

The Government Owned Corporations Scrutiny Committee convened at 8.29 am.

**Madam DEPUTY CHAIR:** On behalf of the committee, I would like to introduce the members present: Gerry McCarthy, the member for Barkly; Delia Lawrie, the member for Karama; me, the Deputy Chair and the member for Arnhem; Francis Xavier Kurrupuwu, the member for Arafura; Bess Price, the member for Stuart; and Gerry Wood, the member for Nelson.

Would you like to introduce yourself before I open it up?

**Ms PRINCE:** Thank you, Madam Deputy Chair. Good morning to members of the Government Owned Corporations Scrutiny Committee. For those of you who do not know me, my name is Jennifer Prince and I am here today as Acting Chair of the Power and Water Corporation Board. The Chair of the board is Mike Burgess, but unfortunately - or perhaps fortunately for him - he has a long planned commitment interstate and is unable to attend today.

John Baskerville, on my right, is the managing director of the corporation. He is here with me today as are other senior members of the corporation, including Mr Bertram Birk and Mr John Pudney, who are here at the table. They can provide information on operational matters. We have three other senior members of the corporation in the room: Ms Jen Corke, Ms Djuna Pollard and Mr Darryl Day. They can provide information on financial and regulatory issues and Indigenous Essential Services.

As the committee is aware, earlier this year the government determined it would change the membership of the corporation's board and its managing director. As a consequence, in late March a new board was appointed comprising Mike Burgess as Chair, Alastair Shields, Gary Barnes, John Baskerville, who was also appointed as managing director, and me as deputy Chair. The government has made it clear one of its key objectives is to improve the public finances of the Northern Territory, including, importantly, the finances of the Power and Water Corporation. The government's commitment to achieving an improvement in PWC's finances is evident through its approval of increases in tariffs for electricity, water and sewerage services, so they are more cost reflective than previously.

However, increased revenue through high tariffs is only part of the fiscal improvement strategy for PWC. Power and Water has to contribute to improvements in its finances through increased efficiency in both its operations and capital investments. One of the early priorities following the board's appointment in late March was to identify initiatives which would achieve sustained improvements in Power and Water's efficiency and productivity, and to carefully review proposed capital programs to ensure future investment is undertaken in a cost efficient manner, with timing closely linked to future demand requirements.

The effect of these considerations is reflected in PWC's 2013-14 Statement of Corporate Intent. The SCI incorporates additional revenues from announced tariff increases, as well as targeted savings measures and a revised capital program. When compared to 2012-13, this SCI has contributed to an improved fiscal position for the corporation and, importantly, the Territory's non-financial public sector, as presented in the 2013-14 budget.

The 2013-14 SCI, which was recommended to the shareholding minister by the board, shows a substantially improved financial position over five years, when compared with the 2012-13 SCI, including: increased revenue of \$164.7m, decreased operating costs of \$180.1m, reduced borrowings of \$818m and lower net debt of \$681.7m. The SCI has been developed on the basis the corporation will continue to deliver quality, safe, reliable and efficient services to its many customers across the Territory.

Going forward, PWC is committed to adopting lease cost solutions, including the utilisation of whole-of-government systems where it is sensible to do so. Power and Water has reaffirmed its commitment to maintaining a safe workplace which supports the further development and capabilities of our employees. Importantly, there is to be a greater focus on the adequacy of regional operations and their responsiveness to local communities.

Before handing over to the committee for questions, I know I speak for John and the rest of the board when I say that during our comparatively short time at Power and Water we have been impressed by the number of high quality, skilled and dedicated staff who are committed to providing the best service they can to PWC customers. Their continuing efforts need to be acknowledged.

Thank you.

**Ms LAWRIE:** A year ago the financial situation of Power and Water was debated in estimates and the relevant ministers attended to answer questions and take responsibility. It is worthy of note that CLP ministers could not be bothered turning up here this morning, in the interests of transparency and accountability.

Madam Deputy Chair, do you know whether or not the ministers are going to turn up to estimates?

**Madam DEPUTY CHAIR:** Not from my understanding, no, but if you could skip to the next question, please.

**Ms LAWRIE:** Do you know why they would not show up to estimates?

**Madam DEPUTY CHAIR:** Prior commitments.

**Ms LAWRIE:** 'Prior commitments' - so something else is more important than taking responsibility for the decisions they have made around the Power and Water ...

**Madam DEPUTY CHAIR:** Member for Karama, I did not wake up this morning to run around asking everybody at the last minute. I was told this morning that I was to chair this committee, so if you could please not direct questions like that to me, because no one advised me of who would be here.

**Ms LAWRIE:** So, it seems ministers are happy to put up people's power prices by \$2000 a year, but not to come here and answer questions as to what formed those decisions.

A year ago, the financial situation of Power and Water was debated in estimates. Was any financial information provided to the committee at this time incorrect?

**Ms PRINCE:** Not to the best of my knowledge.

**Ms LAWRIE:** Are you aware of whether any incorrect financial information was provided in the Statement of Corporate Intent scrutinised at last year's Estimates Committee?

**Ms PRINCE:** I do not believe it was incorrect. As is normally the case with Power and Water, as you go through the year there may be changes in demand estimates because of weather-related events and other things. Those things did occur, but I do not know if that means estimates were incorrect.

**Ms LAWRIE:** Information on Power and Water Corporation was provided within the pre-election fiscal outlook. Was this information correct?

**Ms PRINCE:** As acting Chair of the Power and Water board, it is probably not a question I can answer, but from my previous role I can say it was not incorrect.

**Ms LAWRIE:** The true financial position of Power and Water Corporation was known to the public, if it wanted to have a look at the SCI or, indeed, the PEFO, as well as the then CLP opposition in August 2012, at the same time it was promising to cut the cost of living and put downward pressure on the price of power. The true financial situation was known in August 2012.

**Ms PRINCE:** The situation as it was then was publicly available.

**Ms LAWRIE:** The government has said that Power and Water needs a new direction. I think the quote it has used is to 'do some heavy lifting' in regard to its own financial position. As a result, it has sacked the board; there is a new interim board in place. Can you outline what the new strategy and vision for Power and Water is?

**Ms PRINCE:** It is best seen in the Statement of Corporate Intent that was tabled in May; that is, to improve the commercial position of the Power and Water Corporation, such that its revenue is more adequately covering its costs and it performs more like other commercial entities. We are still on that pathway; we are not at the end of it. That is what we are attempting to do.

**Ms LAWRIE:** Has analysis been done of the quantum shift in tariff required to achieve commercial sustainability, as stated by the current government?

**Ms PRINCE:** We have not done that work, no. Others may have.

**Ms LAWRIE:** The government has stated it will ensure a pathway to commercial sustainability, yet no analysis of what that tariff adjustment is has occurred, to your knowledge.

**Ms PRINCE:** I certainly do not have knowledge of what Treasury has done in that regard. What I do know is the increase in tariffs is a step in that direction.

**Ms LAWRIE:** Would you expect, as the acting Chair of the interim board, that if an analysis of tariff adjustments for commercial sustainability has occurred, and there is a vision within Power and Water Corporation, as stated in the Statement of Corporate Intent, for commercial sustainability that, in fact, that information would be provided, in all fairness, to the interim board?

**Ms PRINCE:** I do not think that is a question I can answer. It is perhaps a question that should be directed to the government.

**Ms LAWRIE:** Okay. You have been announced as an interim board. Given that the *Government Owned Corporations Act* requires a board, have you received any advice as to when a final board will be appointed?

**Ms PRINCE:** We have been described as an interim board on the basis that other decisions would be made either about supplementing this board, or a changed direction for Power and Water. We have been appointed as the board. We may have been described as an interim board, but we have been appointed as the board and we are acting in that role.

**Ms LAWRIE:** It was a description of an interim board but, in fact, you are the board and meeting the requirements of the GOC act.

**Ms PRINCE:** Yes.

**Ms LAWRIE:** Thank you. What is the length of your appointments?

**Ms PRINCE:** To be honest, I do not have my instrument here. I believe it is for a year, but I do not know. Without checking it I simply do not have that information here.

**Ms LAWRIE:** Is it the case that the generation and distribution side of Power and Water is regulated?

**Ms PRINCE:** It comes down to what you mean by 'regulated'. There is quite comprehensive regulation for the networks business, as there is in all parts of Australia. The Utilities Commission considers some aspects of the generation business including standards, capacity and so on. However, I do not believe you could call it regulated in the same way the networks business is regulated.

**Ms LAWRIE:** What about retail? Is retail regulated by the Utilities Commission?

**Ms PRINCE:** In a sense it is in the same boat as generation. The difference between networks and the other two is the network price is regulated.

**Ms LAWRIE:** We have been advised the Chief Minister made a statement at the recent CLP Central Council that the retail side of Power and Water would be sold off. If the retail side of Power and Water was to be sold off, are you able to explain how that might work? What would the options and models be, and has there been any work done within Power and Water around this consideration?

**Ms PRINCE:** I was not at the CLP conference and only saw media reports. Power and Water certainly has not done any work of that sort, and it would not. That work would be done by central agencies of the government and, when the government had made a decision, it would be communicated to Power and Water.

**Ms LAWRIE:** The experience elsewhere with retail - would it be fair to say it puts upward pressure on tariffs?

**Ms PRINCE:** I do not know if you could say that in relation to the sale of retail. The Productivity Commission released a report yesterday in relation to what has been happening to electricity tariffs across Australia. They said most of the pressure was related to additional costs on the network side dealing with a very small number of extreme weather days, so the network had to be constructed to cope with very short

spikes. I am unsure if you can necessarily draw a line about prices and the privatisation of retail. It is a more complicated situation.

**Ms LAWRIE:** What effect would it have on Power and Water to have retail sold off, and a separate entity?

**Ms PRINCE:** That is a speculative question and depends on how it was sold off and what remained in Power and Water. I cannot speculate sensibly for you.

**Ms LAWRIE:** What preparatory work would realistically, at a minimum, be required in a central agency to then inform a government of the sale of a section of Power and Water? Surely someone would have to look at the Power and Water business itself to understand the business model, as well as what taking an element of that business model out would do to its impact on the remaining generation and distribution networks aspects of the business.

**Ms PRINCE:** That is really a question for the government, rather than the Power and Water board.

**Ms LAWRIE:** Has privatising utilities in other jurisdictions led to increased or decreased tariffs?

**Ms PRINCE:** As I said before, I do not know that you ...

**Madam DEPUTY CHAIR:** Ms Lawrie, under general rules could you please keep your question directly relevant to the Power and Water board? Do not ask them for an expression of opinion in regard to your questions.

**Ms LAWRIE:** Tariffs relate to Power and Water.

**Madam DEPUTY CHAIR:** Could you please keep your questions relevant to them? Please do not ask for an expression of an opinion.

**Ms LAWRIE:** I do not know if it is an opinion to say whether or not tariffs have gone up or not.

**Madam DEPUTY CHAIR:** You are asking the board director for an expression of opinion in regard to that. Can you please keep your questions relevant?

**Ms LAWRIE:** I have not asked for an opinion of what she thinks about an increase or decrease in tariffs; it is whether or not they have gone up.

**Madam DEPUTY CHAIR:** It is an opinion.

**Ms LAWRIE:** I will move on. The Northern Territory currently has around 80 000 customers with a single utility, so it currently maximises the scope and scale for efficiencies. If jurisdictions with millions of customers have found that retail prices rise dramatically in private ownership, why do we think that the Territory would not suffer the same fate?

**Ms PRINCE:** I think you are asking me to speculate on that particular outcome, based on your assumption prices would increase. That is not really a matter for me.

**Ms LAWRIE:** What would the role of the board be for the retail company and wholesale aspects within Power and Water? How would that structurally occur from the board's perspective?

**Ms PRINCE:** It would depend entirely on whatever decision the government made. There are many possible options and, to the best of my knowledge, no decision has been made, so we cannot really speculate on what it would like.

**Ms LAWRIE:** Would it require changes to the *Government Owned Corporations Act* to have a partial sale of Power and Water?

**Ms PRINCE:** It may, or it may not.

**Ms LAWRIE:** Have you not had a look at that? Are you able to provide any information on whether or not community services obligations would need to increase to support a sale of the retail section?

**Ms PRINCE:** It would depend entirely on what the government's policy was in regard to any potential sale or what it decided to do about uniform pricing policy.

**Madam DEPUTY CHAIR:** Do you have any more questions?

**Ms LAWRIE:** Yes. I am looking at my notes, because based on the answers there will be some change to my questions.

**Madam DEPUTY CHAIR:** At least you are not repeating questions.

**Ms LAWRIE:** I have not been repeating, Madam Deputy Chair. The committee service obligation paid to Power and Water is currently \$66m, and after the efficiencies Power and Water currently has planned are implemented, what is the likely ongoing size of the community service obligation?

**Ms PRINCE:** In the forward estimates of the budget, and in the information provided to the Power and Water Corporation, community service obligations continue at the same level, escalated by CPI.

**Ms LAWRIE:** For how long does the corporation have enough generation and growth capacity?

**Ms PRINCE:** The Utilities Commission reported on generation capacity, and said it was until 2019-20.

**Ms LAWRIE:** About \$300m has been spent over the past three years upgrading Channel Island, Katherine, Alice Springs and Weddell generation. Is that right?

