	12 730	5 038	
Non-current assets				
Property, plant and equipment	23 302	15 802	7 500	4
Intangibles	958	610	348	
Prepayments	457	-	457	3
Total non-current assets	24 717	16 412	8 305	
TOTAL ASSETS	42 485	29 142	13 343	
LIABILITIES				
Current liabilities				
Payables	693	462	(231)	
Income Tax Liabilities	978	638	(340)	
Provisions	2 657	1 900	(757)	5
Lease Liabilities	1 149	-	(1 149)	4
Other Liabilities	166	-	(166)	
Total current liabilities	5 643	3 000	(2 643)	
Non-current liabilities				
Lease Liabilities	10 755	5 187	(5 568)	4
Other Liabilities	1 467	-	(1 467)	6
Total non-current liabilities	12 222	5 187	(7 035)	
TOTAL LIABILITIES	17 865	8 187	(9 678)	
NET ASSETS	24 620	20 955	3 665	
EQUITY				
Capital	1 466	1 466	-	
Equity injections/withdrawals	3 097	-	3 097	
Reserves	-	-	-	
Accumulated funds	-	-	-	
Opening balance	20 917	20 745	172	
Current year surplus(+)/deficit(-)	2 281	1 489	793	
Dividends payable	(1 141)	(745)	(397)	
Special Dividend	(2 000)	(2 000)	-	
TOTAL EQUITY	24 620	20 955	3 665	

This comparison is different from the Balance Sheet presented in the financial statement overview at the front of this report. This note reflects the original budget and the overview section references the final budget which incorporates budget adjustments approved during the year.

Further, the original published budget figure has not been adjusted to reflect the actual opening balances as at 1 July 2019.

Notes:

1. Original budget forecast balance was \$4.1 million less than the actual closing position at previous year end plus there was a net increase in cash of \$1.3 million over the 2019-20 financial year.
2. Increase in receivables in line with increased income.
3. Recognition of non-current prepayments of \$0.5 million at year end.
4. Addition of the Backup Data Centre facility lease of \$6.6 million.
5. Provision for back-cast rent in relation to additional leased land area at Government Data Centre.
6. Unearned revenue received in advance of licensing period, \$1.4 million.

	2019-20 Actual \$000	2019-20 Original budget \$000	Variance \$000	Note
Cash Flow Statement				
CASH FLOWS FROM OPERATING ACTIVITIES				
Operating receipts				
Receipts from sales of goods and services	28 613	24 402	4 211	1
GST receipts	1 804	-	1 804	2
Interest received	57	120	(63)	
Total operating receipts	30 474	24 522	5 952	
Operating payments				
Payments to employees	(6 427)	(7 334)	907	3
Payments for goods and services	(14 901)	(10 922)	(3 979)	4
GST payments	(1 770)	-	(1 770)	2
Income tax paid	(1 342)	(1 196)	(146)	
Interest paid	(219)	(156)	(63)	
Total operating payments	(24 659)	(19 608)	(5 051)	
Net cash used in operating activities	5 815	4 914	901	
CASH FLOWS FROM INVESTING ACTIVITIES				
Investing payments				
Purchases of assets	(154)	(3 420)	3 266	5
Total investing payments	(154)	(3 420)	3 266	
Net cash used in investing activities	(154)	(3 420)	3 266	
CASH FLOWS FROM FINANCING ACTIVITIES				
Financing receipts				
Other equity injections	169	-	169	
Total financing receipts	169	-	169	
Financing payments				
Dividends paid	(3 566)	(3 396)	(170)	
Finance lease payments	(975)	(502)	(473)	
Total financing payments	(4 541)	(3 898)	(643)	
Net cash used in financing activities	(4 372)	(3 898)	(474)	
Net increase/(decrease) in cash held	1 289	(2 404)	3 693	
Cash at beginning of financial year	9 226	7 465	1 761	
CASH AT END OF FINANCIAL YEAR	10 515	5 061	5 454	

Notes:

- Growth in midrange and enterprise storage receipts by \$2.0 million and reimbursement of costs from the Data Centre Transition Project.
- GST receipts and payments not included in the original budget.
- Staff seconded to the Data Centre Transition Project managed by DCIS and staff transferred to DCIS under MoG change and internal realignment of business functions.
- Increase in ICT software and licensing prepayments and contract resources resulting in higher cash payments.
- Lower than anticipated acquisition of assets.

6

APPENDICES

Appendix 1 - DCIS Costing Model	174
Appendix II - Audits by the Auditor-General	176
Appendix III - Internal Audits/Reviews	180
Appendix IV - Accommodation Costs for Non-Government Organisations	182
Appendix V - Gifted and loaned vehicles	184
Appendix VI - DCIS Governance Committees	185
Appendix VII	188



APPENDIX 1

DCIS COSTING MODEL

In order to properly reflect the full costs to deliver agency services and allow reliable comparative analysis with other jurisdictions where corporate support costs are within the service delivery agency, DCIS is required to allocate its service costs to client agencies, GBDs and other supported entities. The DCIS costing model is based on measuring costs to deliver services for each client entity, with no internal charging or margins applied. For general government agencies DCIS costs are notionally allocated, where GBDs and other entities are required to pay for the cost of DCIS services used.

