

**TREASURER'S DIRECTIONS**  
**THE INFRASTRUCTURE PROGRAM**  
**Section I 1.3: Adjustments to the Infrastructure Program**

**STATEMENT OF INTENT**

*This Direction outlines the requirements for making adjustments to the Territory's Infrastructure Program.*

**MAIN FEATURES**

Section 38 of the *Financial Management Act* requires Accountable Officers and employees of an Agency to comply with the Treasurer's Directions.

**New major works projects outside the Budget development process**

- The Treasurer may approve requests for new major works projects to be added to the Capital Works Program with Ministerial endorsement if full substitution or external funding is provided.
- If full substitution or external funding is not provided, a new major works project may be added to the Capital Works Program outside of the Budget development process with Cabinet approval.

**Variations**

- A material variation to an Agency's major works project – more than 10% of the approved program for the project or greater than \$100 000 – requires written endorsement from the relevant Minister and the approval of the Treasurer.
- An immaterial variation to an Agency's major works project – less than or equal to 10% of the approved program for the project or up to \$100 000 (whichever is the lesser) – may be utilised on a once per project basis with notification to Treasury.

**Natural disasters and unforeseen events**

- In the event of a natural disaster or a major unforeseen event, any repairs required to secure and make safe an asset are to be undertaken immediately.
- Where repairs from a natural disaster or major unforeseen event cannot be undertaken through an Agency's repairs and maintenance program, a Treasurer's Advance and program increase may be sought with Ministerial endorsement.

**Deleting projects**

- A Client Agency cannot delete or remove a major works project from the Capital Works Program without Treasurer or Cabinet approval.

**Write-back**

- Unutilised program is to be written back to the Infrastructure Program upon financial completion of the project.

**Externally funded projects**

- External funding may be used to fund a new project or to increase an existing project with Ministerial endorsement and the Treasurer's approval.

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**AUTHORITIES**

*Financial Management Act*

**NEW MAJOR WORKS PROJECTS OUTSIDE THE BUDGET DEVELOPMENT PROCESS**

**I 1.3.1 The Treasurer may approve requests for new major works projects to be added to the Capital Works Program with Ministerial endorsement if full substitution or external funding is provided.**

- (i) The Infrastructure Program is developed as part of the annual Budget development process. However, there may be instances throughout the financial year where variations to the Capital Works Program are necessary, for example where a Commonwealth agreement is reached that requires the Territory to construct a facility immediately.
- (ii) A Client Agency is an Agency that has identified the need for an asset, owns an asset on behalf of the Territory, and/or has funding responsibility for an asset.
- (iii) A Client Agency works with its Minister to identify infrastructure projects that are necessary to meet Agency priorities and to develop proposals to include the projects on the Infrastructure Program.
- (iv) In considering requests, the Treasurer may wish to consult Cabinet members regarding an Agency's request or may refer the request to Cabinet for approval.