**Ms PRINCE:** Yes, it is in that order.

**Ms LAWRIE:** With new entrants into a retail sector, would you be concerned your competitors will be able to provide fit for purpose assets that would be tailor-made to deliver efficiencies?

**Ms PRINCE:** I think new entrants into the retail aspect of the market would not be generating electricity. Do you mean new entrants into the generation market?

**Ms LAWRIE:** Have there been any plans, discussions or modelling around the potential sale of other Power and Water assets, such as the Weddell power station?

**Ms PRINCE:** The board has not done any of that work

**Ms LAWRIE:** Previous savings and efficiency measures - would it be fair to say they achieved about \$200m over four years, in terms of what you have identified?

**Ms PRINCE:** Within this current SCI?

**Ms LAWRIE:** Yes.

**Ms PRINCE:** We have the numbers in the SCI. Our estimate is that operating costs will fall over the five-year period included within the SCI by about \$180m.

**Ms LAWRIE:** Can you outline the savings measures planned as a result of achieving the \$180m fall?

**Ms PRINCE:** We have a range of initiatives under way, where usual efficiency measures looking at assets provided to staff, phones, computers and those types of things will produce some savings, but they are not significant. In terms of the \$180m, we have established a number of improvement processes which are currently under way. Improvements to procurement, asset purchases, asset management, and some of the savings will be as a result of lower interest costs because the capital program is lower.

**Ms LAWRIE:** That does not sound as though it adds up to \$180m. Normal efficiency measures like ...

**Ms PRINCE:** It does over five years.

**Ms LAWRIE:** What did efficiency measures add up to 2011-12 and 2012-13? My understanding is that in about a one year period around \$90m in savings was achieved.

**Ms PRINCE:** In the 2011-12 year?

**Ms LAWRIE:** From 2011-12 to 2012-13.

**Ms PRINCE:** I do not think it was anywhere near that amount. The 2012-13 year was estimated to be about \$12m.

**Ms LAWRIE:** So, it is going from an ability to save about \$12m through your standard efficiencies to quite a big leap to \$180m, albeit over four to five years. Clearly, there would be further savings measures aside from your standard efficiencies.

**Ms PRINCE:** The \$12m was only for a half year period, but we do expect to see quite substantial savings over time through our procurement reforms.

**Ms LAWRIE:** Is there a calculation on the quantum of savings sought through procurement reforms?

**Ms PRINCE:** We have various estimates, but we are working through that program in some detail now.

**Ms LAWRIE:** The shareholding minister has publicly stated that Power and Water is a basket case. He described it as bloated and used a variety of colourful expressions. He said it has too many cars. Is there work being done to reduce the size of the Power and Water fleet?

**Madam DEPUTY CHAIR:** Member for Karama, you cannot use offensive or unbecoming words towards a member of the Assembly.

**Ms LAWRIE:** I did not.

**Madam DEPUTY CHAIR:** A 'basket case' refers to a member of the Assembly.

**Ms LAWRIE:** No, I am quoting what he said. I am not calling him a basket case. I am quoting what the Treasurer said.

**Madam DEPUTY CHAIR:** But you are saying what the Treasurer said - exactly.

**Mr WOOD:** It is not a reference to a person.

**Ms LAWRIE:** It is not a reference to a person; he has described the utility as a 'basket case', publicly, on many occasions.

**Mr WOOD:** It is just a phrase.

**Ms LAWRIE:** Just like 'former Chief Minister' is not offensive.

**Madam DEPUTY CHAIR:** Member for Karama, if you could just get on with it, please.

**Ms LAWRIE:** I was waiting for a response to the fleet question.

**Ms PRINCE:** Power and Water does have a significantly sized fleet, not surprisingly for its operations, but based on some analysis we have done we found that our fleet numbers - ratio of fleet to staff members - is very different from the Northern Territory government on average. In fact, we have one vehicle for every 2.5 people in Power and Water, compared with about one for every 8.2 staff members across the public sector.

We would expect the ratio to be higher in Power and Water than in other places because of the nature of the work, but that is a very stark difference. What we are doing is going through, in some detail, the vehicle allocation policy, and we would expect there would be a reduction in vehicles without compromising the capacity of people to do the work they are required to do.

**Ms LAWRIE:** What proportion of the fleet would be what we call work vehicles, if you like, such as the utilities, the four-wheel drives, the types of vehicles linesmen rely on? Have you looked at the split - the proportion between administrative strands versus your workman vehicles?

**Ms PRINCE:** We have looked at the office space/staff ratio, the trade ratio and we have also looked at heavy vehicles. We are considering each group separately.

**Ms LAWRIE:** Have you identified targets for reduction yet?

**Ms PRINCE:** No, we have not, we are doing it on a case-by-case basis, but our overall objective is to reduce the ratio.

**Ms LAWRIE:** There will, obviously, be some efficiencies through the fleet. I am still trying get a clear detailed handle on how you will achieve \$180m, and what impact efficiencies will have on the capital program. Will the efficiencies achieved in the quantum come out of the level of your R&M or your maintenance works, or is there a significant revision of the capital program? They are quite significant savings, so I am trying to get a direction on the tranches of where those savings are coming from.

**Ms PRINCE:** We have looked at the capital program and, as we discussed earlier, there is substantial generation capacity in the system. We have reviewed future generation plans by location to see whether we can revise those to better match demand requirements as they are understood to be right now. We have made some changes.

**Ms LAWRIE:** What are the changes you have made?

**Ms PRINCE:** On the generation aspects?

**Ms LAWRIE:** Yes.

**Mr BASKERVILLE:** John Baskerville - one of the big changes we will make in generation is fuel; that is where the big costs are. We are looking at methods, especially on Channel Island and at Weddell, in any areas we can save in fuel. There is a lot of work being done by generation people in regard to fuel efficiency.

**Mr WOOD:** Can I butt in there for one second?

**Ms LAWRIE:** Yes, sure.

**Mr WOOD:** By the way, Madam Chair, I have to go at 9 am. I hope you have a quorum, otherwise we will be going ...

**Ms LAWRIE:** If you were to go at 9 am, I would have let you ask a lot questions first.

**Mr WOOD:** No, I am coming back.

**Ms LAWRIE:** Okay.

**Mr WOOD:** I might have to speak funnily, because I have an urgent dental appointment.

Mr Baskerville, in relation to saving fuel, I heard yesterday - I know it is Indigenous Essential Services but, overall, it is about saving fuel - you are not going to go ahead with the gas-fired power station at Wadeye. Is that correct?

**Mr BASKERVILLE:** Yes

**Mr WOOD:** Would that have not saved about two million litres a year in diesel?

**Mr BASKERVILLE:** Yes.

**Mr WOOD:** Could I ask why that Wadeye gas-powered station is not going ahead?

**Mr BASKERVILLE:** I am talking about Power and Water, not IES.

**Mr WOOD:** We had a lovely conversation about this yesterday. I kept being reminded that any questions go back to Power and Water on these issues. I do not want to be told they have to go back to essential services, which was in yesterday's - I really need the answers here. That is not a criticism of you, Mr Baskerville, but we discussed this.

**Mr BASKERVILLE:** I do not take it as a criticism. We are reviewing Wadeye, there are no two ways about that, and the end result could be that we gas fire. However we are looking at the current situation there, as

far as the spend with the type of engines purchased. There is nothing to say, at the end of the day, the site and the site work that has happened there will not be utilised. There might be a different method in procuring the site but, at the end of the day, we could see a power station on the site at Weddell.

**Mr WOOD:** In what time frame?

**Mr BASKERVILLE:** We are looking at that now, Mr Wood. We are doing an exercise on that.

**Mr WOOD:** I was also concerned that some contractors have put tenders in. If you are not going ahead will they get any compensation?

**Mr BASKERVILLE:** We are working on it right now. We will be advising the minister on that shortly.

**Mr WOOD:** Madam Deputy Chair, I do not know how I am going to leave.

**Ms LAWRIE:** In the normal manner, I would have thought!

**Madam DEPUTY CHAIR:** You could leave and we take a recess for 10 minutes. The member for Karama could then get one of her members in.

**Ms LAWRIE:** I will point out, regarding the logistics of this. The member for Nelson has made quorum for the committee. When he leaves the committee fails quorum.

**Mr WOOD:** I raised this issue yesterday.

**Ms LAWRIE:** Exactly, and we have raised it as well throughout the Estimates Committee.

**Madam DEPUTY CHAIR:** I am very sorry but ...

**Ms LAWRIE:** Let me finish. In this regard what will practically occur is quorum will be lost on the committee. As the shadow Treasurer, I have the lead role in opposition for Power and Water, because the Treasurer is the shareholding minister. It is completely appropriate, both as Leader of the Opposition and shadow Treasurer, that I conduct the scrutiny of the government-owned corporation, Power and Water, at estimates. When the member for Nelson leaves we will be in recess for as long as it takes him to return.

**Mr WOOD:** Madam Deputy Chair, I do not want to leave. I was looking forward to this, but sometimes other things are more important.

**Madam DEPUTY CHAIR:** The Chair of this committee is similar to you this morning. You have two members from your side who could be present right now to hold a quorum, but are not.

**Ms LAWRIE:** It is not a case of holding a quorum. You cannot remove the Leader of the Opposition from asking questions, because if you say we have to hold a quorum I have to leave the room.

**Madam DEPUTY CHAIR:** No one is removing you. Member for Karama, if you continue that way towards the Chair, I will put you on a warning. Both me and the member for Stuart are on the PAC. It is not our responsibility to chase your members up.

**Ms LAWRIE:** Your government changed the quorum rules for this estimates, one of the many things you got wrong.

**Madam DEPUTY CHAIR:** Two people at a time - you cannot get one person to sit here while you question the board. For the time being, you can sit.

**Ms LAWRIE:** We have the shadow essential services minister here.

**Madam DEPUTY CHAIR:** I am sorry, but we will have to break for a recess until someone comes in. Thank you.

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The committee suspended.

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**Madam DEPUTY CHAIR:** Welcome back everyone. We now have quorum, if you would like to resume.

**Ms LAWRIE:** When we suspended we were talking about the savings measures and the \$180m. I was questioning in regard to the capital program and will go back to that point.

What, in the capital program, was there which has now come off? In minor new works and repairs and maintenance is there a percentage decrease in that part of the expenditure? There are three questions there, and I am happy to take the capital program first.

**Ms PRINCE:** Perhaps I could even add a fourth. Before we broke Mr Baskerville spoke about generation savings.

**Ms LAWRIE:** That was for fuel.

**Mr BASKERVILLE:** Fuel.

**Ms PRINCE:** He has those figures if you would like them.

**Ms LAWRIE:** Yes.

**Mr BASKERVILLE:** Savings resulted in high efficiency generation plants being installed in Darwin and Alice Springs systems over the last couple of years. Energy savings since 2009-10 are, for the financial year 2009-10, \$280m; 2010-11, \$340m; 2011-12, \$190m; 2012-13 is estimated to be \$220m; and for 2014-15 our budget figure is \$191m. Savings in 2013-14 are 34.5%.

**Ms LAWRIE:** They are the savings in fuel on the generation area. Is that saving a result of the investment in generation, new plants at Weddell and the significant upgrades that are ongoing at Channel Island?

**Mr BASKERVILLE:** That has a lot to do with it.

**Ms LAWRIE:** How much is a lot, John? Would you be achieving these savings without the new investment at the Weddell Power Station?

**Mr BASKERVILLE:** No.

**Ms LAWRIE:** And you would not be achieving savings to this extent without the upgrades at Channel Island?

**Mr BASKERVILLE:** The upgrades at Channel Island have only just come into play, so ...

**Ms LAWRIE:** But that would have an effect on some of your forward estimates, wouldn't it?

**Mr BASKERVILLE:** Yes.

**Ms LAWRIE:** You would be factoring fuel efficiencies into your forward estimates, based on the upgrades at Channel Island.

**Mr BASKERVILLE:** Yes.

**Ms LAWRIE:** When would there have been an equal level of investment in generation at Power and Water, comparable to the investment in the last few years? Would it have been back in the 1980s, during the Channel Island period?

**Mr BASKERVILLE:** Channel Island goes back to the 1980s. In Alice Springs, I can go right back to the early 1980s, when they installed the number nine set down there.

**Ms LAWRIE:** Was that the noisy one?

**Mr BASKERVILLE:** No, this was a quiet one at Ron Goodin Power Station, and the same goes for Katherine and Tennant Creek. Most of the work at those locations was completed in the 1980s.

**Ms LAWRIE:** You had that significant investment in generation in the 1980s, and then a significant investment in generation from 2003 onwards, wasn't it, Ms Prince?

**Ms PRINCE:** I think it was probably later than that, around 2007-08. My memory is that one LM6000 was purchased in about 1999 and another earlier in the mid-1990s.

**Ms LAWRIE:** You had significant investment in the 1980s in generation and significant investment from 2007-08 onwards. From that Power Water has been able to identify a \$340m saving one year, \$190m another and \$220m in 2013-14 as a result of the investments in generation.

In 2008-09 the author of the Reeves report from the Utilities Commission explained to me that the situation that the Territory was in in the 2000s was not unusual. That is, around the nation there was significant investment in generation and networks infrastructure in the 1980s, but then all jurisdictions, to use my words, coasted for two decades, and so in the 2000s ...