The following list reflects the DCIS costing model pre the substantial CSR3 and MOG changes that occurred in 2019-20 and consistent with prior year's reporting. For this first year, costs relating to the seven functional streams of Enterprise Corporate Services are being recorded as the total budget amounts transferred from agencies.

This approach is based on consideration that the budget amounts transferred would align to the costs to deliver the related functions for each agency.

Work is underway to develop an expanded costing model incorporating ECS functions. An interim model will be applied in 2020-21 while services and costs continue to be settled. Detailed examination of updated service segments and related costs will be undertaken during 2020-21 to build an updated and complete costing model to commence 2021-22.

Service	Cost Measure (monthly)	Costs
Across Government Contracts		
Across government contracts	Per full time employee	3.57
Contract Services		
Contract administration	Per contract issued	1 326.93
Full tender procurement	Per contract issued	5 985.50
Tier 2 quotations	Per quotation issued	113.71
Tier 3 quotations including awards	Per quotation and award issued	2 084.12
Tender management	Per tender issued	2 373.80
Corporate Reporting		
Human resource corporate reporting	Per full time employee	3.85
General ledger transaction reporting	Per general ledger transaction	0.18
Finance Services		
Payments through interface	Per interfaced payment transaction	0.35
Internet payments	Per internet payment transaction	56.62
Manual payments	Per manual payment transaction	16.98
EIMS	Per EIMS payment processed	9.80
Accounts receivable manual invoices	Per accounts receivable manual invoice processed	49.57
Accounts receivable electronic invoices	Per accounts receivable electronic invoice processed	21.24
Advance cheques/petty cash	Per advance cheque/petty cash transaction processed	23.40
Accounts receivable RTM receipts	Per electronic accounts receivable RTM receipt issued	8.26
Accounts receivable bank accounts	Per bank account reconciled	100.13
Manual receipt	Per manual receipt transaction	32.21
Manual ledger transfer	Per manual ledger transfer invoice processed	27.04
Credit card management	Per corporate credit card issued	34.48
Tax BAS/GST return	Per line per tax BAS/GST return	0.71
FBT return	Per line per tax FBT return	27.28

Payroll tax return	Per cost code per payroll tax return	8.78
Financial systems	Percentage data storage/usage	7 106.25
Asset disposals	Number of asset disposals	81.50
Asset additions	Number of new asset additions	92.13
Asset records maintenance	Number of assets in the asset register	5.48
Employment Services		
Entry level recruitment	Number of entry-level administrative staff employed in billing month	6.67
Employment programs	Number of apprentices/trainees managed	679.53
Human resource system	Number of paid employees	30.97
Job evaluation services	Per position evaluated under JES system	186.33
Payroll services	Number of paid employees	14.86
Payroll manual transactions	Number of manual payroll transactions processed	13.36
Payroll auto transactions	Number of automatic payroll transactions processed	3.71
Employee commencements	Number of employee commencements processed	349.12
Payroll terminations	Number of employee cessations processed	290.44
Recruitment advertising	Per advertising request processed	280.74
Recruit temporary/nominal move	Per temporary or nominal move processed	20.28
Executive Contract Officers	Number of paid Executive Contract Officers	70.93
ICT Services		
Security	Per ICT equipment	4.23
ICT contract management	Per ICT equipment	3.47
Property Management		
Leased property management	Per square metre of leased building	1.17
Records System Services		
TRM administration	Per FTE	1.67

APPENDIX II

AUDITS BY THE AUDITOR-GENERAL

For the year ended 30 June 2020

DCIS End of Year Review (Shared Services)

For the year ended 30 June 2019

AUDIT OBJECTIVE: To review the adequacy of selected aspects of end of financial year controls over accounting and material financial transactions performed by DCIS on behalf of NTG agencies. Audit coverage included samples from financial transactions and focused on:

- June journal entries
- end-of-year receipting
- prescribed ledger completion processes
- annual leave and long service leave data provided from the PIPS System

- trust accounts
- controls and processes applied by DCIS to capture year-end balances.

AUDIT OUTCOME: The agency's accounting and control procedures were found to be generally satisfactory. One matter was identified:

- process of managing variances and exceptions in year-end reports and reconciliations can be enhanced.

ACTION: Report has been enhanced for end of year processes.

DCIS End-of-year Review

For the year ended 30 June 2019

AUDIT OBJECTIVE: To assess the adequacy of selected aspects of end of financial year controls over reporting, accounting and material financial transactions and balances for DCIS with the primary purpose of providing support to the audit of the Treasurer's Annual Financial Statements (TAFS).