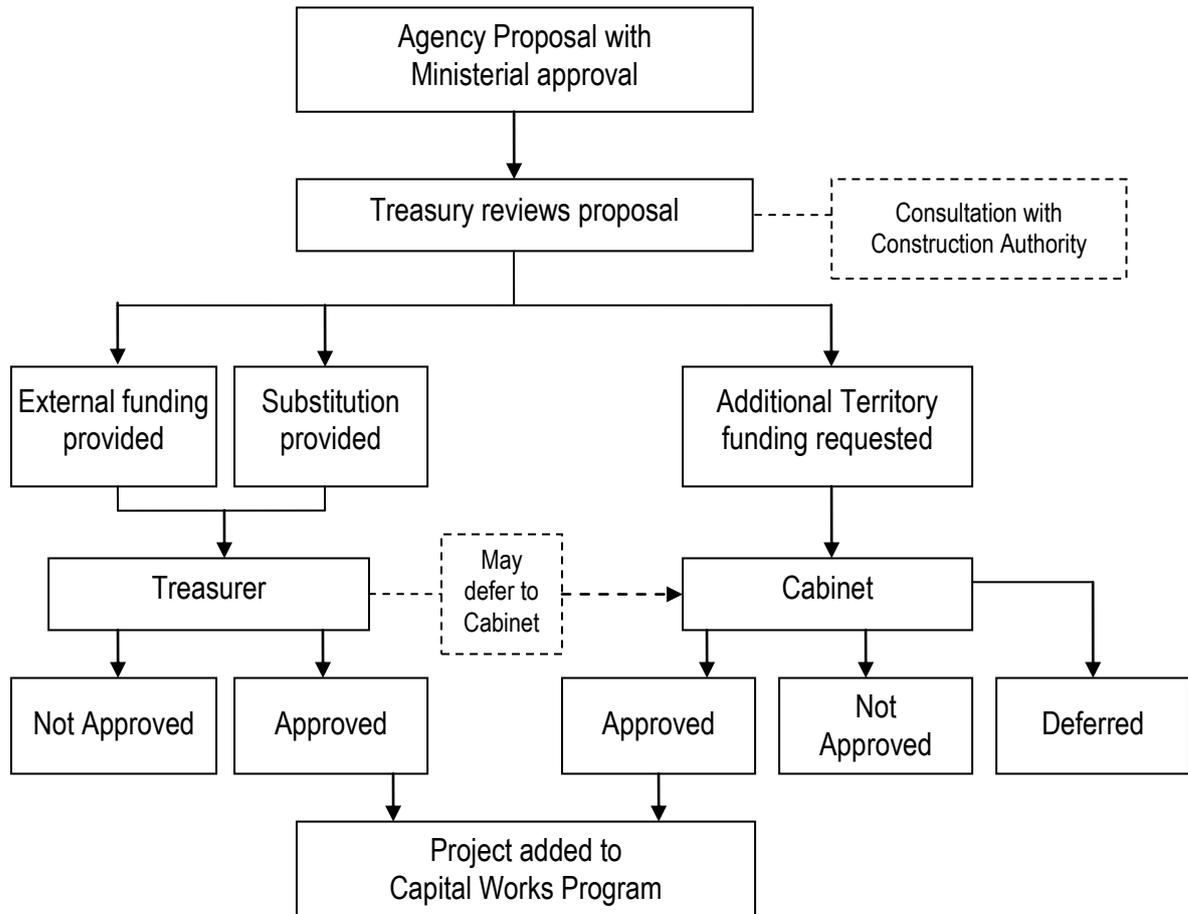
**I 1.3.2 If full substitution or external funding is not provided, a new major works project may be added to the Capital Works Program outside of the Budget development process with Cabinet approval.**

**I 1.3.3 Any new project proposed for inclusion on the Capital Works Program outside of the Budget development process should include:**

- design and documentation sufficiently developed to ensure that the project can proceed to construction;
- an order of cost estimate; and
- the written endorsement of the relevant Minister.

- (i) Design and documentation includes resolution of any problems associated with site clearances, related infrastructure requirements and any other constraints which would inhibit a project from proceeding to construction.
- (ii) An order of cost estimate should be developed during design list development and documentation. Client Agency estimates are not acceptable if the project has had design list status.
- (iii) An order of cost is a cost estimate provided by a construction authority based on available information and project requirements.
- (iv) If a major works project is not sufficiently developed, consideration should be given to submitting the project for inclusion on the design list or forward works.

Figure 1: Adding a major works project outside the Budget development process



**VARIATIONS**

**I 1.3.4 If the most recent project estimate exceeds approved program, the project should not proceed to tender and contract.**

- (i) Options for the project are as follows:
  - In the first instance, the Client Agency, in consultation with its construction authority, should re-scope the project to remain within the approved program amount; or
  - Ministerial endorsement and Treasurer’s approval must be sought to either vary the scope of works or increase the program, on the basis of proposed substitution of other approved projects.
- (ii) If substitution is not available, an Agency is to propose other means of providing additional funding towards the project. This can include transferring operational funding to capital funding where appropriate.

**I 1.3.5 An Agency must endeavour to identify substitution when requesting an increase to the Infrastructure Program.**

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- (i) Substitution may include savings from other Capital Works Program projects, including minor works, and operational funding, including repairs and maintenance where appropriate.
- (ii) A lack of proposed substitution may be the basis for the Treasurer not approving a request for a program increase.

**I 1.3.6 A material variation to an Agency’s major works project – greater than 10% of the approved program for the project or greater than \$100 000 – requires written endorsement from the relevant Minister and the approval of the Treasurer.**

- (i) Variations to a project include:
  - an increase in program;
  - a change to the scope of works; and
  - a change to any aspect of the project that Cabinet has approved.