**Madam DEPUTY CHAIR:** Member for Karama, are you coming to a question?

**Ms LAWRIE:** Yes, I am.

**Madam DEPUTY CHAIR:** Thank you.

**Ms LAWRIE:** For me to ask the question, they need to understand the context in which I am asking it.

**Madam DEPUTY CHAIR:** I am sure they do.

**Ms LAWRIE:** I would not assume that because it is a complex area. Is that a fair depiction of what has occurred in utilities infrastructure investment in the Territory, not unlike elsewhere in Australia?

**Mr BASKERVILLE:** Yes.

**Ms LAWRIE:** What did investment that could be described as a two decade catch up cost?

**Mr BASKERVILLE:** I do not know that figure.

**Ms LAWRIE:** It is a once in a generation investment, a 20-year investment. Would it be significant?

**Mr BASKERVILLE:** Yes.

**Ms LAWRIE:** Would it be over \$1bn?

**Mr BASKERVILLE:** I would not go that far.

**Ms LAWRIE:** That may be the case for generation only, but if you included zone substations, which are the critical distribution networks, and investment in aging water and sewerage infrastructure, would you expect the figure to be higher?

**Mr BASKERVILLE:** I would say it would be closer to \$400m.

**Ms LAWRIE:** \$400m?

**Mr BASKERVILLE:** Yes.

**Ms LAWRIE:** That would be generation only?

**Mr BASKERVILLE:** No, I would put networks under that.

**Ms LAWRIE:** What is the zone substation worth?

**Mr BASKERVILLE:** It is worth 30.

**Ms LAWRIE:** Thirty million dollars?

**Mr BASKERVILLE:** Yes.

**Ms LAWRIE:** How many have been created in the last ...

**Mr BASKERVILLE:** Three.

**Ms LAWRIE:** Which ones are they?

**Mr BASKERVILLE:** They are Archer, Weddell and we are doing one at the moment in Leanyer.

**Ms LAWRIE:** What about Snell Street?

**Mr BASKERVILLE:** And Snell Street.

**Ms LAWRIE:** So, that is four.

**Mr BASKERVILLE:** Yes, four, around \$30m. I have the figure - \$550m.

**Ms LAWRIE:** \$550m investment in ...

**Mr BASKERVILLE:** From 2010-11 to 2012-13.

**Ms LAWRIE:** From 2010-11 to 2012-13, \$500m ...

**Mr BASKERVILLE:** \$550m.

**Ms LAWRIE:** \$550m - which aspects of capital does that cover?

**Mr BASKERVILLE:** That would be across the board.

**Ms LAWRIE:** Yes, so that is generation, networks and includes sewerage and water.

**Mr BASKERVILLE:** Yes.

**Ms LAWRIE:** So, the capital program announced was for about \$1.5m. Did that include capital and repairs and maintenance, step-up investment?

**Mr BASKERVILLE:** It was \$1.52m.

**Ms LAWRIE:** What was the maintenance component?

**Mr BASKERVILLE:** For 2010-11, it was \$56.284m.

**Ms LAWRIE:** Was that a result of the recommendations in the Mervyn Davies' report, following the catastrophic failure of the Casuarina Zone Substation?

**Mr BASKERVILLE:** Yes.

**Ms LAWRIE:** Right. So, arguably, there was no choice. It was not luxury expenditure, it was critical expenditure.

**Mr BASKERVILLE:** On the network side it was critical.

**Ms LAWRIE:** On the generation side do you think that expenditure increased generation?

**Mr BASKERVILLE:** I would say it was not so critical, but necessary.

**Ms LAWRIE:** Was it to meet demand growth coming on to the system?

**Mr BASKERVILLE:** Yes, especially in the Darwin-Katherine network, but not so much in Alice Springs.

**Ms LAWRIE:** That Darwin-Katherine network deals with the population growth zone around Palmerston?

**Mr BASKERVILLE:** Yes, Palmerston.

**Ms LAWRIE:** That has led to the financial pressures on Power and Water. Was there anything else? That is a significant investment, a \$1.5bn pathway of generation and maintenance. Was there any other significant component?

**Mr BASKERVILLE:** The big thing was no tariff increases, or minimal.

**Ms LAWRIE:** When you say no tariff increases or minimal, how would you describe the tariff increases in 2009 - as none?

**Mr BASKERVILLE:** I am not aware of 2009, I was not here.

**Ms LAWRIE:** Okay. Maybe Jennifer Prince can answer that.

**Ms PRINCE:** As you remember - and I do - there were significant increases in that time, but in the last few years the increases have been linked to CPI while this substantial investment continued.

**Ms LAWRIE:** What were the significant increases in 2009?

**Ms PRINCE:** Was it 18% plus 5% in the following year?

**Ms LAWRIE:** That is right, that was the power tariff increase. From memory, that was the first time a significant tariff adjustment occurred in some 20 years.

**Ms PRINCE:** No, I believe it was about 10 years.

**Ms LAWRIE:** When was the last significant tariff adjustment prior to that?

**Ms PRINCE:** I believe it was 1998; if we are talking about significant as opposed to ...

**Ms LAWRIE:** Was it as high as 18%?

**Ms PRINCE:** I honestly could not remember without looking it up.

**Madam DEPUTY CHAIR:** Member for Karama, you are just repeating questions. Could you move on to the next one, please?

**Ms LAWRIE:** There was a significant tariff adjustment in 2009 – 18% and 5% on power. Can you recall the tariff adjustments on water and sewerage?

**Ms PRINCE:** I believe they were 20% each year for three years.

**Ms LAWRIE:** So, when the government says nothing was done to tariffs previously by the Labor government, that is factually incorrect?

**Ms PRINCE:** I am not aware of what the government has said about past tariff increases.

**Ms LAWRIE:** All right. Was there a report done on tariffs by the Utilities Commission to look at the quantum of tariffs for the most recent adjustments - the 30%?

**Ms PRINCE:** You will probably recall those announcements were made before I joined the board and John took up his current position. I do not know what the Utilities Commission did or did not do during that period.

**Ms LAWRIE:** John, do you have any knowledge?

**Mr BASKERVILLE:** I have no idea.

**Ms LAWRIE:** There is no report kicking around Power and Water which talks about the modelling on tariff adjustments for 2012-13?

**Mr BASKERVILLE:** Not that I have seen.

**Ms LAWRIE:** Is there no report?

**Mr BASKERVILLE:** Not that I have seen.

**Ms LAWRIE:** Would you be aware of how you could arrive at the quantum of the tariff adjustment for 2012-13, if there is not a report?

**Mr BASKERVILLE:** That is for government to decide.

**Ms LAWRIE:** Yet, in 2009, the government relied on, if you like, the regulatory process of advice from the Utilities Commission.

**Ms PRINCE:** Back then, the government chose that route. I do not know whether it chose to do that. It does not have to do it under our current arrangements. It can, but it does not have to.

**Ms LAWRIE:** Tariff adjustments in other jurisdictions usually follow some sort of analysis.

**Ms PRINCE:** Each state government can determine how it wants tariffs to be set, whether they are completely deregulated, part of the market is regulated or the government decides to do that price setting itself.

**Ms LAWRIE:** What is the dollar effect of the tariff adjustments across the forward estimates? I guess we have to take this in two parts, because there was the first set of tariff adjustments where power was 30%, readjusted down. The dollar effect across the forward estimates was, first of all, setting at 30%, then the dollar effect setting at 20%. Obviously, what is the quantum gap between the 20% and 30%?

**Ms PRINCE:** If you give us a minute, I can give you the effect over five years of the original increase of 30% in electricity. That number was \$274.6m. The revision to increases currently in place resulted in a reduction over the same period of \$61.6m for electricity.

**Ms LAWRIE:** That is the \$61.6m in foregone revenue because of the adjustment between the 30% and 20%?

**Ms PRINCE:** Yes, and the subsequent changes in there.

**Ms LAWRIE:** Sure. It has obviously been a difficult period for people in terms of adjustments, and the billing particularly. I am in that invidious position of having gotten my credit bill. I am going, 'Uh-oh! What is the other one going to look like?' One of the things we looked at in the bill is that you have a figure here which does not correspond with what you have paid previously, because it says, 'previously we received this', but the person knows they have not paid that. They have a credit amount there which does not match the amount down the bottom. Someone trying to make sense of this bill - it is broad. We have yet to find anyone who goes - I am sure you have people on your staff who are now experts at understanding this bill. Across the community ...

**Madam DEPUTY CHAIR:** Member for Karama, is it necessary to hold that up?

**Ms LAWRIE:** I am pointing out the bill to the committee. Members across the community are struggling, and cannot understand their bill. What sort of billing analysis occurred to try to deal with the adjusted 30% down to 20%, and what is the credit? Within Power and Water, did you form a team of people to say, 'This is how we are going to deal with the bill?' Were there systems changes you needed to make, but you could not make them? How did we arrive at this mess?

**Ms PRINCE:** Sorry, you will probably not be surprised to hear it is fairly unusual to reduce prices for utilities. We are only aware of it happening in one other case recently. As I understand it the people responsible for billing in Power and Water had to take advice about what they could and could not do. It was not as simple as issuing a credit note or having the next bill with a reduction.

The advice was the only way it could be done, in a legal sense, was to reissue bills that had already been issued. That needed to be done for tax and other reasons. When you think these bills are going not only to residential consumers, but businesses and people who might have investment properties, where the separation of tax and similar information is important - the advice was the bill had to be, in effect, cancelled in the way it was and a new bill provided.

Power and Water prepared a brochure attempting to explain the changes and, in retrospect, we would all agree communication about what needed to be done and what was being done was not adequate. People were very much focused on the technical aspects of what had to go in the bill and the revised bill.

We should have communicated that better. We did not, but we know, from information coming from the call centre, that as soon as people discuss their bill and their questions with people in the call centre, they understand, usually within 90 seconds, what needed to be done, what has been done and their questions are satisfied.

I accept we should have been front-footing and explaining it more fulsomely to the community than we did. However, we acknowledge we should have done it better than we did. The call centre people have been very good, and worked very hard in explaining that information to consumers. They have had many calls to deal with.

**Ms LAWRIE:** Yes, I was going to ask what the impact on Power and Water has been with these adjustments. Have you had to put on additional staff at the call centre to deal with the influx, or have they worked longer rosters? I am not sure of the figures, but it sounded like an extraordinary number of calls per day. Perhaps you could let us know what those figures were over that intense period.

**Ms PRINCE:** It is fair to say activity in the call centre has been very high for the whole of this calendar year. However, managers in the retail section of the business have actively managed those call centre people. They have had much training. If they feel the pressure is too much, they are immediately rotated out. All of the people in the retail unit are taking their time in call centres. Because of the active management of staff, there have not been any significant problems recorded. We have monitored it very closely. We have done everything we could to relieve their workload. It is fair to say they have done a terrific job under very difficult circumstances.

**Ms LAWRIE:** Yes, absolutely. I do not believe there is a reasonable person who would not be feeling for staff who work in that area.

The rotation helps me understand how you are managing and the pressure on staff, but have you had to – Power and Water's normal operations have 'X' number of staff. Has that increased?

**Ms PRINCE:** We have not increased the number of staff *per se*, but people who work in other parts of the retail business have assisted in the call centre when required. They would have been required if there was a high number of calls, to relieve staff or to provide extra capacity for a rotation.

**Ms LAWRIE:** So you have not hired additional people, you have bulked up the call centre by bringing staff from other sections of retail into the call centre?

**Ms PRINCE:** As and when required, yes.

**Ms LAWRIE:** Over what period has that occurred?

**Ms PRINCE:** As I understand it, there have been a lot of calls since the first increase was announced and more recently with billing issues, so there has been a couple of peaks. I do not have those actual dates here, but I know that has happened.

**Ms LAWRIE:** Have you tracked data on the frequency of rotations out?

**Ms PRINCE:** Rotations out of the retail business?

**Ms LAWRIE:** Out of the call centre, back to other areas of retail. Are you tracking data on rotations in, rotations out, so that Power and Water can gain an understanding of its crisis management strategy?

**Ms PRINCE:** I do not have that information. What I do know is that people in that business unit have increased their skills, not only in the last six months, but also in the last couple of years, so they are much more effective in the way they interact with customers.

**Ms LAWRIE:** What has been the impact on morale in Power and Water? Mr Baskerville, you are probably best placed to answer this as managing director.

**Mr BASKERVILLE:** As far as the billing goes?

**Ms LAWRIE:** As far as ...

**Mr BASKERVILLE:** Is that as far as Power and Water goes in general?

**Ms LAWRIE:** The tariff increases, tariff changes and billing changes – it has been a journey for six months from which the end result has been an increase in power and water costs. What has staff morale been like?

**Mr BASKERVILLE:** In general, staff have been very resilient, and they have taken the changes in their stride.

**Ms LAWRIE:** So, you have not had any particular concerns with morale during that period?

**Mr BASKERVILLE:** Not that I have noticed.

**Ms LAWRIE:** We were hearing media reports of Power and Water staff being given a hard time.

**Mr BASKERVILLE:** I meet with staff from lower levels right up to senior levels on a weekly basis, and I have never picked that up.