The review focused on the accrual accounting aspects of the 30 June 2019 financial data contained in the agency's Government Accounting System (GAS) general ledger and consolidated by the Department of Treasury and Finance into the TAFS.

AUDIT OUTCOME: The agency's accounting and control procedures were found to be generally satisfactory. One matter was identified:

- The accounting policy 'Accounting treatment for DCIS ICT Services for Agencies' relating to the balance of the ICT Clearing Account is non-compliant with Australian Accounting Standards.

ACTION: Accounting policy revised to ensure compliance with Australian Accounting Standards and Treasurer's Directions.

NT Fleet Financial Statement Audit

For the year ended 30 June 2019

AUDIT OBJECTIVE: To undertake sufficient audit procedures to enable an opinion on the financial statements of NT Fleet for the year ended 30 June 2019.

AUDIT OUTCOME: An unmodified audit opinion was issued on the financial statements of NT Fleet. No matters were identified during the audit.

ACTION: No action required.

Data Centre Services Financial Statement Audit

For the year ended 30 June 2019

AUDIT OBJECTIVE: To undertake sufficient audit procedures to enable an opinion on the financial statements of Data Centre Services for the year ended 30 June 2019.

AUDIT OUTCOME: An unmodified audit opinion was issued on the financial statements of DCS. No matters were identified during the audit.

ACTION: No action required.

Government Accounting System (GAS) Controls Audit

For the year ending 30 June 2020

AUDIT OBJECTIVE: To determine there is reasonable assurance that there are satisfactory internal controls for central maintenance of GAS and over the following financial services provided to agencies:

- ledger reconciliation
- financial reporting
- processing of accounts payable
- accounts receivable, including collection of public money and receipts to Operating Accounts
- advances and official bank accounts
- preparation of the NTG Business Activity Statement for Goods and Services Tax collected and paid

- grants management
- adequate and effective communication with agencies in respect of the functions performed for them.

AUDIT OUTCOME: Audit procedures performed revealed that generally there are satisfactory internal controls in respect of the central maintenance of GAS and over the financial services provided to agencies. One matter was identified:

- some instances of procedural deficiencies in relation to GAS related processes performed.

ACTION: Standard Operating Procedures have been updated.

NT Fleet Interim Financial Statement Audit 2019-20

AUDIT OBJECTIVE: To facilitate the end of financial year audit of NT Fleet's financial statements required by Section 10 of the *Financial Management Act 1995*; identify and examine any significant new issues impacting on the audit for this year; and, in accordance with Section 13 of the *Audit Act 1995*, address any control and compliance issues arising from an examination of the accounts and records.

AUDIT OUTCOME: The accounting and control procedures

examined during the audit were found to be generally satisfactory. One matter was identified:

- month end reconciliations were not signed as evidence of review or approval for Cash at Bank and Property, Plant and Equipment.

ACTION: Procedures updated to improve month end reconciliations.

IT Controls Environment Review

AUDIT OBJECTIVE: To understand, risk assess and test the internal control structure within the service-wide IT mainframe environment with particular reference to mainframe operations for GAS, PIPS, and the Payroll and Payment Management System (PAPMS).

The audit covered the design and implementation of IT general controls relating to GAS, PIPS and PAPMS including:

- business continuity planning
- administration of RACF security for GAS / PIPS / PAPMS environment
- configuration of key RACF security controls
- configuration of key CICS security settings
- user access privileges to sensitive GAS / PIPS / PAPMS payment gateway files.

AUDIT OUTCOME: Two matters were identified:

- review and testing of the Disaster Recovery Plan had not been performed during the financial year for Corporate Systems
- no network redundancy exists between the Government Data Centre and Back-up Data Centre.

ACTION: Review of the Disaster Recovery Plan has commenced. Network redundancy finding reflects a timing issue with the audit occurring prior to commissioning of the Back-up Data Centre being completed.

PIPS Controls Compliance Audit

For the year ending 30 June 2020

AUDIT OBJECTIVE: To determine whether there is reasonable assurance that there are satisfactory internal controls for the PIPS payroll and leave recording functions provided to agencies and adequate and effective communication with agencies, including:

- payroll and leave information held on PIPS is accurate and reliable
- procedures deter and protect against fraud
- there is a process for prompt identification of overpayments and a process for recovery

- there is adequate and effective communication with agencies in respect of the functions performed for them.

AUDIT OUTCOME: The audit procedures performed showed generally satisfactory internal controls in relation to PIPS payroll and leave recording functions provided to agencies. One audit matter was identified:

- internal control procedures performed by Payroll and Employment Services could be enhanced.

ACTION: Employees continue to receive training and advice on process requirements and internal controls.

Agency Compliance Audit

For the year ended 30 June 2020

AUDIT OBJECTIVE: To examine selected aspects of the systems in use by DCIS as required in particular by Treasurer's Directions Part 3, Section 1, and Procurement Governance Policy and Procurement Rules, with the objective of obtaining reasonable assurance that those selected requirements were being achieved.

