

# Treasurer's Direction – Infrastructure

## Treasurer's Direction (mandatory)

<b>Purpose</b>	To define components of the infrastructure program, and prescribe project approval, variation processes and reporting requirements.
<b>Operative date</b>	May 2024
<b>References</b>	<ul style="list-style-type: none"><li>• Guidance document – Infrastructure (<b>recommended to be read in conjunction with this Treasurer's Direction</b>)</li><li>• Treasurer's Direction – A2.1 Overview</li><li>• Treasurer's Direction on Property, Plant and Equipment</li><li>• Treasurer's Direction – A2.5 Improvements and Repairs and Maintenance</li><li>• Treasurer's Direction – Disaster recovery funding arrangements</li><li>• Treasurer's Direction – Organisational performance and accountability</li><li>• Treasurer's Direction – Treasurer's Advance</li><li>• Treasurer's instruments of delegations</li><li>• NT Project Development Framework</li><li>• Charter of Budget Discipline</li></ul>

## Scope

1. This Treasurer's Direction outlines the framework and minimum requirements for managing the Northern Territory (NT) Government's infrastructure program.
2. This Treasurer's Direction applies to all agencies including government business divisions (GBDs) with the exception of paragraphs 77 to 83 Changes in appropriation purpose which do not apply to GBDs.

## Definitions

3. The **infrastructure program**:
  - a. incorporates capital works (both major and minor), repairs and maintenance, capital grants, infrastructure-related expenses and forward works
  - b. excludes purchases of capital items
  - c. is reviewed annually as part of the budget development process.
4. **Capital grants** are contributions made by the Territory Government for the purchase, construction or upgrade of significant assets owned by a party other than the Territory Government.
5. **Capital works** are infrastructure projects that create or improve government owned assets, as well as the construction or installation of facilities and fixtures associated with, and forming an integral part of, those works, and are categorised as either:
  - a. major works - construction projects where the estimated value **exceeds \$1 million (GST exclusive)**
  - b. minor works - construction projects where the estimated value is **\$1 million (GST exclusive) or less.**
6. **Capital works program** refers to major works projects that government has approved to proceed to construction in the current financial year.
7. **Minor works program** refers to the allocation for minor works projects that government has approved in the current financial year.

8. **Client agency** is an agency that has ownership of physical assets used directly or indirectly for the delivery of services or benefit to the community.
9. **Construction authorities** are agencies that are responsible for the following functions in accordance with the conditions, exceptions and limitations in this Treasurer's Direction and **Appendix A** of this Treasurer's Direction:
  - a. procuring and managing infrastructure program projects either on behalf of client agencies or for themselves,
  - b. procuring and managing recoverable works and capital grant projects on behalf of external parties.
10. **Forward works program** refers to the program of major works projects that have been identified by government as priority works that may proceed within the next four financial years and are authorised to have funds expended on design and pre-construction activities only.
11. **Functionally inter-related works** are projects that are of a similar nature or at the same location and are determined as functionally inter-related by a relevant construction authority.
12. **Infrastructure-related expenses** are operational costs that directly relate to the infrastructure program.
13. **Repairs and maintenance:**
  - a. includes works to maintain existing assets in working condition or keep an asset functioning at its required capacity
  - b. excludes works that enhance the asset significantly or extend its useful life.
14. **Revote items** are capital works projects that remain uncommitted or incomplete at the end of the financial year for inclusion in the capital works program or minor works program in the following financial year.
15. **Revote value** is the approved program at the end of the financial year, less expenditure incurred during the financial year as advised by the relevant construction authority.
16. **Write-back** is a process that reduces the approved program for a financially complete Territory-funded major works project by the amount of savings that have accrued on the project.

## Project development

17. An accountable officer of a client agency must consult with the relevant construction authority during project development to:
  - a. determine the type of works required (capital works, repairs and maintenance, capital grants or infrastructure-related works)
  - b. confirm whether proposed new works are functionally inter-related with existing approved works or with other proposed new works
  - c. aggregate all functionally inter-related works.
18. Subsequent to project development, to add a new project or increase an existing project on the infrastructure program, an accountable officer must seek the necessary approval as outlined in this Treasurer's Direction relevant to the type of works determined in paragraph 17.a.