**Ms LAWRIE:** You have not heard of anything happening out in the community - workers have been out on a job and somebody has had a crack at them?

**Mr BASKERVILLE:** No.

**Ms LAWRIE:** That is interesting because that is not the feedback I have been getting from people.

**Mr BASKERVILLE:** Okay.

**Ms LAWRIE:** What is the gap between where the tariffs are currently and the forward estimates to commercial sustainability?

**Ms PRINCE:** I do not know if we have a target for commercial sustainability. That has not been given to us by government. The government makes decisions about tariffs, and has asked the board to find efficiencies, which is what we have done. Those efficiencies are included in the SCI, but during that process we were not given a target to get to commercial sustainability or achieve any other particular ratio.

**Ms LAWRIE:** Do you not have any knowledge within Power and Water about what future tariff adjustments would be needed for commercial sustainability?

**Ms PRINCE:** No, we have not done that, but there is always a philosophical debate about what commercial sustainability is. Therefore, that particular question could be approached a number of ways.

**Ms LAWRIE:** I know there was a fair amount of confusion in the urban areas in terms of the tariff adjustments and the billing system. How has the roll-out of the \$50 power card reimbursement across the remote regions been going? Do you have the number of cards which have been issued?

**Mr DAY:** Darryl Day - the tariff adjustment involves physically presenting to the meter and a wand to adjust the tariff. It involves physically visiting each meter. We placed \$50 of credit into the meter, left a card indicating we had done that and took readings from the meter. That process worked very well. There are around 4700 meters in remote communities and 2600 in urban areas and town camps.

**Ms LAWRIE:** How much time and how many staff were deployed to do that, with 4700 meters in remote communities, and if I heard you correctly, there are another 2000 odd to cover town camps?

**Mr DAY:** There are 2600. In remote communities we did that over a four week period in April, and that was undertaken by Power and Water staff.

**Ms LAWRIE:** This is unusual, Madam Deputy Chair, but we did make a commitment - before you go, Darryl - to the member for Nelson that if this area came up in his absence, we would ask his questions on tokens. I propose that the member for Nightcliff asks the member for Nelson's questions on his behalf because he cannot be here at this time.

**Ms FYLES:** In the bush the power meters need the tokens. Can you describe how quickly the power meters were recalibrated to deal with the massive 30% power price hikes? How quick was the recalibration after the price hikes were put back to 20%?

**Mr DAY:** The adjustment of tariffs from 1 January occurred from the first working day and was almost completed by the end of January. Three small communities were completed during the first week of February. The target was to achieve those changes. The meter adjustment occurs when a meter is visited. The adjustment of the reduction in tariff occurred through April. We started on the first working day of April and that was completed over about the same period. We attended communities in the same order, so those communities which had tariffs adjusted first were the same communities which had tariffs adjusted in April. There was approximately 90 days between the first and second tariff adjustments.

**Ms FYLES:** How did you calculate any compensation in those circumstances, if required?

**Mr DAY:** The calculation of \$50 was based on the average usage across the prepayment meter fleet over the 90 day period. It was about \$46, which was rounded up to \$50 as a credit provided in each meter.

**Ms FYLES:** So, over the 90 day period the average was \$46. These power price hikes occurred in January, which is the hottest month, and we had the hottest Wet Season, I feel, on record. How do we know that bush Territorians were not disadvantaged? From what people have told me, that \$50 did not compensate them. Was your 90 days an average for the year, or did you realise it was a hot part of the year and people would be using more power?

**Mr DAY:** It was not technically possible to assess each customer's usage in having the data, so an average was evaluated over a previous consumption period. The mechanism to have an individual assessment undertaken was made available if customers felt that was not sufficient.

**Ms FYLES:** Sorry, what do you mean by 'mechanisms were available'?

**Mr DAY:** If customers felt it was insufficient they could ask for an individual assessment.

**Ms FYLES:** Do you think that is fair? I have access to the Internet; I received three different power bills, and it still took me weeks to understand that, let alone somebody who reads and writes a different language. The fact that you took your 90 day average, not over the hottest part of the year, seems a little unfair.

**Mrs PRICE:** How many questions does the member for Nelson have?

**Ms FYLES:** He has left about four questions here. One of them is about compensation and disadvantaged bush Territorians.

**Mrs PRICE:** I wanted to make sure that questions being asked are his.

**Ms FYLES:** Yes. I am sure Gerry would like to know the answers to these questions, like many Territorians.

**Mr DAY:** It was well received. Through a process of averaging there were unders and overs. We have had a very positive response in communities. As I said, it was undertaken by Power and Water staff who regularly visit those communities for an audit or annual reading of those meters, and the individual communication we had was that it was very well received in the credit provided.

**Ms FYLES:** Considering bush Territorians received a \$4 bonus - although we are not quite sure, because it was the hottest part of the year, whether that truly reflects their average bill - can you guarantee that no households were disadvantaged due to the fact they used tokens, and did not have standard power meters?

**Mr DAY:** Prepayment meters are standard for domestic customers on communities and a number of customers on urban. The nature of an assessment for the rebate was averaged across that group of customers. By nature of an average there are some who benefited and some who may not have. As I said, there was an option available to review that on a case-by-case basis.

**Ms FYLES:** Thank you.

**Ms LAWRIE:** I am not sure where would be best to ask these questions for the member for Nelson, technically. He has a series of questions on the multiple bills. I touched on multiple bills, but he also has a series of written questions on multiple bills. Do we ask it now, Darryl, or seek advice?

**Madam DEPUTY CHAIR:** Is the member for Nelson coming back in an hour or two?

**Ms LAWRIE:** He indicated that if we were on the area of subject - which we are, currently, with tokens and bills - he wanted us to ask questions on his behalf. I am seeking advice as to whether it is ...

**Madam DEPUTY CHAIR:** There is no agenda to where we are up to. If he is happy he can take his own questions up when he gets back.

**Ms LAWRIE:** Okay, I am happy to leave them until he is back.

**Ms FYLES:** He will not be disadvantaged?

**Ms LAWRIE:** No, he will get to ask his questions.

**Madam DEPUTY CHAIR:** He will still get to ask his questions.

**Ms LAWRIE:** How many businesses have been affected by tariff adjustments? You have different types of users, such as residential. Do you have a number on how many residential households and businesses have been affected by tariff adjustments?

**Ms PRINCE:** It would be difficult to come to a precise number, because we are talking about all customers who are on pricing orders or gazetted tariffs. The Power and Water systems would not necessarily subdivide those into residential and business customers. We know the usage of customers. We could provide an estimate, but we do not know the number because types of customers are not distinguished in that way if they are on pricing orders.

**Ms LAWRIE:** In regard to tariff impacts, could you provide us with an estimate on residential and one on business?

**Ms PRINCE:** What you are asking us to do is say, of those customers on price orders, what is the split between residential and small business? I will have to take some advice on that. I believe an estimate can be made.

**Ms LAWRIE:** As a question on notice.

**Ms PRINCE:** We will get that done.

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#### **Question on Notice 11.1**

**Madam DEPUYTY CHAIR:** For the purposes of Hansard, will you please restate your question?

**Ms LAWRIE:** In regard to tariff increases, could you provide an estimate of how many residential customers have been affected and how many small businesses have been affected?

**Madam DEPUTY CHAIR:** Do you accept the question?

**Ms PRINCE:** We do.

**Madam DEPUTY CHAIR:** For the purposes of Hansard, I allocate that question No 11.1.

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**Ms LAWRIE:** We heard varying amounts in terms of the potential average impact on small businesses. Is there any modelling Power and Water has in the quantum of impact on small businesses, bearing in mind different businesses, different impacts? If a business requires a fairly large refrigeration component, obviously ...

**Madam DEPUTY CHAIR:** Member for Karama, you are repeating questions. Can you please move on to the next one?

**Ms LAWRIE:** No, this is asking about the type of impact on different businesses. It is not the split between residential and small business. It is a different question.

**Madam DEPUTY CHAIR:** That is the same criteria, isn't it?

**Ms LAWRIE:** This is what we do in estimates. We break down ...

**Madam DEPUTY CHAIR:** You would know most of the information, being the former Treasurer.

**Ms LAWRIE:** Yes, when I did the tariff adjustments back in 2009 I relied on breakdowns of potential impact for residential customers and small business customers. I then looked at further breakdowns within the small businesses category to truly understand what a small business, relying on high refrigeration, therefore high power usage, would be facing in terms of cost impact versus a retailer of clothes, who would have less of an impact. It is reasonable to ask, in regard to Power and Water and the tariff impacts small businesses have been confronted with, as well as households, what analysis there is to show what that impact has been.

**Ms PRINCE:** We can give you an estimate of the impact on a comparatively small business based on its usage, and a comparatively large business. I believe you are looking for the increase in cost ...

**Ms LAWRIE:** Yes.

**Ms PRINCE:** ... as a result of the 20% power increase.

**Ms LAWRIE:** There is also water and sewerage, but whatever you have there.

**Ms PRINCE:** For a small business, for electricity, the estimated increase annually is about \$2400; for water, it is \$1500; and for sewerage, it is about \$1200. For a large business ...

**Ms LAWRIE:** Is that what the Treasurer relied on? I believe it was a \$4700 impact on a small business.

**Ms PRINCE:** To be honest, I was not involved at that point and do not know what information the Treasurer relied on, but my assumption is that he would have done this.

For large businesses, they would generally be on negotiated tariffs for electricity, so they are not affected by increases in the pricing order, but for water the increase in their bill could be as much as \$25 000. Again, it depends very much on their water usage. For sewerage it is \$4500.

**Ms LAWRIE:** Has anyone looked at what the impact on the local corner shop would be? For example, a small business locally owned and operated already works long hours, yet they really do rely on refrigeration. Have you done any modelling as to what the impact would be for the corner store?

**Ms PRINCE:** That is the basis of the modelling for the small business. It is in the first set of figures I gave you.

**Ms LAWRIE:** Is that a quarterly or annual impact?

**Ms PRINCE:** Those were annual increases. That was the increase in 2013.

**Ms LAWRIE:** Power and Water has a range of major and small business and, as you have said, big businesses are on a negotiated tariff. What sort of feedback have you received from business about the impact of the tariff increases?

**Mr BASKERVILLE:** Nothing.

**Ms PRINCE:** I think most of those comments would have gone to the Treasurer.

**Ms LAWRIE:** Do you have a customer or client survey that you undertake?

**Mr BASKERVILLE:** There is one just about to start.

**Ms LAWRIE:** One that is about to start – would you expect to capture feedback through your customer/client survey?

**Mr BASKERVILLE:** I would say so.

**Madam DEPUTY CHAIR:** Was there, basically, no feedback in the past?

**Mr BASKERVILLE:** Nothing that came across my desk.

**Madam DEPUTY CHAIR:** Thank you, that is quite interesting.

**Ms LAWRIE:** Okay, so we will put aside the call back centre and what it receives in terms of feedback. Are you about to embark on a consumer/client survey?

**Mr BASKERVILLE:** Yes, we are.

**Ms LAWRIE:** Who would that survey go to?

**Mr BASKERVILLE:** Me.

**Ms LAWRIE:** No, sorry - who will you survey?

**Mr BASKERVILLE:** We will take a mixture of customers; that is the normal way we conduct these surveys.

**Ms LAWRIE:** How many will do it?

**Mr BASKERVILLE:** There will be large and small business, through to the domestic.

**Ms LAWRIE:** Will it be urban, regional and remote?

**Mr BASKERVILLE:** Yes, it is right across the board.

**Ms LAWRIE:** What is the sample survey size?

**Mr BASKERVILLE:** I do not have that detail.

**Ms LAWRIE:** Could we be provided with that detail?

**Mr BASKERVILLE:** I do not have the detail.

**Ms LAWRIE:** Could I be provided with the details around the consumer survey, including sample size, when it commences, when it is due to be completed and whether or not it will be made public?

**Madam DEPUTY CHAIR:** Will you take the question on notice?

**Mr BASKERVILLE:** The survey has not started; we are still negotiating.

**Ms LAWRIE:** I appreciate that.

**Madam DEPUTY CHAIR:** Do you want to take the question on notice or will you get the information during this session?

**Mr BASKERVILLE:** We will take it on notice.

**Ms LAWRIE:** We will do it as a written question on notice, and it can either arrive during the session or after.

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#### **Question on Notice 11.2**

**Madam DEPUTY CHAIR:** Can you restate the question?

**Ms LAWRIE:** Could you provide details about the consumer/client survey, including sample size, breakdown of areas to be surveyed, types of questions in the survey, when it is due to commence, when it is due to be completed and whether or not the results will be made public?

**Madam DEPUTY CHAIR:** Do you accept the question?

**Mr BASKERVILLE:** Yes

**Ms LAWRIE:** The question was asked of the Power and Water board and managing director by the member for Karama, and has been allocated number 11.2.

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**Ms LAWRIE:** Mr Baskerville, just to be clear, there has been no contact from a business to Power and Water about whether or not they are suffering any financial stress as a result of tariff increases?

**Mr BASKERVILLE:** No, I said there has been no contact to me.

**Ms LAWRIE:** Oh, sorry, I asked you on behalf of Power and Water. Obviously, not everyone at Power and Water is sitting here; I get to ask you. Have there been complaints to Power and Water about financial stress as a result of tariff increases in business?