AUDIT OUTCOME: The accounting and control procedures examined provide reasonable assurance that the responsibilities of the Accountable Officer will be met if those systems continue to operate in the manner identified in the audit.

Two matters were identified:

- identified contingent liability value was omitted from the contingent liability register
- 9% of undisputed invoices were not processed within the required 20 days and 30 days periods.

ACTION: Contingent liability register updated. Processes have been reiterated to employees to enhance compliance. DCIS has achieved over 90% of invoices processed within new shorter timeframe.

DCIS - Core Clinical Systems Renewal Program

AUDIT OBJECTIVE: To perform a review of progress within phase 1 of the Program, including evaluating:

- achievement of project deliverables against plan and progress against planned milestones and budget
- risk and issue management
- adequacy of the approach used to complete the Design phase including the engagement model used for Department of

Health stakeholders to validate and confirm the detailed business requirements to inform the Solution Confirmation phase.

AUDIT OUTCOME: The review did not identify any significant matters that required addressing. No matters were identified.

ACTION: No action required.

NT Fleet – Fleet Business System

AUDIT OBJECTIVE: To assess the IT general computer controls and key application controls over the Fleet Business System in place at NT Fleet including interfaces between the Fleet Business System and other NT Government systems. The following areas were in scope:

- access management controls
- change management controls
- IT operations controls.

AUDIT OUTCOME: Two matters were identified:

- disaster recovery testing had not been performed during the financial year
- backups are not formally tested at a defined frequency.

ACTION: Review of disaster recovery actions is being undertaken, including establishing a frequency schedule.

DCIS – A Guide to Contract Management – Performance Management System Audit

AUDIT OBJECTIVE: To determine whether the performance management systems of the agency enable the agency to assess whether its objectives are being achieved economically, efficiently and effectively. To determine whether the performance management systems in place at the agency enable it to manage contracts in order to achieve its objectives economically, efficiently and effectively and assess adherence with the NTG *A Guide to Contract Management*.

AUDIT OUTCOME: Opportunities for improvements to DCIS systems and processes were identified. Eleven recommendations were made in relation to the following areas:

- Contract Management Framework and contract management plans
- contractor relationship management, performance monitoring and reporting

- panel contracts oversight
- contract management information system
- contract risk management and variations
- contract finalisation procedures including disengagement plan and lessons learned.

ACTION: DCIS maintains contracts with 245 contractors across over 40 different industry sectors, including substantial contract panels and contracts for use by agencies across government. The complexity of many of DCIS' contracts is not readily accommodated in the *Guide to Contract Management*. This is necessitating development of a Contract Management Framework for DCIS that sets out appropriate controls and processes, recognising the diversity of contracting models and requirements. The DCIS Contract Management Framework is under development and will be finalised in 2020-21.

DCIS – Managing Conflict of Interest - Survey

AUDIT OBJECTIVE: To undertake a survey of the controls and processes in place to manage conflicts of interest in selected Northern Territory Government agencies and analyse the responses to assess the extent to which these controls and processes are implemented and operating throughout the Northern Territory Government.

AUDIT OUTCOME: DCIS' conflicts of interest framework was assessed as 'Advanced' maturity. Five recommendations were made relating to raising awareness and education.

ACTION: DCIS is reviewing practices to continue ensuring staff are aware of their conflict of interest requirements.

Agency Audits transferred as part of Machinery of Government (MOG)

Two audits that commenced in other agencies related to functions that were transferred to DCIS as part of the Machinery of Government changes:

- SuperB system – Northern Territory Superannuation Office (DTF)
- PRONTO XI system and Integrated Offender Management System – Department of the Attorney-General and Justice.

The audit reports were issued to the originating agencies. DCIS will review the audit findings and address in-time the recommendations that relate to DCIS responsibilities.

APPENDIX III

INTERNAL AUDITS/REVIEWS

Over 2019-20 DCIS conducted 36 reviews, which is well above usual activity levels due to timing for scheduled audits of air services panel contractors. There were no internal audit reports

or findings advised by other agencies relating to the functions transferred to DCIS under MOG changes. The reviews focused on the following areas.

Cabinet Information Security

OBJECTIVE: Annual review of the department's Cabinet information to determine if there were any breaches in the reporting periods and what measures are in place to mitigate breaches.

FINDINGS: Review confirmed compliance.

ACTION: No action required.

Official Travel

OBJECTIVE: Assess department travel transactions for compliance with the NTG Travel Policy Framework, legislation and policies.

FINDINGS: TRIPS movement requisitions (MRs) for travel between 1 July 2018 and 30 June 2019 were reviewed. Compliance with the Travel Policy was generally satisfactory, with some instances of non-compliance identified:

- one same day travel MR from a sample of 26 was non-compliant with DCIS policy

- 7 of 26 MRs were not acquitted within 10 working days of return to the workplace
- inconsistencies with processes for taxi vouchers and NTG vehicle usage
- multiple documents, workflows, guides could be enhanced.