## Forward works program

19. The forward works program is reviewed annually by Cabinet during the budget development process.
20. An accountable officer of a construction authority must obtain relevant approval to change the forward works program, including adding and removing items.

21. Pursuant to paragraph 20, the accountable officer of a construction authority must:
- a. seek changes as part of the budget development process
  - b. or submit a ministerial endorsement to seek changes outside of the budget development process to:
    - i. the Treasurer – where the project is fully externally funded
    - ii. or Cabinet – for all other projects.
22. Projects on the forward works program may proceed to construction within the next four financial years pending approval for inclusion on the capital works program in accordance with paragraphs 23 to 34.

## Capital works

23. The capital works program and minor works program are reviewed and determined annually by Cabinet during the budget development process.
24. All capital works must be procured through the relevant construction authority, subject to exceptions and limitations in **Appendix A** of this Treasurer's Direction.

## Major works

### Adding a new project

25. To add a new major works project to the capital works program, an accountable officer of a construction authority, in agreement with the relevant client agency, must either:
- a. seek approval as part of the budget development process
  - b. seek approval outside of the budget development process by:
    - i. submitting a ministerial endorsement to the Treasurer – for projects that have an estimated value **less than \$5 million (GST exclusive)** and are fully funded by external funding, except items covered under section 25.c, and or substitution from minor works, repairs and maintenance or other operational funding (unless paragraph 63 applies)
    - ii. submitting a ministerial endorsement to Cabinet – for all other projects, except items covered under 25.c, consistent with [Charter of Budget Discipline](#) requirements.
  - c. notify the Department of Treasury and Finance (DTF) of new major works project that are fully funded by the Commonwealth and supported with a signed funding agreement within 10 working days from the date of the signed agreement.
26. Prior to seeking approval to add a major works project to the capital works program, an accountable officer of a construction authority must ensure design concepts and other documentation are sufficiently developed to enable the project to proceed to construction.
27. Requests for new projects must, at a minimum, include all of the following:
- a. an order of cost estimate
  - b. an appropriate amount of contingency, as agreed with the accountable officer of the relevant client agency
  - c. written ministerial endorsement
  - d. a business case noting that where the project has an NT Government contribution estimated at **\$5 million (GST exclusive) or more**, a robust business case is required

- e. any other information as requested by DTF.
28. Major works projects must not be physically or financially combined with minor works projects, unless functionally inter-related.
  29. In addition to the requirements set in paragraphs 25 to 27, projects with an NT Government contribution estimated at **\$30 million (GST exclusive) or more** must be progressed in accordance with the [NT Project Development Framework](#).
  30. A major works project must be approved on the capital works program before any financial or legal commitment can occur excluding costs incurred to meet the requirements of paragraph 26.
  31. Tenders for major works projects on the capital works program approved to commence in the coming financial year may be called and awarded prior to the start of the financial year, however, works that are relevant to the tender must not commence until 1 July.
  32. Where, subsequent to initial approval, major and minor works projects are determined by the relevant construction authority to be functionally inter-related, the accountable officer of a construction authority can approve the program increase to the major works project where the increase is fully funded by one or more of the following:
    - a. external funding
    - b. substitution from minor works or repairs and maintenance
    - c. other operational funding.
  33. Pursuant to paragraphs 32.a and 32.c, the accountable officer of the construction authority must obtain agreement from the accountable officer of the relevant client agency and notify DTF within 10 working days from the date of signed agreement between the accountable officers of the construction authority and relevant client agency on the program increase to major works project.
  34. In accordance with paragraph 32.b, the accountable officer of the construction authority must either:
    - a. obtain agreement from the accountable officer of the relevant client agencies and notify DTF within 10 working days from the date of signed agreement between the accountable officers of the construction authority and relevant client agencies on the program increase to a major works project, where the program variation will result in the transfer of funding or allocation from the infrastructure program of one agency to another
    - b. notify DTF and the relevant client agency within 10 working days from the date of approving the program increase to a major works project, where the program variation will only affect the infrastructure program of one agency.