**Mr BASKERVILLE:** Not that I am aware. They have not come to me.

**Ms LAWRIE:** Okay, have you asked your staff whether there have been any complaints?

**Mr BASKERVILLE:** I regularly do.

**Ms LAWRIE:** Do you get reports from the call centre?

**Mr BASKERVILLE:** Yes

**Ms LAWRIE:** Does the call centre report have complaints in it?

**Mr BASKERVILLE:** Most of the feed into the call centres has been about domestic use.

**Ms LAWRIE:** Most of it? So, if it is not domestic, what is the rest of the feed into the call centre?

**Mr BASKERVILLE:** Tariffs in general.

**Ms LAWRIE:** So, there has been no contact by a business to Power and Water, either through the call centre or through staff such as business managers who deal directly with clients?

**Mr BASKERVILLE:** Not that I am aware of.

**Ms LAWRIE:** No, but have you asked the question ...

**Madam DEPUTY CHAIR:** Member for Karama, the managing director has answered your question; please move on to the next one, because you are repeating questions.

**Ms LAWRIE:** Have you asked the question of your business?

**Madam DEPUTY CHAIR:** Member for Karama, could you move on to the next question, please? He has answered your question.

**Ms LAWRIE:** No, it is a block, Madam Deputy Chair. It is a legitimate question to ask.

**Madam DEPUTY CHAIR:** Member for Karama, he has answered your question, precisely, twice. Could you move on to the next one?

**Ms LAWRIE:** He has answered that he is not aware. I am asking if he ...

**Madam DEPUTY CHAIR:** He has answered your question, member for Karama.

**Ms LAWRIE:** ... has asked the question. Have you asked the question of your business staff, of your ...

**Madam DEPUTY CHAIR:** Member for Karama, I consider your conduct to be disorderly and warn you if you persist I will order you to withdraw from the hearings under paragraph 31 of the Assembly resolution establishing this committee. Could you please move to the next question?

**Ms LAWRIE:** Right - you say you have received no feedback from business about the financial stress of tariff increases.

**Mr BASKERVILLE:** That is what I said.

**Ms LAWRIE:** Can you advise of whether you have undertaken any staff satisfaction surveys recently?

**Mr BASKERVILLE:** We have.

**Ms LAWRIE:** Can you advise what that staff satisfaction survey has indicated about staff morale?

**Mr BASKERVILLE:** I do not have that detail here today.

**Ms LAWRIE:** Could you provide us with that?

**Mr BASKERVILLE:** Yes.

**Ms LAWRIE:** Can you provide that on notice?

**Mr BASKERVILLE:** Yes.

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**Question on Notice 11.3**

**Madam DEPUTY CHAIR:** Please restate the question for the record, member for Karama.

**Ms LAWRIE:** Please provide the most recent staff satisfaction survey, and please provide what it has indicated about staff morale in Power and Water.

**Madam DEPUTY CHAIR:** Do you accept?

**Mr BASKERVILLE:** Yes.

**Madam DEPUTY CHAIR:** The question was asked by the member for Karama of the managing director of Power and Water, and has been allocated number 11.3.

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**Ms LAWRIE:** Mr Baskerville, given that households and businesses are now paying 30% more for their water, have you recorded a greater number of complaints about the quality of water?

**Mr BASKERVILLE:** About the quality of water?

**Ms LAWRIE:** Yes.

**Mr BASKERVILLE:** I might get John to answer that.

**Mr PUDNEY:** John Pudney - member for Karama, we have not had any significant additional complaints. At this time of year we expect some stirring up of the dam, and normally when the Dry Season hits flows increase rapidly throughout the system due to irrigation loads. We also find the dam stirs up through wind action and we get elevated levels of iron and manganese. We do expect, in the middle of May, to receive dirty water complaints, but this year we have not had the same number as last year, perhaps due to the later breaking of the Dry Season.

**Ms LAWRIE:** Thank you. The terms of reference for the Renewal Management Board included an audit of the Power and Water Corporation. Have you been provided with this audit?

**Ms PRINCE:** We have not seen it; I believe those reports went to the government.

**Ms LAWRIE:** The terms of reference for the Renewal Management Board included developing strategies for the ongoing operation of Power and Water Corporation. Have you been provided with those strategies?

**Ms PRINCE:** We have not seen anything like that. As I said earlier, we were asked to look at operational efficiencies, which we have done, but we were not given a target or any specific instructions.

**Ms LAWRIE:** Page 15 of the Renewal Management Board progress report said that asset sale options are available to reduce debt and will be explored as part of a continuing review of the process post-budget. Have you been provided with a review of asset sales at Power and Water?

**Ms PRINCE:** We have not.

**Ms LAWRIE:** Last week in estimates the Treasurer would not rule out selling Power and Water. Have you been provided with a guarantee from government that Power and Water will not be sold?

**Ms PRINCE:** We have not been provided with any information one way or the other, in that regard.

**Ms LAWRIE:** Does speculation around the potential sale of Power and Water have any impact on staff morale?

**Ms PRINCE:** I believe, as Mr Baskerville indicated earlier, there has not been anything specific. As a more general question, I am sure people would be wondering about their future, but the fact is the delivery of water, sewerage, and electricity is essential, and needs to be provided to the community. That is an indication jobs will continue in this area. I am not sure how worried they are, except for the more general issues.

**Madam DEPUTY CHAIR:** Member for Karama, I remind you, under general rules, you cannot ask them for an expression of opinion ...

**Ms LAWRIE:** I have asked about the impact on staff morale.

**Ms FYLES:** (Inaudible)

**Madam DEPUTY CHAIR:** I am not talking to you, member for Nightcliff, I am talking to the member for Karama. If I wanted your opinion, I would be looking at you and directing the question to you. Until then, I am advising that you cannot ask them for an expression of opinion. That is to be debated in the House with the minister.

**Ms LAWRIE:** Madam Deputy Chair, in the Estimates Committee last year, John Elferink, the member for Port Darwin, asked specific question on staff morale ...

**Madam DEPUTY CHAIR:** That was last year, and the rules have already been applied. They passed the PAC meeting, your members were advised and therefore the rules apply here and now. We are not talking about last year and how you had it; we are talking about this year and how the rules apply now.

**Ms FYLES:** So, minister Elferink is allowed to ask questions, but we are not?

**Madam DEPUTY CHAIR:** There are rules which apply. If you look at the standing orders for a committee, there are rules that apply. She is asking for an expression of opinion towards ...

**Ms FYLES:** She is asking the question that was asked last year. It is the exact same question.

**Ms LAWRIE:** Staff morale questions sit within the KPIs.

**Madam DEPUTY CHAIR:** Obviously, you did not catch it out. I am sorry, but I am sitting here with the standing orders in front of me. I know them, so I will catch you out when I can.

**Ms LAWRIE:** Madam Deputy Chair, not to be disrespectful, but issues such as staff morale sit within the KPIs of Power and Water, within the Statement of Corporate Intent. That is why they are asked every year at estimates. We go off what is contained within the KPIs in the statement ...

**Madam DEPUTY CHAIR:** As I said, member for Karama, if you had any questions you would have directed them to the minister.

**Ms LAWRIE:** The minister is not here.

**Madam DEPUTY CHAIR:** The boat has passed, and you have missed your opportunity. Now ...

**Ms LAWRIE:** No, I did direct questions to the Treasurer, and he said to direct them to the GOC.

**Madam DEPUTY CHAIR:** You are asking the board director for an expression of opinion. If I continue having to say this you will be thrown out of this committee for one hour. I do not want to keep repeating myself, and I do not want to have an argument or a debate in this committee. Let us continue and get to the next question, please.

**Ms LAWRIE:** Very clearly, in the estimates process, I asked questions of the Treasurer. He said to ask the questions of the government-owned corporation. We are here with the government-owned corporation to ask the questions. The Treasurer is not here, so we are asking the government-owned corporation, the Power and Water Corporation representatives - the board, representatives and the managing director - and this is the appropriate forum to ask these questions. The Treasurer directed us to ask these questions during this forum.

**Madam DEPUTY CHAIR:** You cannot ask for an expression of opinion, that is what I am saying. Ask the questions as directly relevant, not for an expression of opinion.

**Ms FYLES:** We are asking the same questions that were asked last year. Are we are not allowed to ask them this year?

**Madam DEPUTY CHAIR:** As I said, member for Nightcliff, you will be put on the same warning if I have to continue to debate one little thing. Get on with business.

**Ms LAWRIE:** Okay. I will go to savings measures Power and Water is attempting to achieve across the forward estimates - the \$180m. Obviously, looking at your efficiencies, you are looking at decreasing vehicles within the fleet, and you are looking at the capital program. Where specifically in the capital program are you looking at either deferring or scrapping projects?

**Ms PRINCE:** When we were putting together the SCI, we looked at projects which were planned indicatively, and were to be done in the next three to five years. We reviewed each one of those to determine whether they needed to proceed or not in 2013–14 or a later year. We have adjusted the timing of some of those projects. Earlier, we were speaking about generation and the Utilities Commission report which said our generation capacity was adequate until about 2019–20.

There were, on the indicative program, a number of additional generation augmentation projects. We reviewed each one of those individually and adjusted the timing of many of them, so they were to be done at a later stage. We were then avoiding the risk of overinvestment in generation.

**Ms LAWRIE:** On generation and the augmentation projects, my understanding across the forward program in relation to capital - they were for augmentation across remote areas. For example, I believe the Wadeye power station was the first.

**Ms PRINCE:** No, the numbers I gave you earlier related to the commercial business, not IS.

**Ms LAWRIE:** Will the Wadeye power station continue?

**Ms PRINCE:** The Wadeye power station is in the IES business, not in the commercial business. Mr Baskerville spoke about that previously and made that point. He said we were reviewing exactly what the strategy for Wadeye will be.

**Ms LAWRIE:** Focusing on the commercial business augmentation: which augmentation projects have been deferred?

**Ms PRINCE:** We have either pushed back or slightly changed the scope of some of the work - the future work to be done at Channel Island because it does not need to be commenced during this year. We have done the same for Katherine, Yulara and Tennant Creek, because all of those power stations have more than adequate supply at present.

You were talking earlier about expenditure across Australia in generation carried out in the 1980s and virtually none was done in 1990s. It was recognised at that point that there was considerable overinvestment in generation in the 1980s. What we were doing in reviewing those projects was avoiding that situation, because we now have adequate generation capacity in all of those centres.

That is the type of thing we were doing. We did ...

**Ms LAWRIE:** With the augmentation at Channel Island - scratching around the memory bank - that was around the four sets there. They have some age on them and that was about having the sets, one by one, come off commission for complete rebuilds, and then going back into generation. Was that the augmentation program you were referring to?

**Ms PRINCE:** There have been two new generators established at Channel Island and they are working. The next part of the project was to refurbish, over a period of time, the existing or pre-existing generators at Channel Island. We have changed the timing of that project and stretched it out on the basis there was no need to proceed with it at the pace it had previously been planned.

**Ms LAWRIE:** Stretch it out to what extent? Has it gone out by two, three, four or five years?

**Ms PRINCE:** I do not know that off the top of my head. It is being done over a longer period.

**Mr BASKERVILLE:** It is two years.

**Ms PRINCE:** An extra two years.

**Ms LAWRIE:** It is an additional two years. Will it still be the same scope of work, a complete refurb of each of those sets?

**Ms PRINCE:** That is the plan.

**Ms LAWRIE:** Do you know the cost for each of the refurbs?

**Mr BASKERVILLE:** I do not have that.

**Ms LAWRIE:** Can we get that information?

**Mr BASKERVILLE:** I do not believe it has been done yet.

**Ms LAWRIE:** Would there not have been some scope on the cost of the refurbs?

**Ms PRINCE:** When they open up each set ..

**Ms LAWRIE:** Is it a voyage of discovery?

**Ms PRINCE:** Yes, exactly. Also, at that time, they are better able to review how long the work will take.

**Ms LAWRIE:** When will we start to the four sets at Channel Island come off-line, one by one, for the refurb? When will that program start?

**Mr BASKERVILLE:** I am trying to remember; I spoke about it last night. I believe it will be in the next nine months.

**Ms LAWRIE:** Is that because we now have capacity at Weddell and the two new sets at Channel Island to be deal with a set being off-line? When a set is off-line, what is the redundancy capacity in terms of the failure of other sets? The point of the refurb is that sets are a bit old and fail from time to time. What capacity of failure can be tolerated in the system before we start to get some real impact on generation?

**Mr BASKERVILLE:** I am not sure of the exact number, but I believe there can be two sets down.

**Ms LAWRIE:** Two sets down.

**Ms PRINCE:** The objective was n minus two, which is two sets down. However, the most recent Utilities Commission report was n minus four, which indicates quite significant additional capacity.

**Ms LAWRIE:** The UC is indicating you can have four sets down and still have generation capacity for the Darwin to Katherine grid?

**Ms PRINCE:** Yes.

**Ms LAWRIE:** That is quite a change from the past, isn't it? Is that because of the capacity of the new Weddell power station?

**Ms PRINCE:** There are new sets at Weddell and at Channel Island.

**Ms LAWRIE:** So, that is the generation side of the augmentation projects. Will there be any review of the capital program for networks and distribution?