ACTIONS: Documentation is being reviewed and updated. Staff have been advised of process requirements.

Value for Territory Procurement Audit

OBJECTIVE: Assess compliance with the NTG Procurement Framework, including Value for Territory Assurance.

FINDINGS: The independent audit confirmed the department has a strong commitment to compliance and continuous improvement, including skilled individuals and robust processes for procurement, with some qualitative improvements still needed. Seven recommendations were identified including:

- two instances out of 79 were not fully compliant or had insufficient evidence to determine compliance
- two instances out of 50 Tier 1 purchases audited did not have evidence of ICNNT being consulted
- two instances out of 50 Tier 1 purchases audited did not have evidence that at least one Territory Enterprise had been invited to provide an offer

- five instances across Tiers 2 to 5 procurements where conflict of interest forms were not obtained from all assessment panel members
- one instance out of 9 Tier 5 procurements tested where no future tender opportunity was released
- instances noted where appropriate records were not maintained for the procurement activity
- one instance out of 15 contract management samples tested where the contract manager had not reported on local benefit commitments.

ACTIONS: DCIS will continue to invest in its procurement capability through further education and ongoing procurement process improvement. The Value for Territory audit report and DCIS' response were provided to the Buy Local Industry Advocate.

Corporate Credit Card Payments

OBJECTIVE: Assess whether DCIS, NT Fleet and DCS had effectively administered corporate credit cards and cab charge cards, including compliance with relevant legislation; Treasurer's Directions; NTG Credit Card Policy and Procedures Guidelines; and Accounting and Property Manual.

FINDINGS: Corporate credit card transactions from DCIS,

DCS and NT Fleet were sampled for 1 July 2018 to 30 June 2019. Several findings were identified:

- prior written approval was not provided for 7 out of 50 sampled transactions
- one sample out of 50 did not include consultation with ICNNT

- no checklist or SOP developed to assist the card verifier in their responsibilities
- non-compliance with DCIS cab charge procedure
- cab charge cardholder list has inconsistencies
- incorrect and inconsistent processes followed for expired and lapsed cards
- no evidence of random checks of accountable forms
- report in ECMS as to who has access to cab charge included people who have left DCIS.

ACTIONS: Work is progressing on improving procedures, SOPS and checklists. Further education and awareness is being provided to corporate credit card and cab charge card holders.

ICT Enterprise Environment

OBJECTIVE: DCIS undertook three independent reviews of the security posture of the ICT enterprise environment in 2019-20. The reviews considered vulnerabilities and the status of implementation of cyber security mitigations.

FINDINGS: No significant adverse findings were identified.

ACTIONS: Activities required were undertaken.

Air Charter Audits 2019

OBJECTIVE: To assess aviation contractors on the NTG's aviation services panel contract for compliance with the Air Operations Specifications and CASA regulations.

FINDINGS: Audits of 29 air operators were undertaken and completed. There were 144 findings identified across the 29 audits in risk categories.

ACTIONS: Corrective actions have been completed by contractors for all findings.

APPENDIX IV

ACCOMMODATION COSTS FOR NON-GOVERNMENT ORGANISATIONS

Non-Government Organisation	Building	Supporting Agency	Cost (\$)
Adult Mental Health Team	Civic Plaza, Palmerston	Top End Health Services	140 000
Artback NT	Harbour View Plaza	Department of Tourism, Sport and Culture	71 500
Association of Independent Schools of the Northern Territory	NAB Building, Darwin	Department of Education	81 000
Association of Northern, Kimberley and Arnhem Aboriginal Artists	Harbour View Plaza	Department of Tourism, Sport and Culture	54 300
Australia Day Council	NAB Building, Darwin	Department of the Chief Minister	57 000
Autism NT	Goyder Centre, Palmerston	Department of Health	98 000
Bushmob	CfAT Building, Alice Springs	Department of Health	210 700
Camp Quality / CanTeen	82 Woods Street, Darwin	Department of Health	39 000
Cancer Council of the Northern Territory	Anangu House, Alice Springs	Department of Health	33 000
Cancer Council of the Northern Territory	Casi House, Casuarina	Department of Health	53 000
Cancer Council of the Northern Territory	Katherine Government Centre,	Department of Health	8 400
CREATE Foundation	Anangu House, Alice Springs	Territory Families	31 000
Darwin Aboriginal Art Fair	Harbour View Plaza	Department of Tourism, Sport and Culture	32 700
Darwin Festival	Harbour View Plaza	Department of Tourism, Sport and Culture	150 000
Darwin RSL	NAB Building, Darwin	Department of Corporate and Information Services	9 600
Darwin Visual Arts Association	Harbour View Plaza	Department of Tourism, Sport and Culture	77 000
Deaf NT Inc.	Casuarina Plaza	Department of Health	17 700
Duke of Edinburgh's Award NT Division	Goyder Centre, Palmerston	Department of Education	9 400
Genealogical Society of the Northern Territory Inc.	84 Smith Street, Darwin	Department of Tourism, Sport and Culture	46 000
Girls Academy	Goyder Centre, Palmerston	Department of Education	4 500
Good Beginnings	Randazzo Centre, Katherine	Territory Families	34 000