## Material increases

35. Where the most recent estimate of a major works project materially exceeds the approved program by **more than 10% or \$250,000 (GST exclusive)**, whichever is the lesser, the accountable officer of a construction authority can approve a program variation where the increase is fully funded by one or more of the following:
  - a. external funding
  - b. substitution from minor works or repairs and maintenance
  - c. other operational funding.
36. Pursuant to paragraphs 35.a and 35.c, the accountable officer of the construction authority must obtain agreement from the accountable officer of the relevant client agency and notify DTF within 10 working days from the date of signed agreement between the accountable officers of the construction authority and relevant client agency on a material variation to a major works project.

37. In accordance with paragraph 35.b, the accountable officer of the construction authority must either:
- a. obtain agreement from the accountable officer of the relevant client agencies and notify DTF within 10 working days from the date of signed agreement between the accountable officers of the construction authority and relevant client agencies on a material variation to a major works project, where the program variation will result in the transfer of funding or allocation from the infrastructure program of one agency to another
  - b. notify DTF and the relevant client agency within 10 working days from the date of approving the material variation to a major works project, where the program variation will only affect the infrastructure program of one agency or where the construction authority is funding the increase from the construction authority's own approved program.
38. Where the most recent estimate of a major works project materially exceeds the approved program and a program variation cannot be progressed pursuant to paragraph 35, the accountable officer of a construction authority must either:
- a. re-scope the project, in consultation with the relevant client agency and portfolio minister, to remain within the approved program amount
  - b. submit a ministerial endorsement to seek Cabinet approval for a material program variation, consistent with [Charter of Budget Discipline](#) requirements.
39. The project must not proceed to tender and contract until the relevant approvals pursuant to paragraph 35 or 38.b have been received.

## Immaterial increases

40. Where the most recent estimate of a major works project exceeds the approved program by **less than or equal to 10% or \$250,000 (GST exclusive)**, whichever is the lesser, the accountable officer of a construction authority can approve an immaterial program variation.
41. Pursuant to paragraph 40, an accountable officer of a construction authority must notify DTF and relevant client agency within 10 working days from the date of approving the immaterial variation to a major works project.
42. Immaterial variations are limited to one per project.
43. Pursuant to paragraph 42, where further immaterial variations are required, an accountable officer of a construction authority must seek approval in accordance with the material variations process as per paragraphs 35 to 38.

## Removing a project

44. To remove a Territory-funded major works project from the capital works program, the accountable officer of a construction authority, in consultation with the relevant client agency, must submit a ministerial endorsement to:
- a. the Treasurer – for projects with an estimated NT Government contribution of **less than \$5 million (GST exclusive)**
  - b. Cabinet – for projects with an estimated NT Government contribution of **\$5 million (GST exclusive) or more.**
45. To remove an externally-funded major works project from the capital works program, the accountable officer of a construction authority, in consultation with the relevant client agency, must submit a ministerial endorsement to the Treasurer including supporting evidence of agreement with the external funding body, if applicable.

46. Requests to remove major works projects must clearly outline the reasons why the project should be removed, rather than progressed or deferred.

## Write-back

47. Where a Territory-funded major works project is completed at a cost less than the approved program, the program savings will be written back by DTF.
48. To use savings on a Territory-funded major works project to expand the scope of the same project, an accountable officer of a construction authority, with notification to the relevant client agency, must either:
- seek approval as part of the budget development process
  - seek approval outside the budget development process by submitting a ministerial endorsement to the Treasurer for approval.
49. Savings on a Territory-funded major works project cannot be used as substitution for new projects or increasing other approved capital works, minor works or repairs and maintenance projects.
50. Where a major works project is externally funded or co-funded by the Territory and external entity, the treatment of the external savings will be assessed based on the following:
- the agreement between the client agency and external funding body or construction authority in relation to the return of any unspent funds
  - otherwise, the savings lapses and are not permitted for use.

## Minor works

51. All minor works must be procured through the relevant construction authority, subject to exceptions and limitations in **Appendix A** of this Treasurer's Direction.
52. The minor works program comprises an allocation per agency rather than per project.
53. The construction authority, in consultation with the relevant accountable officer of a client agency, is responsible for compiling and prioritising minor works projects within the agency's total approved minor works program allocation.