**Ms PRINCE:** Perhaps I can give you some high level numbers, and Mr Birk can give you the details. Some of the changes on the network side were to bring forward some work, as well as to delay some. The review that we did was not only to reduce scope or defer projects. The new project was the East Arm work, and also the West Bennett switching station, whereas some of the timing of work at other zone substations, such as City and Sadadeen, was changed. Part of that is a reflection of work that had been done, and the amount of work that could be expected in the next year. It was not a cutting measure *per se*, but more a realistic expectation of funds required.

**Ms LAWRIE:** Was it a bit of a smoothing out of the program?

**Mr BIRK:** Bertram Birk - as you are aware, each financial year with the SCI the figures are fairly firm. Our Statement of Corporate Intent has a four year forward look, and outer years projects are assessed as the start time gets closer. We need to ensure that augmentation of the network occurs in a timely manner. Also, as assets age, and sometimes major projects do not eventuate, it gives us an opportunity to review our program and smooth out works where we can.

**Ms LAWRIE:** With the city works, what is no longer proceeding in the same time frame that had previously been planned?

**Mr BIRK:** With the City Zone Substation, work is under way to replace that old zone substation and it is going well.

**Ms LAWRIE:** When would you expect that new City Zone Substation to be completed? I guess you are doing the same thing you did for Snell Street.

**Mr BIRK:** Exactly.

**Ms LAWRIE:** Are you are building a whole new one, near to the old one?

**Mr BIRK:** Exactly.

**Ms LAWRIE:** Will you then decommission the old one?

**Mr BIRK:** Exactly. The asset is well and truly at the end of its useful life. Therefore, we are fortunate we have some land and capacity down there to undertake a new adjacent development. There are some safety issues involved, but it gives our staff an opportunity to do it in a controlled manner with the contractors, and we will change over and decommission the existing site.

**Ms LAWRIE:** What is the timeline for the new City Zone Substation?

**Mr BIRK:** That will be completed towards the end of next Dry Season.

**Ms LAWRIE:** When did those works start?

**Mr BIRK:** They only started a few months ago.

**Ms LAWRIE:** Did they start after Snell Street?

**Mr BIRK:** Snell Street is in the process of being commissioned over the next few months. That will be energised during this Dry Season.

**Ms LAWRIE:** Did you finish Archer, then commence City? What is the sequencing with works on zone substations?

**Mr BIRK:** We have been multitasking. We have different contractors working on them because all of the works are prioritised as part of the SCI process when we review the works. If we do not do them sequentially, if required, we will do them in parallel.

**Ms LAWRIE:** Was McMinn Street reviewed?

**Mr BIRK:** The zone substation we call City Zone Substation is being replaced and the entire asset will be decommissioned down there.

**Ms LAWRIE:** Will that be the round figure of \$30m for a new zone substation?

**Mr BIRK:** Our estimate for the McMinn zone substation is \$40m, because it is a more complex arrangement. It is an indoor zone substation which requires consideration of things such as aesthetics and noise.

**Ms LAWRIE:** For the layman, what does the consumer get from a zone substation refurb or replacement?

**Mr BIRK:** I use the analogy of a bicycle wheel with spokes and a hub. The hub is the zone substation and the spokes are the feeders to the wires our customers see on the streets. Each zone substation will supply quite a large area, particularly the City Zone Substation we are talking about. About half of the CBD will be fed out of that zone substation, and the other half will be fed from the newer Frances Bay substation near the waterfront.

**Ms LAWRIE:** So, with the Frances Bay Zone Substation by the waterfront, where is that at? When you say new at ...

**Mr BIRK:** It has been commissioned for quite a number of years now, but only with one transformer. It is currently being fitted with another transformer and more switch gear in recognition of the fact loads are growing in the CBD and we need to replace that McMinn Street zone substation. Once those works are completed, we will have a very secure network in the CBD.

**Madam DEPUTY CHAIR:** There has been a change in the committee. We have been joined by the member for Barkly, Gerry McCarthy, and the member for Nelson, Mr Wood, has returned.

**Ms LAWRIE:** We asked your tokens questions on your behalf, but not the other questions you had. Has there been a review of the time for the Sadadeen zone substation?

**Mr BIRK:** As you are aware, we have a new power station and some zone substations in Alice Springs, so the whole network has been reviewed. The Sadadeen replacement of the switchboard, which we know has some issues, has been pushed out by two years, but we have a management plan in place to cope with that, so we see it as low risk.

**Ms LAWRIE:** Issues with the switch - what would an outcome of an issue with a switch be?

**Mr BIRK:** With the switchboard in question at the Sadadeen zone substation, we know the equipment can fail with high voltage tracking on the switch gear. Dust accumulates on it and we get some arcing, which can cause the circuit breakers to fail. We are aware of that, so ...

**Ms LAWRIE:** What happens when a circuit breaker fails? Sorry, you have a whole lot of laymen in here.

**Mr BIRK:** You can have a major incident where it creates an arc flash and the equipment is damaged. That equipment then has to be removed from site. We know about issues at Sadadeen, so we clean periodically and inspect and monitor the discharge on the switch gear, so we are managing it in the interim period.

**Ms LAWRIE:** Did you say it has been pushed out by a couple of years?

**Mr BIRK:** Yes.

**Ms LAWRIE:** Is there anything else in the distributions network that is being reviewed in terms of the capital program, and pushed out?

**Mr BIRK:** We constantly review the program and specifically when major customers we know - we obviously want to make sure the network is augmented in a timely manner and that we are investing our capital wisely. We continually review, which means moving out and smoothing the program where we can.

**Ms LAWRIE:** What is happening with the Lee Point zone substation?

**Mr BIRK:** At Leanyer?

**Ms LAWRIE:** Yes.

**Mr BIRK:** That is well advanced and due for commissioning next year. That is going ahead well and that will supply the new suburbs of Lyons and Muirhead.

**Ms LAWRIE:** I have received complaints recently from residents of Leanyer about outages that were quite lengthy. I think there was a four hour outage last Saturday. What is behind those outages?

**Mr BIRK:** An electrical switch failed at Leanyer a few weeks ago and we had to install some temporary generation whilst repairing failed equipment. That has been completed and the generators removed.

**Ms LAWRIE:** When were they removed?

**Mr BIRK:** Yesterday.

**Ms LAWRIE:** Yes, people said they could see something big had been put there; you had temporary generators in there.

**Mr BIRK:** It is unfortunate. When we have the new substation energised and in operation we will have more flexibility to switch around, but because it is a fairly new suburb we are limited at the moment in what we can do. Temporary generators were seen as the best option for our customers there.

**Ms LAWRIE:** When something like that happens, and I think there were lessons learnt from the Casuarina Zone Substation failure - when there is a technical issue with a zone substation resulting in lack of supply and power outages, what is the communications process you follow with local residents? I have people coming to me to ask what is going on. I say, 'I do not work at Power and Water. Go and ask them'. Do you provide proactive information into the localised area these days? I do not know what the process is.

**Mr BIRK:** The challenge for us when we do have a failure of any asset in the organisation is that, first of all, we need to go to an investigative phase to find out what happened. Crews are dispatched to rectify the damage. There is a bit of a hiatus while we work out what the best repair mechanism is. We have our call centre staff and Twitter; we have a number of mechanisms. If we know, as in Leanyer, we try to card drop our customers to let them know what is going on.

**Ms LAWRIE:** Did you card drop around Leanyer?

**Mr BIRK:** I will have to check with Leanyer, I am not sure, but we try to in that type of instance.

**Ms LAWRIE:** I also recommend that it is handy for local electorate offices to be provided with information as well. We are in the shopping centres, people call in and ask what is going on. If we have information from Power and Water we will literally hand it over. It is a suggestion for communications in the future.

**Mr BIRK:** I would be very happy to.

**Ms LAWRIE:** They seem to think we are the font of all information pertaining to government in those offices. Is that the extent of work that is occurring in networks augmentation in the capital program at the moment?

**Mr BIRK:** Yes, I think we have touched on all of the major elements of works.

**Ms LAWRIE:** What about the large regional towns of Katherine and Tennant Creek? Is there anything occurring?

**Mr BIRK:** We have previously had large augmentation in Katherine; there is a new generator there and the switchboard has been replaced, so the town has a very solid network. There are some proposals at Tennant Creek which we are still firming up around generation and network, but they are in the early and fairly preliminary stages of what we are doing there. Of course, Alice Springs has had significant investment over the last few years.

**Ms LAWRIE:** My colleague, the member for Barkly, would be particularly interested in the Tennant Creek augmentation. Where is the Tennant Creek capacity at? Obviously, it has potential resources in the regions. I guess modelling is occurring within Power and Water about what augmentation would need to occur to meet demand. Have you looked at that?

**Mr BIRK:** In Tennant Creek the issue is around the age of assets. We have surplus capacity there and we know there a number of projects in the wings. We are keeping an eye on those to ensure we are able to supply.

**Ms LAWRIE:** In terms of the capital program and review which changes the impact of the program on the financials, we have covered generation and networks. Have you looked at water?

**Ms PRINCE:** Yes, we have. Sorry, there have been quite a number of changes in water. Mr Pudney can probably go through the details, but we have brought some new projects on in Darwin. We have changed the program quite substantially with the timing of when certain things happen to ensure what we are balancing is appropriate - water supply with demand management issues.

**Mr PUDNEY:** We are optimising our planning at the moment, so we are looking for opportunities to defer capital. We have already initiated a couple of major projects, pushing them out by one or two years. One of those is Manton Dam. We have been planning to return Manton Dam for a while, and are still heavily involved in design, water quality and other work. That is a fairly major capital item. If we can extend that out, every year is worth quite a lot of savings to us in interest borrowings.

**Ms LAWRIE:** How does it go, when you are extending out? I understand the savings involved in extending out. Does the cost not, ultimately, increase in the scope of the project?

**Mr PUDNEY:** Yes. Every year there is an incremental cost in what the market might do ...

**Ms LAWRIE:** It is that balancing trick you do in saying what cost increases will occur year on year by extending the program versus the savings we are making in the meantime.

**Mr PUDNEY:** Yes. We have also found that as you have extra time in planning, we use a number of modelling and other initiatives. We have found that more investment in the planning side of the business is reaping benefits as well. We find slightly better solutions, go out to industry, and look longer and harder at the best way to solve problems. Over the last couple of years we have done much work on the network side - the large pipes and storages - and amended plans as to when new storages come online, as well as new mains upgrades. We have extended some of the city water main upgrades for a couple of years.

**Ms LAWRIE:** I understand that planning and focus on water and how to get the most efficient approach to the water program started quite some time ago. As you say, it started a couple of years ago under the previous government. The board had a water utility person come onto the board, so there was a very genuine spotlight on the capital program and augmentation and capacity for water which occurred a few years ago.

**Mr PUDNEY:** That is correct; we have had a focus for some time. Notwithstanding that, by being able to free up some of the program we have more time involved in planning as well.

**Ms PRINCE:** The water analysis is done on a whole of life basis. It is not just capital cost; it is the cost of these investments over the life, which is generally about 40 or 50 years. We have spent quite a lot of time with the water services people, and if work can be done on improving or reducing leaks and so on to make the system more sound, that delays the requirement for costly augmentation and allows additional time for better planning.

**Ms LAWRIE:** I had some questions about leaks under the IES side of my questions. I will go to that later, but I encourage any work in that area.

In relation to planning around Manton Dam and the deferral in bringing Manton Dam online in water capacity increase, what are you now looking at? Previously it was a case of, 'Is there a filtration augmentation that can occur between the two dams?' Are you still looking at that model, or have you changed your thinking to something different?

**Mr PUDNEY:** To bring Manton Dam back online will require significant treatment. That component of work needs to be timed with that new source. We are looking at other opportunities and interim solutions. Can we use Manton Dam as a non-potable source for a number of years before it needs to be brought online for potable? They are those types of solutions. We have some new industries and new growth, so we continue to look at our forecasts and the types of water required. It is a moving feast. We are looking at variations to when treatment is required.

**Ms LAWRIE:** You said there were a couple of projects and Manton Dam was one. What is the other main project you are looking at in the capital program for water?

**Mr PUDNEY:** Large storages in the Berrimah area. We are changing the zoning, optimising it so we can use more of the existing storages. This means we need to link them, for example, Winnellie tank, Karama tank, Marrara tank. If we optimise the use of those, which requires some changes in the networks, rather than build new major storage - there is a major project at Berrimah; some large storage required within the next 10 years, and before that we will be putting in some large pipework upgrades and some minor pump stations to ensure it flows around.

That is one big project, but the water storages are incrementally. It is probably, ultimately, a \$40-50m project, but first stages could be \$10m to \$20m each.

**Ms LAWRIE:** Envisaged over how many years?

**Mr PUDNEY:** It would depend on where the demand in the system is, but Berrimah might need a \$50m complete storage facility within 30-40 years. We expect, certainly, that we would need extra storage within 5-10 years. But, we will be able to defer some of that through better use of other storages, both elevated and ground level storages in the Darwin area.

**Ms LAWRIE:** Setting aside the issues of the Indigenous Essential Services leaks from the system, what works are you looking at in terms of water leaks in the urban network?