Keep Australia Beautiful Council Northern Territory	NAB Building, Darwin	Department of Infrastructure, Planning and Logistics	14 000
L'here Artepe Aboriginal Corporation	20 Parsons Street, Alice Springs	Department of the Chief Minister	38 400
Life Education	Goyder Centre, Palmerston	Department of Education	6 200
Multicultural Council of the Northern Territory Inc. and Multilingual Broadcasting Council Northern Territory Inc.	Malak Shopping Centre	Department of the Chief Minister	103 000
Multicultural Community Services of Central Australia Inc.	Youth and Community Centre, Alice Springs	Department of the Chief Minister	44 800
Music NT	Harbour View Plaza	Department of Tourism, Sport and Culture	59 000
Northern Territory Badminton Association Inc.	19 Albatross Street, Winnellie	Department of Tourism, Sport and Culture	165 400
Northern Territory Council of Government School Organisations	Ethos House, Casuarina	Department of Education	110 600
Disability Respite Centre	Randazzo Centre, Katherine	Department of Health	17 000
NT Writers' Centre	Harbour View Plaza	Department of Tourism, Sport and Culture	23 500
Off the Leash	Harbour View Plaza	Department of Tourism, Sport and Culture	26 000
Pensioners Workshop Association Inc.	48 Albatross St, Winnellie	Department of the Chief Minister	34 200
Red Cross	Tennant Creek Government Centre	Department of Infrastructure, Planning and Logistics	Nil
Red Cross Drop in Centre	Casuarina Recreation Centre	Department of Tourism, Sport and Culture	94 800
Tracks Dance Company	Harbour View Plaza	Department of Tourism, Sport and Culture	110 000
Top End Women's Legal Service Inc.	17 Lindsay Street, Darwin	Department of the Attorney-General and Justice	67 600
Industry Skills Advisory Council	The Avenue, Parap	Department of Trade, Business and Innovation	227 000
Victims of Crime NT Inc.	NAB Building, Darwin	Department of the Attorney-General and Justice	91 000
YMCA of the Top End	Satepak House, Palmerston	Department of Tourism, Sport and Culture	121 300
Total expenditure			2 611 600

APPENDIX V

GIFTED AND LOANED VEHICLES

Gifted Vehicles	\$ (GST Inc)
Helping People Achieve Incorporated	44 910
Sub Total	44 910
Loaned Vehicles	\$ (GST Inc)
Britt Guy, NT Travelling Film Festival, Creative Accomplice	2 375
Bush Bands Program	6 397
Corrugated Iron Youth Arts	2 772
Darwin Aboriginal Art Fair	3 200
Darwin Festival	94 151
Darwin Pro Tour Tennis Events	4 352
Incite Arts - Unbroken Land, Alice Springs	484
National Indigenous Music Awards	2 512
National Indigenous Tennis Carnival	825
Scouts NT	10 552
SIDS and Kids	5 734
The Redback and Run Larapinta Stage Race	5 708
Titjimat	10 578
Tracks Dance	770
Yothu Yindi Foundation for Garma Festival	43 502
Sub Total	193 912
Total value of gifted and loaned vehicles	238 822

APPENDIX VI

DCIS GOVERNANCE COMMITTEES

Audit Committee

Membership as at 30 June 2020

Chair: **Bridgitte Bellenger**, Senior Executive Director, Department of the Chief Minister | **Andrew Baylis**, Director Economics Analysis, Department of Treasury and Finance. | **Lisa Watson**, Chief Operating Officer | **Rex Schoolmeester**, Chief Financial Officer (Ex-Officio) | **Kevin Thomas**, Director Governance and Assurance (Ex-Officio) | **Stacey Henderson**, Director Application Services, Corporate Systems | **Michael Smid**, Director Finance Services |

Secretariat: **Jo Vanderpoll**, Senior Manager Governance

2019-20 Activity:

The committee met on 7 occasions during 2019-20

Business Plan achievements:

- Reviewed and recommended updates the Committee's Terms of Reference.
- Reviewed and endorsed Financial Statements for DCIS and the two GBDs.