## Program variations

54. Unless otherwise specified in the relevant budget development circular, an accountable officer of a construction authority, in agreement with the relevant client agency, may seek approval to vary the agency's minor works program allocation as part of the budget development process.
55. An accountable officer of a construction authority can approve an increase to an agency's total minor works program allocation outside the budget development process where the increase is fully funded by one or more of the following:
- external funding
  - substitution from repairs and maintenance
  - other operational funding.
56. An accountable officer of a construction authority can approve a decrease to an agency's total minor works program allocation outside the budget development process where the decrease relates to an externally funded minor works project.
57. Pursuant to paragraphs 55.a, 55.c and 56, the accountable officer of the construction authority must obtain agreement from the accountable officer of the relevant client agency and notify DTF within 10

working days from the date of signed agreement between the accountable officers of the construction authority and the relevant client agency on a variation to an agency's total minor works program allocation.

58. In accordance with paragraph 55.b, the accountable officer of the construction authority must either:
- a. obtain agreement from the accountable officer of the relevant client agency and notify DTF within 10 working days from the date of signed agreement between the accountable officers of the construction authority and relevant client agencies on an increase to an agency's total minor works program allocation, where the program variation will result in the transfer of funding or allocation from the infrastructure program of one agency to another
  - b. notify DTF and the relevant client agency within 10 working days from the date of approving the increase to an agency's total minor works program allocation, where the program variation will only affect the infrastructure program of one agency.
59. If the minor works increase cannot be progressed pursuant to paragraph 55, subject to the exceptions and limitations in **Appendix A** of this Treasurer's Direction, the accountable officer of a construction authority must either:
- a. reprioritise the agency's minor works projects, in agreement with the relevant client agency, to accommodate the project within the agency's total approved minor works program allocation
  - b. submit a ministerial endorsement to seek Cabinet approval for an increase to the agency's total minor works program allocation, consistent with [Charter of Budget Discipline](#) requirements.
60. Uncommitted minor works program allocation for the current financial year expires at the end of that financial year.
61. Revoted minor works projects:
- a. cannot be used to increase the minor works program allocation for the following year where projects are Territory-funded
  - b. can be used to increase the minor works program allocation for the following year where projects are externally funded and approved in accordance with paragraph 55a.

## Project variations

62. A project must change from a minor works project to a major works project, if one of the following criteria is met:
- a. a variation causes the estimated minor works project value **exceed \$1 million (GST exclusive)**
  - b. two or more minor works projects are determined by the relevant construction authority to be functionally inter-related and the combined total **exceeds \$1 million (GST exclusive)**.
63. Where a minor works project is required to change to a major works project in accordance with paragraph 62, and the total value is within a 30% tolerance of the minor works limit (i.e. equal to or less than \$1.3 million (GST exclusive), the accountable officer of a construction authority can approve a new project on the capital works program where the new project is fully funded by one or more of the following:
- a. external funding
  - b. substitution from minor works or repairs and maintenance
  - c. other operational funding.
64. Where a minor works project is required to change to a major works project in accordance with paragraph 62, and the total value is greater than \$1.3 million (GST exclusive), Treasurer's approval is required to add a new project on the capital works program.



65. Pursuant to paragraphs 63.a and 63.c, the accountable officer of the construction authority must obtain agreement from the accountable officer of the relevant client agency and notify DTF within 10 working days from the date of signed agreement between the accountable officers of the construction authority and the relevant client agency to add the new project on the capital works program.
66. In accordance with 63.b, the accountable officer of the construction authority must either:
- a. obtain agreement from the accountable officer of the relevant client agencies and notify DTF within 10 working days from the date of signed agreement between the accountable officers of the construction authority and relevant client agencies to add new project on the capital works program, where the program variation will result in the transfer of funding or allocation from the infrastructure program of one agency to another
  - b. notify DTF and the relevant client agency within 10 working days from the date of approving the new project on the capital works program, where the program variation will only affect the infrastructure program of one agency.