**Mr PUDNEY:** Leakage is fairly high; it is over 10% in the Darwin region. We are a little above the national average, so we have a focus on leakage at the moment. Some of the opportunities are in pressure management, and we have installed a number of sophisticated pressure devices so we do not get peaks in the system as we used to. We have very high pressures, and everyone loves this because they can wash their cars quickly. However, very high pressures cause significant increases in leakage flows; we have these devices around high pressure zones, so that when a leak occurs we do not lose massive amounts of water.

These devices are also hooked up to our electronic starter systems and can detect odd things happening in the system; if we have high flows at night time we know that is probably a leak. Therefore, we are looking at technology, responding to leaks faster and installing much more bulk metering around the system, so that we know where odd flows are happening and better understand our system.

Certainly, we are quite optimistic this will provide significant benefits in water loss and a reduced need for capital for upsizing mains and tanks.

**Ms LAWRIE:** Have you put a dollar figure on that in terms of the percentage reduction in leakage equals x in savings?

**Mr PUDNEY:** We are doing some modelling at the moment. I could not give you numbers offhand, but within our capital program we have about \$2m within the next three years, and we will easily recoup that in savings.

**Ms LAWRIE:** In terms of the capital program on sewerage, it would be significant with projects such as the closure of the Larrakeyah outfall and upgrades to Ludmilla and Leanyer. Could you take me through that program?

**Mr PUDNEY:** The upgrade of the Ludmilla plant is almost complete and it will handle the increased flows from the closure of Larrakeyah, as well as future substantial growth in capacity that may be required.

**Ms LAWRIE:** What was the end cost of the Larrakeyah closure project?

**Mr PUDNEY:** The tunnel works through the city was about \$11m, the pump station at Doctor's Gully was \$3m and there was \$20m to upgrade Ludmilla. They are the main components to date. We have a \$5m duplication of the rising main from Ludmilla to the sea outfall, and that will happen this Dry Season. All of those works are progressing ...

**Ms LAWRIE:** Is the sea outfall the East Point outfall?

**Mr PUDNEY:** Yes, that is correct.

**Ms LAWRIE:** What about the extension of that outfall? Is that still on the program?

**Mr PUDNEY:** It has slipped, but that is partly through the program of works. It is not critical. We performed two stages of environmental studies during the duplication of the environmental work that was involved with the duplication of the rising main. We also studied the effect of increased flows off East Point. We have environmental approvals for the duplication and we have the assessment resulting from those increased flows.

We have certainly done a lot of environmental work. The first stage of environmental work took 18 months to get approvals. We do not yet have an approval for the outfall extension. That work is ongoing. The nature and intricacies of those environmental approvals have delayed the program and resulted in savings but ...

**Ms LAWRIE:** What timing are you looking at now, John?

**Mr PUDNEY:** We are looking at commencing work in about two years' time for the outfall.

**Ms LAWRIE:** Two years.

**Mr PUDNEY:** Until we have finished our environmental work, I could not give you an exact figure.

**Ms LAWRIE:** Yes, that is fine. So, you have almost completed the upgrade at Ludmilla, which you say will increase capacity quite significantly.

**Mr PUDNEY:** Yes, for growth and it will improve the existing situation where we were challenged by very high Wet Season flows.

**Ms LAWRIE:** What about the odour, John? I have to ask on behalf of anyone who drives pass there at a certain time of day. It is a consistent question at estimates about the Ludmilla treatment facility. Will the improvements, the works, the \$20m decrease the smell?

**Mr PUDNEY:** I hope so. We have also finished odour work and we have used some interesting technology proven in the rest of the country. We are currently commissioning odour controls works valued at around \$1m and we do expect significant improvements, but it is just part of the nature of ...

**Ms LAWRIE:** When will we notice a difference?

**Mr PUDNEY:** I would say within a few months.

**Ms LAWRIE:** That is good news. You say it cost a \$1m?

**Mr PUDNEY:** The odour control, yes.

**Ms LAWRIE:** What is going on at Leanyer, and the extension of the ponds?

**Mr PUDNEY:** We are continuing to optimise Leanyer's Sanderson ponds. We have brought in world experts, although in the Territory we have quite a lot of experience in pond design. We are trying to optimise the current process to extend their life in terms of the performance, and a major upgrade will commence in about four to five years' time. We have deferred that for a couple of years. We are doing the

optimisation work in the meantime. Part of the work is looking at opportunities for reuse, which is an important element. We want to make sure there is a market and the opportunity for reuse water so, when we do the design, it will be based on maximising that opportunity.

**Ms LAWRIE:** Does that affect Buffalo Creek, because it is a subject of environmental reports? I am not a technical expert in this area.

**Mr PUDNEY:** Absolutely. We discharge into Buffalo Creek, which is probably the main driver for improvements. Some of the optimisation looks at when we discharge and the tidal effects. We have done some work there, and changed the way the flows go through the plant to maximise retention times. We are in the process of desludging the ponds. Ponds will normally build up sludge over 10 to 20 years and then require desludging. We are at that stage and that will also give us an incremental improvement in performance. We are currently doing a number of environmental studies in Buffalo Creek, working with the Department of Land Resource Management to study the effects there to find the best way to achieve improvements, as well as discovering the real issues in the creek.

As you know, the discharge has been happening for 30 years. The environment has gotten used to that discharge. Nevertheless, there are opportunities to improve Buffalo Creek. Having said that, it also has a major storm water outfall upstream. It takes half of the northern suburbs storm water, so we need to take into account that load on the creek, as well as any contaminants.

**Ms LAWRIE:** Yet, it is still such a popular fishing spot.

**Mr PUDNEY:** Yes, the boat ramp is there and people like to do their barramundi and crab fishing at the creek.

**Madam DEPUTY CHAIR:** Could I just ask a question? Has there been any capital works investment in the past in the bush in regard to growth in some communities?

**Ms LAWRIE:** Do you want to wait for IES? We can ask all of those questions then.

**Madam DEPUTY CHAIR:** No. Darryl Day could probably answer this question for me, if he does not mind.

**Ms LAWRIE:** The process we follow in estimates, Madam Deputy Chair, is the opposition asks questions, followed by members of the committee. I have not exhausted my questions. Your question is for IES ...

**Madam DEPUTY CHAIR:** I can hold off until then, if you are happy.

**Ms LAWRIE:** Yes. We are going through a logical process of sewerage in the capital program.

**Madam DEPUTY CHAIR:** That comes under it, doesn't it?

**Ms LAWRIE:** Indigenous Essential Services is a different section. In terms of sewerage and the pond works you are doing at Leanyer, does that include extension to the ponds?

**Mr PUDNEY:** The ponds, in hydraulic flows and growth, are okay for the next few years. Our designs will incorporate additional capacity for growth, but it is not a critical issue at the moment. The types of treatment will involve additional processes on land we have available to the northwest of the plant.

**Ms LAWRIE:** Northwest - is that closer to or further away from Muirhead?

**Mr PUDNEY:** It is closer to Muirhead, but within the established buffer zone. Also, the types of treatment we are talking about placing are more mechanical electrical types, more sophisticated treatment which does not require open ponds. We do not envisage putting additional ponds there, if you are leading to more odour sources ...

**Ms LAWRIE:** I am trying to clarify current and future plans for sewage treatment expansion in that region, so that residential growth we are seeing in that area can have a clear view. If they bothered to find out what happened at estimates today, someone about to buy into Muirhead on the weekend or during the next release could say, 'I have it; I know now what they are planning to do', and it can be 'buyer beware', and a purchase based on knowledge. That is an appropriate part of estimates.

I am not saying, by the way, you should not be doing the work. I am saying if we clearly understand what works are proposed, people have that information and it is fair.

**Mr PUDNEY:** Yes, thank you. I will finish the detail; there is new plant envisaged closer to Muirhead but, as I said, it is not likely to be odorous because it is a different process. We are looking at high levels of secondary and tertiary treatment plant taking algal loads. This would be in sealed vessels, and more a mechanical chemical process.

We are not settled on the exact solution at the moment. We have just done some feasibility work. The design work is ongoing. No doubt there will be a community engagement process with that. We have a significant amount of land between the current ponds and Muirhead, and beyond Muirhead there is a buffer as well. In terms of visual, odour and other things, we do not imagine too much impact. We are not planning to increase existing impact, whether it is odour, sound or anything else.

I cannot show you a plan at the moment, but we have consultants working on it at the moment, finalising the concept.

**Ms LAWRIE:** You would then, from concept, go to community consultation. At what stage would community consultation kick in? In my experience, you have some scope and design work done, it meets your specifications, your dollar requirements and you lock it in and proceed. However you then go through consultation with the community saying, 'Well, this is it'. You will often find there are aspects, following consultation with the community, which might change, such as siting, etcetera. At what stage do you envisage, once you have concept design, engaging the community?

**Mr PUDNEY:** Ordinarily, when we have a good handle on the look and feel of a plant, we would go out to the community, and fact sheets on our website are a typical example of this. It is difficult, in a community which does not have people in it yet, so we cannot letterbox drop the northern suburbs of Muirhead, the newer ones. We would need to work with our colleagues in Lands on the planning side to find the best way to get information out.

It will be done fairly soon after the concepts, I imagine. We have done that with all of our other projects. You will see fact sheets on Power and Water's website on some of our forthcoming water and sewerage projects.

**Ms LAWRIE:** That is good. Does all of the augmentation at Leanyer deal with the next decade of sewerage needs for the urban sprawl of Darwin, Palmerston and the rural area, or is there a requirement to look at where you locate ponds in the future?

**Mr PUDNEY:** Absolutely. Leanyer, Sanderson - the work we are doing now would take into account all future growth above Muirhead and the Defence area. There may be opportunities there, we understand. We have been working very closely with Lands as to the population horizon in that district.

There is growth in the Berrimah area which could use Sanderson/Leanyer. We are taking that into account too. When we have finished the major upgrade, it would last at least another 20-30 years. Other parts of the Darwin and Palmerston region would use new or other plants.

We are looking at Palmerston at the moment. Palmerston is having massive increases and there is augmentation planned there. Again, its current capacity is pretty good. It is not something we have on our five-year program, but we are commencing concept work for Palmerston. After Leanyer/Sanderson, we will move on to Palmerston.

The rural area presents some challenges for us, member for Nelson ...

**Mr WOOD:** It always does.

**Mr PUDNEY:** ... and as people go into different sites, you have long distances and other issues. Again, we are working with the Planning Commission to look at orderly development and where the opportunities and growth areas are.

Humpty Doo ponds - we had a recent upgrade of those ponds. Obviously, we are keen to understand what might happen in that area. Similarly, we had plans for Weddell and will work with the Planning Commission to find out what might be ...

**Ms LAWRIE:** What would that require? If you get the green light on the development of Weddell as a town, would that require ponds somewhere?

**Mr PUDNEY:** Yes, we have already have a site in the master plan of Weddell. We imagine, in the first three to five years, there would not be much flow and it would not necessarily justify a huge expansion. You would probably put in a small temporary tertiary plant which would take you up to 5000 people or something, and then stage your major ponds or other major work. That is the type of thinking and work we have previously done with planners.

**Ms LAWRIE:** Excellent. With time, I do not propose to pursue these areas further. I am keen for questions about Indigenous Essential Services, which my colleague, the shadow for essential services, will ask. The member for Nelson and the Chair have flagged questions as well.

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**Answer to Question on Notice No 11.1**

**Ms PRINCE:** Excuse me, I have answers to the three questions on notice. The first question was about the number of electricity customers on pricing orders and the split between residential and business. For the 2011-2012 year customers, including IES customers in that category, totalled 85 208, of which 71 084 were residential and 14 124 were small business.

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**Answer to Question on Notice 11.2**

**Ms PRINCE:** The second question was in relation to the customer survey, but it seems work on the customer survey is not as well advanced as we thought. It is in the preliminary stages and we are not ready to proceed on that at the moment.

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**Answer to Question on Notice 11.3**

**Ms PRINCE:** The third question was in relation to staff morale and satisfaction. There was a formal staff survey conducted in April of this year and we have just received the results. I think they have recently gone up on the PWC website as well. The headline of the results is that 71% of respondents rated their satisfaction at being an employee of Power and Water as six or more; the range was zero to 10 with 10 being the highest. Eighty nine per cent of respondents said PWC is an organisation they want to work for; 97% agreed that their team is committed to doing quality work; 93% of staff advised that PWC is a safe working environment; and 94% felt well informed about safety.

**Ms LAWRIE:** Thank you.

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**Mr WOOD:** I would like to ask some questions of Ms Prince. The deferring of level raising at Manton Dam was mentioned; as a result will you pump more water out of the Howard East borefield?

**Mr PUDNEY:** Member for Nelson, we are not intending to increase our licensed cap, so we do not intend to go over our approved licence amount. Our future design work leaves that cap in place.

**Mr WOOD:** I know there is a cap. The question was: will you increase the amount you are pumping at the present time?

**Mr PUDNEY:** We will optimise our system, but it is not part of our future growth plan. There have been times when we have not achieved the full extraction, and that is because bores have been down or there has been physical constraints in the system. We do intend to improve our physical equipment and bore reliability, but there are also opportunities to even the extraction out, which is an improvement on the overall effect of the aquifer.