- Monitored audit issues and business unit actions to address and resolve.
- NTAGO attended a committee meeting

Risk Management Committee

Membership as at 30 June 2020

Chair: **Lisa Watson**, Chief Operating Officer | **Kevin Thomas**, Director Governance and Assurance (Ex-Officio) | **Tracey McMenamin**, Senior Director Workforce Relations | **David Keirs**, Senior Director Procurement Services | **John Weippert**, Digital Portfolio Coordinator | **Bronwyn Lo**, Director Project Services | **Lou-anne Duncan**, Director Property Leasing | **Sandra Papandonakis**, Director Employment Services | **Greg Moo**, Senior Director Digital Strategy | **Sonia Peters**, Director Cyber Strategy | **Caroline Lewis-Driver**, Program Director |

Secretariat: **Jo Vanderpoll**, Senior Manager Governance

2019-20 Activity

The committee met on 6 occasions during 2019-20

Business Plan achievements:

- Terms of Reference reviewed and updated.

- Revised and updated the department's Strategic Risk Register.
- Reviewed audit outcomes to identify risks.

Communications Governance Committee

Membership as at 30 June 2020

Chair **Jude Florance**, Director Executive Services | **Peta Preo**, Senior Director Business Connections | **Gail Humble**, Senior Director Workforce Development | **Stacey Henderson**, Director Application Systems | **Ron Saint**, Manger Regions | **Helen Perry**, Director Digital Communications | **Paul Gooding**, Senior Director Enterprise Project Services.

Secretariat: **Rebecca Forrest**, Manager Corporate Communications

2019-20 Activity

The committee met on 6 occasions during 2019-20.

Business Plan achievements:

- Developed annual department communications plan
- Reviewed Service Statements, with further work required and provided input to the Service Framework refresh.
- Continued progressing recommendations from the Auditor-General's lighthouse review.
- Participated as a Reference Group to the NTG Central upgrade project.

Finance Governance Committee

Membership as at 30 June 2020

Chair **Kathleen Robinson**, Chief Executive | **Chris Hosking**, Deputy Chief Executive | **Rex Schoolmeester**, Chief Financial Officer (Ex-Officio) | **Greg Connors**, Senior Director ICT Services | **Paul Gooding**, Senior Director Enterprise Project Services

Secretariat: **David Mu**, Budgets and Finance Manager

2019-20 Activity

The committee met on 12 occasions during 2019-20.

Business Plan achievements:

- Reviewed the 2018-19 financial statements for DCIS, NT Fleet and DCS.
- Oversaw development of 2019-20 Budget and reviewed the output structure for 2020-21 Budget.
- Implemented new accounting standard for leases – AAB16 Leases and development of accounting policy for ICT Services.
- Monitored agency expenditure against budget over the year.

Procurement Governance Committee

Membership as at 30 June 2020

Chair **Kathleen Robinson**, Chief Executive | **Chris Hosking**, Deputy Chief Executive | **Lisa Watson**, Chief Operating Officer | **David Keirs**, Senior Director Procurement Services (Ex-Officio) | **Sam Vulcano**, Director Procurement Services (Ex-Officio) | **David Bryan**, Senior Director NT Property Management | **Kathleen Gray**, Director Contract Services | **Greg Connors**, Senior Director ICT Services

Secretariat: **Carmel Williams**, Procurement Unit

2019-20 Activity

The committee met on 49 occasions during 2019-20.

Business Plan achievements:

- Contributed to and finalised the DCIS Annual Procurement Management Plan 2019-20.
- Initiating actions to address key findings from the Value for Territory and compliance audits.
- Endorsed the central procurement records policy and procedures.
- Provided input to NTG procurement reform developments.

Workforce Management Committee

Membership as at 30 June 2020

Chair **Sarah Temple**, Senior Director Reform Office | **Rex Schoolmeester**, Chief Financial Officer | **Toni Blair**, Senior Director Business Connections | **Julie Cargill**, Director DCIS HR Services (Ex-Officio) | **Jodie Wheeler**, Director HR | **Michael Smid**, Director Finance Services | **Ron Saint**, Regional Manager

Secretariat: HR Services

2019-20 Activity

The committee met on 92 occasions and held 8 out of session meetings during 2019-20. This total includes both the previous Human Resource Governance (HRGC) and Workforce Management committees (WMC) where the department maintained two committees over the CSR3 transition period.

The WMC continued to monitor all DCIS recruitment in line with FTE and Budget requirements.

Business Plan achievements:

- HRGC merged with WMC in June 2020.

- WMC request form and procedures updated on the DCIS staff site to reflect the new committee arrangements.
- The combined committees reviewed 1394 HR requests during 2019-20 covering filling vacancies, extending contracts, higher duties allowances and job evaluations.
- Employment arrangements for staff transferred to DCIS through CSR3 needed to be considered and in many cases continued while new functions and teams were being established.

Work Health and Safety Committee

Membership as at 30 June 2020

Chair **Lisa Watson**, Chief Operating Officer | **Sarah Temple**, Senior Director Reform Office | **Vicki Highland**, Senior Director Information Management | **Julie Cargill**, Director DCIS HR Services (Ex-Officio) | **Terrence Flynn**, Director Procurement and Commercial Leasing | **Wayne Sanderson**, Director Regions

Secretariat: **Theo Iliou**, WHS Coordinator

2019-20 Activity

The committee met on 8 occasions during 2019-20.