## Repairs and maintenance

67. The repairs and maintenance program is reviewed annually by Cabinet during the budget development process, including a total whole of government repairs and maintenance program allocation, and a notional repairs and maintenance program allocation per agency.
68. The repairs and maintenance program comprises a notional allocation per agency rather than per project.
69. Repairs and maintenance funding is managed by a relevant construction authority on behalf of a client agency.
70. Unless otherwise specified in the relevant budget development circular, variations to an agency's notional repairs and maintenance allocation may be sought by the relevant construction authority as part of the budget development process, and must be prepared in agreement with the relevant client agency, having regard to:
- a. client agency priorities and available resources
  - b. technical assessments from relevant asset management systems.
71. An accountable officer of a construction authority can approve an increase to an agency's repairs and maintenance allocation outside of the budget development process where the increase is fully funded by one or more of the following:
- a. external funding
  - b. substitution from minor works
  - c. other operational funding.
72. An accountable officer of a construction authority can approve a decrease to an agency's repairs and maintenance allocation outside of the budget development process where the decrease relates to an externally funded repairs and maintenance project.
73. Pursuant to paragraphs 71.a, 71.c and 72, the accountable officer of the construction authority must obtain agreement from the accountable officer of the relevant client agency and notify DTF within 10 working days from the date of signed agreement between the accountable officers of the construction authority and the relevant client agency of a variation to an agency's repairs and maintenance program allocation.
74. In accordance with 71.b, the accountable officer of the construction authority must either:



- a. obtain agreement from the accountable officer of the relevant client agencies and notify DTF within 10 working days from the date of signed agreement between the accountable officers of the construction authority and relevant client agencies of an increase to an agency's repairs and maintenance program allocation, where the program variation will result in the transfer of funding or allocation from the infrastructure program of one agency to another
  - b. notify DTF and the relevant client agency within 10 working days from the date of approving the increase to an agency's repairs and maintenance program allocation, where the program variation will only affect the infrastructure program of one agency or where the construction authority is funding the increase from the construction authority's own approved program.
75. Where a repairs and maintenance program increase cannot be progressed pursuant to paragraph 71, the accountable officer of a construction authority must either:
- a. reprioritise the agency's repairs and maintenance projects, in agreement with the relevant client agency, to accommodate the project within the agency's notional repairs and maintenance program allocation
  - b. submit a ministerial endorsement to seek Cabinet approval for an increase to the agency's repairs and maintenance program allocation, consistent with [Charter of Budget Discipline](#) requirements.
76. Construction authorities, subject to exceptions and limitations in **Appendix A** of this Treasurer's Direction, may adjust notional repairs and maintenance program allocations per agency throughout the year in consultation with client agencies, within the limitations of the total approved whole of government repairs and maintenance program allocation and having regard to:
- a. delivering urgent works as these arise
  - b. delivering priority works for client agencies
  - c. optimising expenditure timing within the approved annual budget.

## Changes in appropriation purpose

### Approval process

77. Changes in appropriation purpose in accordance with section 20(1) of the *Financial Management Act 1995* (FMA), can only be approved if:
- a. it is necessary to do so for the administration of government; and
  - b. it is in accordance with a written direction from either
    - i. the Treasurer
    - ii. a delegate authorised by section 39(1) of the FMA, subject to conditions set in paragraphs 79 and 80
78. Where Treasurer's approval is required to change an appropriation purpose, requests to the Treasurer must have ministerial endorsement and at a minimum include:
- a. reasons for the change in appropriation purpose
  - b. reasons why the change in appropriation purpose is the most appropriate course of action and is necessary for the administration of government
  - c. information demonstrating that the accountable officer reasonably believes the transfer relates to excess appropriation and will not cause expenditure to exceed the approved budget expenditure.

## Conditions

79. An accountable officer may approve a change in appropriation purpose when all of the following conditions are satisfied. The change:
- a. is a transfer between output appropriation and capital appropriation and associated expenditure capacity to fund increases in:
    - i. major works in accordance with paragraphs 32, 35 or 63
    - ii. minor works in accordance with paragraph 55
    - iii. or repairs and maintenance in accordance with paragraph 71
  - b. the change is within the approved budget and accountable officer's area of responsibility
  - c. the accountable officer reasonably believes the transfer relates to an excess appropriation and will not cause actual expenditure to exceed the approved expenditure budget
  - d. the accountable officer is of the opinion that the change in appropriation purpose is necessary to do so for the administration of the government.
80. An accountable officer may approve a change in appropriation purpose for a change in delivery method of a project when all of the following conditions are satisfied:
- a. the change is a transfer from capital appropriation to output appropriation and associated expenditure capacity for the same project
  - b. the change is restricted to transactions with the public non-financial corporation sector entities
  - c. the change is one-off and affecting current financial year only
  - d. the change is within the approved budget and accountable officer's area of responsibility
  - e. the accountable officer reasonably believes the transfer relates to an excess appropriation and will not cause actual expenditure to exceed the approved expenditure budget
  - f. the accountable officer is of the opinion that the change in appropriation purpose is necessary to do so for the administration of the government.
81. An accountable officer must notify DTF within 10 working days of approving a change in appropriation purpose. This notification must include:
- a. the reasons for the change in appropriation purpose; and
  - b. information demonstrating that the conditions outlined in paragraphs 79 or 80 have been met.
82. Subsequent to the approval of the change in appropriation purpose, the accountable officer must submit the necessary budget variations in the next available budget round.
83. Pursuant to paragraph 79 and 80, changes in appropriation purpose affecting the current financial year must be approved on or before 31 May, unless otherwise agreed with DTF.