**I 1.3.7 An immaterial variation to an Agency’s major works project – less than or equal to 10% of the approved program for the project or up to \$100 000 (whichever is the lesser) – may be utilised on a once per project basis with notification to Treasury.**

- (i) For an immaterial variation, approval is delegated to the Agency level with notification to Treasury and the relevant construction authority. Variations may only be actioned once per project using this process.
- (ii) Further variations for the same project or variations in excess of an immaterial variation require Ministerial endorsement and the approval of the Treasurer.

**I 1.3.8 A request for a new project or variation that increases an Agency’s total minor new works program allocation requires Ministerial endorsement and the approval of the Treasurer.**

- (i) Substitution should be proposed to provide for an increase to an Agency’s minor new works program.
- (ii) A request for a new minor new works project or variation within an Agency’s total minor new works program can be administered at the Agency level, with notification to the relevant construction authority. When considered appropriate, the Agency should also advise its Minister.

**I 1.3.9 If two or more minor works projects are functionally inter-related and the combined total exceeds \$500 000, the project is not defined as minor works and the Agency must seek approval for the project on the Capital Works Program. Minor new works program may be offered as substitution to provide for the Capital Works Program increase.**

**I 1.3.10 A request for a new project that increases an Agency’s repairs and maintenance program requires Ministerial endorsement and the approval of the Treasurer.**

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- (i) Substitution should be proposed to provide for an increase to an Agency's repairs and maintenance program.
- (ii) A request for a new project within an Agency's repairs and maintenance program allocation can be administered at the Agency level, with notification to the relevant construction authority. When considered appropriate, the Agency should also advise its Minister.

### NATURAL DISASTERS AND UNFORESEEN EVENTS

**I 1.3.11 In the event of a natural disaster or a major unforeseen event, any repairs required to secure and make safe an asset must be undertaken immediately.**

**I 1.3.12 Where repairs from a natural disaster or major unforeseen event cannot be undertaken through an Agency's repairs and maintenance program, a Treasurer's Advance and program increase may be sought with Ministerial endorsement.**

- (i) The National Disaster Relief and Recovery Arrangements (NDRRA) is a cost sharing arrangement between the Commonwealth and State/Territory governments to help share the financial burden of disaster relief expenditure. Under this program, the Northern Territory may seek partial reimbursement from the Commonwealth for disaster related expenditure defined as eligible by the Commonwealth.
- (ii) Treasury's Administrative Guidelines provide advice to Agencies on what the Territory is able to claim:

<http://www.treasury.nt.gov.au/layouts/download.aspx?SourceUrl=/PMS/Publications/NDRRA/I-NDRRA-006.docx>

Guidance on the National Disaster Relief and Recovery Arrangements is available at:

<http://www.treasury.nt.gov.au/NaturalDisasterReliefandRecoveryArrangements/Pages/default.aspx>

### DELETING PROJECTS

**I 1.3.13 A Sponsor Agency cannot delete or remove a major works project from the Capital Works Program without Treasurer or Cabinet approval.**

- (i) Once a major works project is approved by Cabinet, it becomes of public interest. For a Sponsor Agency to delete a major works project, justification should be provided to explain why the project is to be deleted rather than deferred or progressed.

### WRITE-BACK

**I 1.3.14 Unutilised program is to be written back to the Infrastructure Program upon financial completion of the project.**

- (i) Write-back is a process whereby the approved program for a major works project is reduced when savings have accrued on the project.

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- (ii) If a major works project is completed at a cost less than the approved program, the savings must be written back at the time of financial completion.
- (iii) Savings on a capital works project cannot be used to increase the scope of works of that project unless the expanded scope is endorsed by the Minister and approved by the Treasurer.
- (iv) Written back savings are available for use as substitution within the current financial year:
  - in the first instance, for projects for the same Agency; and
  - in the second instance, for projects by other agencies.Ministerial endorsement and Treasurer's approval are necessary to utilise savings.

### EXTERNALLY FUNDED PROJECTS

<b>I 1.3.15 External funding may be used to fund a new project or to increase an existing project with Ministerial endorsement and the Treasurer's approval.</b>
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- (i) In some instances, the Treasurer may wish to consult Cabinet members regarding an Agency's request or may refer the request to Cabinet for approval.
- (ii) A copy of the external body's financial commitment for a project is recommended to assist the Treasurer to reach a decision regarding the approval of a new project, or for a variation to an existing project.
- (iii) Ownership of the asset and who is responsible for recurrent expenditure and repairs and maintenance costs should be clarified prior to signing an agreement for an externally funded infrastructure project.