Business Plan achievements:

- Progressed audit of Building Committees membership across all DCIS workplaces.

- Conducted a series of building walkthroughs as part of the DCIS COVID-19 Response Plan, to confirm workplaces are meeting the COVID-19 safety guidelines.
- Reviewed and submitted the WHS risk register to RMC.

Cyber Security Committee

Membership as at 30 June 2020

Chair **Kathleen Robinson**, Chief Executive | **Chris Hosking**, Deputy Chief Executive | **Ewan Perrin**, Executive Director ODG | **Donald Young**, Digital Portfolio Coordinator | **Garry Russell**, Senior Director Corporate Systems | **Doug Cooke**, Senior Director Digital Policy and Telecommunications | **Garey Neenan**, Director Data Strategy | **Sonia Peters**, Director Cyber Strategy (Ex-Officio) | **Greg Connors**, Senior Director ICT Services | **Adam Smith**, Director Cyber Security | **Scott Thomson**, Senior Director Data Centre Services

Secretariat: **Sonia Peters**, Director Cyber Strategy

2019-20 Activity

The committee met on 7 occasions during 2019-20

Business Plan achievements:

- Regular review of the cyber security posture across the NTG ICT enterprise environment

- Monitored security projects activity
- Oversight of the Cyber Security Awareness Program
- Considered and endorsed cyber security and related ICT policies and procedures

Digital Projects Steering Committee

Chair **Chris Hosking**, Deputy Chief Executive | **Kathleen Robinson**, Chief Executive | **Lisa Watson**, Chief Operating Officer | **Ian Pollock**, Senior Director Data Services | **Donald Young**, Digital Portfolio Coordinator | **Satpinder Daroch**, Digital Portfolio Coordinator | **Bronwyn Lo**, Director Project Services | **Garry Russell**, Senior Director Corporate Systems | **Joshua Gooding**, Director ICT Enterprise Architecture | **Bob Creek**, Director Enterprise Project Services | **Paul Gooding**, Senior Director Enterprise Project Services | **Caroline Lewis-Driver**, Program Director | **Grace Waugh**, Director Governance

Secretariat: Enterprise Project Services

The committee met 22 times during 2019-20.

Business Plan achievements:

- Revised the Committee Terms of Reference in June 2020.
- Actively reviewed the status of all programs and projects each fortnight.
- Oversaw development of improved Project Management Framework.
- Merged ECS projects transitioned from agencies into reporting processes and under committee oversight.

Digital and Data Advisory Committee

Chair **Ewan Perrin**, Executive Director ODG | **Lisa Watson**, Chief Operating Officer | **Zoe Malone**, Senior Director Business Connections | **Ian Pollock**, Senior Director Data Services | **Donald Young**, Digital Portfolio Coordinator | **Satpinder Daroch**, Digital Portfolio Coordinator | **Alex Evans**, Director Service Delivery | **Greg Moo**, Senior Director Digital Strategy | **Doug Cooke**, Senior Director Digital Policy and Telecommunications | **Garey Neenan**, Director Data Strategy | **Helen Perry**, Director Digital Communications | **Greg Connors**, Senior Director, ICT Services |

Secretariat: **Elizabeth Hill**, Digital Policy Officer

The committee met on 6 occasions during 2019-20

Business Plan achievements:

- Established new committee with initial focus on transitioning digital and data functions into DCIS.
- Developed the committee's Terms of Reference
- Considered and endorsed digital policies and standards submitted for review.

APPENDIX VII

ICT Governance Board Membership

as at 30 June 2020

Mr Alister Trier, Chief Executive, Department of Primary Industry and Resources (Chair) | **Mr David Braines-Mead**, Deputy Chief Executive, Department of Health | **Ms Sybille Brautigam**, Deputy Chief Executive, Department of Trade, Business and Innovation | **Ms Joanne Townsend**, Chief Executive, Department of Environment and Natural Resources | **Ms Maria Mohr**, Deputy Chief Executive, Department of the Chief Minister | **Mr Chris Hosking**, Deputy Chief Executive, DCIS (Security Leadership Group Chair) | **Ms Nicole Hurwood**, Deputy Chief Executive, Territory Families | **Mr John Harrison**, General Manager, Department of Infrastructure, Planning and Logistics | **Mr Ewan Perrin**, Executive Director, Office of Digital Government (Digital and Data Advisory Group Chair)

Secretariat services are provided by the Office of Digital Government, DCIS.

2019-20 Activity

The committee met on 11 occasions during 2019-20.

The IGB maintained a watching brief over 21 major agency ICT projects.

Commissioned and actioned five independent project assurance reviews.

DEPARTMENT OF
CORPORATE AND INFORMATION SERVICES