## Reporting

### Capital works

84. Construction authorities must provide DTF with monthly reports within seven working days of the end of the month on the current status of the capital works program and minor works program including, at a minimum, the following information:
- a. current estimated project costs against approved program level
  - b. cash allocation for the current financial year

- c. construction progress, including notification of financially complete projects
- d. actual expenditure against each project
- e. estimated revote out and financial completion date for each project.

## Repairs and maintenance

85. Construction authorities must provide DTF with monthly reports within seven working days of the end of the month on the status of the repairs and maintenance program, including the following information, at a minimum:
- a. program allocation in the current financial year by client agency
  - b. actual expenses in the current financial year to date against approved program by client agency
  - c. estimated expenses for the current financial year on an accrual basis by client agency
  - d. location in which works are being undertaken.

## End of financial year

86. Construction authorities, on behalf of relevant agencies, must submit final expenditure reports for works programs to DTF within ten working days of the end of each financial year, unless otherwise agreed by both parties.

## Natural disasters and unforeseen events

87. In the event of a natural disaster or a major unforeseen event, any repairs or works required to secure and make safe an asset must be undertaken immediately.
88. Where the costs of repairs or works arising from a natural disaster or major unforeseen event cannot be accommodated within the approved infrastructure program, an accountable officer of a construction authority, in agreement with the accountable officer of the relevant client agency, may increase the program subject to the repairs or works meeting the criteria outlined in:
- a. Treasurer's Direction – Treasurer's Advance
  - b. Treasurer's Direction – Disaster recovery funding arrangements.
89. Pursuant to paragraph 88, the accountable officer of the construction authority must notify DTF within 10 working days from the date of approving the program variation.

## Recordkeeping

90. An accountable officer of a client agency or a construction authority must at a minimum:
- a. document approvals and agreements to increase major works, minor works and, repairs and maintenance program allocation
  - b. document approvals given on changes in appropriation purpose, including details on the program, function or expenditure category used for substitution and the type of works to be funded
  - c. document approvals to increase the infrastructure program arising from natural disasters and unforeseen events
  - d. retain records for the specified minimum period, in accordance with the agency's records disposal schedule.

91. Upon request, an accountable officer must provide DTF a copy of approvals or any other relevant information as necessary.

## Change history

Version	Date	Author	Change details
1.0	July 2021	DTF Financial Policy	Initial version
2.0	April 2022	DTF Financial Policy	Revision to Appendix A Construction authority status and clarification on the requirement for an agreement between construction authority and client agency for program variation process.
3.0	May 2024	DTF Financial Policy	<p>Change in the definition of a capital grant and other minor edits</p> <p>New delegations to approve a change in appropriation purpose (to transfer from capital to output appropriation) to facilitate payments for capital works to be delivered by a public non-financial corporation</p> <p>Clarifies write-back approval process and externally funded revote process</p> <p>Change in communication requirements (from agreement to notification) between the construction authority and client agency for material increases in major works and repairs and maintenance allocation where the construction authority is funding the increase or for immaterial increases in major works</p> <p>Change in approval process for moving minor works projects to the capital works program where the total project value is greater than \$1.3 million (GST exclusive)</p> <p>Change in approval process for decrease in an agency's minor works, or repairs and maintenance allocation, where the decrease relates to an externally funded project</p> <p>Updates to Appendix A to reflect that the <i>Mining Management Act 2001</i> is repealed from 1 July 2024 and replaced by the <i>Legacy Mines Remediation Act 2023</i>.</p>