**Mr WOOD:** Are you planning to drill any more bores?

**Mr PUDNEY:** We are not planning any drilling, but we have more bores further out in the Howard Springs area to the west. Those have been on our program, but talking to the Department of Land Resource Management, we are not receiving an increase in our extraction. In future it will give us the opportunity to even out the extraction and have a more reliable component of our bore extraction.

**Mr WOOD:** If you had more time I would talk Kamfari, but we will do that by mail. The INPEX village will have about 3500 people living in it at its peak. What effect will that sort of load have on your water supply, electricity and the sewerage ponds at Palmerston?

**Mr PUDNEY:** That is the water and sewerage. In exact litres, I could not tell you.

**Mr WOOD:** Are we able to cater for that? It is a small town.

**Mr PUDNEY:** Yes, those growth figures are part of our planning. We have known them for a number of years. In terms of dams and borefields it is not a great issue. It is a very small percentage of our overall growth. However, pipes have to be upgraded. INPEX has contributed to the current program of pipe upgrades on Howard Springs Road and that work is happening during this Dry Season. As you know, we have also enabled capacity for future growth in the Howard Springs area as part of that work.

**Mr WOOD:** Can the present water tank take that demand or is INPEX getting its water from a different source?

**Mr PUDNEY:** The upgrades in pipe work will allow other storages to come into play, so the McMinns storage area will play a bigger role in storage than the local tank. A new tank is due to be constructed in Palmerston East.

**Mr WOOD:** Is that the one on the corner of Lambrick Avenue and the Stuart Highway? That is the one I said you should put a restaurant on top of because it would have the best view in town.

**Mr PUDNEY:** That is the one. That tank is due to commence late next year.

**Mr WOOD:** In relation to solar photovoltaic cells, is it true - I am not against them, by the way - that those who do not have them, to some extent, subsidise those who do because you have a loss of revenue, I presume, from people producing their own power?

**Ms PRINCE:** The extent to which the whole system does or does not benefit from PV installations is a raging debate across Australia. It is not the free ride some suggest it is. It does cost money. Whether it is one group subsidising another is a different matter. Maybe Mr Birk can give you some more information.

**Mr BIRK:** You are correct, because, generally speaking, an electricity bill is comprised of approximately 70% generation costs, which pays for fuel and the generators, 25% for the network and 5% for retail and system control. People have managed to balance their electricity requirements and have a zero bill, in effect not contributing to the network even though they are relying on it, because when they go home at night and the sun is not shining, they buy power back from the network. They are getting, as Ms Prince mentioned, a free ride. The best way to address that is a very hot topic in the industry at the moment.

**Mr WOOD:** We probably need longer than estimates to discuss that. A couple of controversial issues I raise are to do with the upgrade of trucks in Alice Springs. I have had a bit of contact with people and they have said those trucks could have been upgraded in Alice Springs, rather than Melbourne. Can you give us the reasons why two trucks were sent to Melbourne for upgrades?

**Mr BIRK:** To my knowledge it was one truck, which was fitted with a specialised container on the back. The corporation has tried a number of boxes and configurations for carrying some of the sensitive equipment which is paramount to delivering our services, and the safety of our staff and the public. We have had a few issues with them not being up to standard. We looked at other utilities we are using, and we purchased one of those units interstate on a trial basis to see if it suited our local environment here. The truck did go interstate to be fitted with the unit. As I said, it is part of a trial. What we want to do is assess its suitability. Of course, we will engage with local manufacturers and see if they can do something along similar lines, to see if we can develop a local solution.

**Mr WOOD:** Did the vehicle then have to be upgraded itself because of the extra load?

**Mr BIRK:** Yes, you are correct. The springs had to be upgraded, which is normal practice on most vehicles because they do not come with heavy duty springs. Many people do not need to carry such heavy loads, so they have a standard spring configuration. Many people buy four-wheel drives to tow a caravan. The first thing they do is have the springs upgraded. It is a fairly common practice.

**Mr WOOD:** Again, I could carry on the debate a bit longer because people were concerned that local jobs were missing out. In regard to the landscaping on Armadale Street: I went there earlier in the year and they were doing some landscaping. I went there later on - the fence which had been going up was coming down, and there was also what I call a fair bit of work - I am not against landscaping - that appeared to be on the council side of the road, including footpaths. When we were told we had to tighten our belts and are paying extra money for electricity, it looked anomalous that they were spending so much money on that particular project.

As I said, I am not against landscaping, but maybe it could of been toned down a bit with just a chainmesh fence, and maybe it is the council's job to do the footpath. I would like to know what that landscaping job cost, and why some fencing was dismantled after being erected.

**Mr BIRK:** I will find the quantum of what it cost. The work that was undertaken – there was extensive work for our stores required there. We undertook to do the minimum work required to comply with council and other planning requirements around amenity for the local residents, the footpaths and the gate, etcetera. We did the absolute minimum. I will find out what the quantum is for you.

**Mr WOOD:** Okay, can I put that on notice, please, Madam Deputy Chair?

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**Question on Notice No 11.4**

**Madam DEPUTY CHAIR:** Member for Nelson, could you restate the question for the record?

**Mr WOOD:** Mr Birk, could you provide the cost of the landscaping and fencing project at Armadale Street?

**Madam DEPUTY CHAIR:** Mr Birk, do you accept the question?

**Mr BIRK:** Yes, I do.

**Madam DEPUTY CHAIR:** The question asked by the member for Nelson of Mr Birk has been allocated number 11.4.

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**Mr WOOD:** I have two other questions. Taminmin high school and Bees Creek school both received one of those notices which say if you have not paid your bill you are likely to have your water turned off. It seemed a bit strange to send that to a school. Whilst I understand there was an issue about payment, would that normally go to the school if there was a serious chance you would cut the power off there? Would that have been a notice to first say to the minister, 'There is something wrong here'?

**Ms PRINCE:** The standard practice is for any such notice to go to the person responsible for the bill. Each school or any other premises is responsible for that bill. It was probably an area where there could have been better communication between Power and Water and the Department of Education. I accept that.

**Mr WOOD:** There was one another one - Darwin River Dam, where levels were down this year. If the spillway had not been increased, it probably would have been at about the same level as the old spillway. How are we comparing with last year? Is there any indication we might be short of water considering we had a fairly dry Wet Season?

**Mr PUDNEY:** We are okay at this moment. The increase in the dam wall or the height of the overflow has given us another 20%-odd capacity, provided we have good rains to fill the dam. We are currently at about 75% of capacity. We were down probably 400-500mm compared to this time last year. Being at 75% at this time of the year, we do not expect an issue this year or next.

**Mr WOOD:** Is 75% a new level?

**Mr PUDNEY:** It is 75% of storage. It would be more like in the 60s of an old level. Nevertheless, in catering for the next season we are okay. It is a large but shallow dam, so it is vulnerable to evaporation and poor Wet Seasons. We would need a number of poor Wet Seasons in a row before triggering restrictions or something similar.

**Mr WOOD:** I have a quick question for Mr Birk. The new duplication of Howard Springs Road – I hope I do not verbal the contractor, but he said he could not do any more work because Power and Water had to

move its power poles. Power and Water, I am told, said, 'We are not going to move them until a certain date'. How does it work when a contractor needs to do a job on a road and power poles have to be shifted? Can that be brought forward quickly, or is it a set program and the contractor must stick by that?

**Mr BIRK:** We normally try to work cooperatively to facilitate the contractors and the works of a development. We understand that time is of the essence on those major projects, and the pieces and scope of works for the different contractors vary. They all have varying needs, so we work closely with them to try to find a solution, and in this case that was done.

**Mr WOOD:** My impression was the contractor started quite early and got to a point where he could not do much work. He said he had to wait for Power and Water, which said, 'We told you that was the date'. The impression was Power and Water was to blame.

**Mr BIRK:** We try to encourage our contractors to talk to us. All other contractors talk to us regularly so we can ensure our works programs align.

**Mr WOOD:** Those are all the questions I have on that area.

**Ms LAWRIE:** Before we go to IES, a point of clarification: will you be tabling the whole-of-agency questions - the written questions on notice which we sent?

**Ms PRINCE:** We do have them here.

**Ms LAWRIE:** Could you table those?

**Ms PRINCE:** Sure.

**Ms LAWRIE:** Thank you.

**Mr McCARTHY:** Madam Deputy Chair, I will direct my questions to Mr Day. What activities is the corporation undertaking to support and encourage water conservation in the bush?

**Mr DAY:** We have, over the last few years, had an increasing focus on how we better manage demand. We have restructured our resources to have a group focused on both water and energy efficiency, and a conversation around a local household level and community level is very important. We have developed a number of resources we have been using with communities, and we have had some sponsorship support from Northern Territory Thunder, which has visited 11 communities. It has been a very effective program for us in engaging with a whole range of stakeholders, particularly youth, in those communities around water efficiency measures.

We have targeted our program at those communities which have a challenge in the balance of water consumption and available resource. Ninety per cent of our water in communities comes from groundwater systems, which is limited and subject to variations in climate for recharge. We have targeted our efforts towards communities most in need of ensuring we have sustainable supplies.

We have also been investing in smart meter trials. We have four trials going on over about 500 properties. We installed some smart meter technology at Santa Teresa three years ago. We have a program at Gunbalanya which is employing four local people – or 4.5 FTEs - as water ambassadors for six months. The program trials smart meter technology, and the ambassadors go house-to-house, working with the community in terms of behaviour change.

At Milingimbi, which is an island with very limited resources, we are undertaking a trial of smart water meters throughout the whole community. The smart meters provide us with daily, weekly, or monthly information about which households are high water users and which households might have leaks, so we can share that information with the Department of Housing and its maintenance contractor. We can target those households which are high water users and work with them on reducing demand.

We have also had a great program at Galiwinku. We had four local people employed for six months, and we are proud to say some of those people took the skills they learnt and found other employment. It is a program we are very proud of, but we see it as a big part of ensuring efficient water use, rather than chasing increased supply.

**Mr McCARTHY:** Thank you for that information; it is good to hear those stories from the bush. In terms of budget appropriation, have we seen any cuts in that area of conservation education and the awareness of utilities?

**Mr DAY:** No, we have not. We have, in fact, had more recognition of the importance of resourcing in the area of working with communities, and we have been successful in seeking external funding in Gunbalanya. We received \$300 000 from the Australian government to support work with the community and the water ambassadors.

**Mr McCARTHY:** In terms of workforce capability programs, what has been undertaken and have there been any changes in terms of appropriation?

**Mr DAY:** No, there has not been a change in appropriation. Our Statement of Corporate Intent includes additional costs associated with essential service operator agreements. Power and Water does not have any staff in communities; we employ local people through shire councils, Aboriginal enterprises or private contractors, and we work with those entities to ensure we have the right level of skills.

We have around 125 people employed through those contractors based in the communities, who operate power, water and sewerage on a daily basis. Whilst our power stations are unmanned, it does require someone to regularly check and undertake oil changes and so forth, and just under 40% of those employees are Indigenous. It is a program we have been very proud of, working with, in particular, a number of shire councils in running training programs at a Certificate II level in partnership with Charles Darwin University. We have also run a Certificate I level through the Centre of Appropriate Technology, and we have had some fantastic outcomes from those essential service operator programs.

It is a program in which we build valuable skills for people at a community level, and those taking part often go on to undertake other jobs with shire councils and the mining sector. Some people from that program have even applied for full apprenticeships with Power and Water in the urban setting.

**Mr McCARTHY:** Thank you, Mr Day. I will mention an excellent apprentice in essential services at Alpururulam; it is a great which I have been following for a few years. What is the story with other apprenticeships across the Territory bush? Can you give us a figure on how many there are - Indigenous? I am particularly interested in jobs for Indigenous people in the bush.

**Mr DAY:** I cannot elaborate much more on the numbers I have to given you; these are not Power and Water employees, the programs in place have been undertaken in partnership with our contractors. We have redesigned the terms and conditions around our essential service operated contracts; we have recently been awarded new contracts which started on 1 January this year in East Arnhem, and we have increased obligations around the competency of essential service operators.

Obviously, working in a power station handling chemicals, undertaking responsible roles in testing the water quality, making sure it is safe to drink - we need the right level of skills. We have increased obligations around those contractors to bring those skill levels up to and equivalent of what we would have as Power and Water staff, and that has been very well received.

Our focus is on that continuous development of skills and opportunities for local people to take on those roles. We have had a number of programs about promoting career opportunities for local people as essential service operators. We see them as local heroes, and we try and celebrate that by joining with other forums to recognise ESOs as such, and role models for children.

**Mr McCARTHY:** Absolutely. There is so much opportunity now if you think about that hybrid model with the wind, solar and diesel, the water treatment plants - the latest one at Ali Curung - state of the art technology which people in the bush can study up on and become qualified.

I have a quick question about water quality programs. Have there been any cuts in terms of appropriation to the monitoring programs in the bush since the magic date, 26 August, last year?

**Mr DAY:** No, there has not. In fact, in context, the monitoring program is signed off by the Chief Health Officer; microbiological monitoring is done for larger communities on a weekly basis, small communities on a monthly basis, and we also have an agreed program which we undertake on the physical, chemical and radiological quality of the water.

We publish that data on our website, and have done so since 2006-07. It has made a difference with people, particularly teachers, health workers and others who go to communities and are often concerned about the water they are drinking. In the past we, before we had that level of transparency and extensively published information about the water quality at each of the communities, we used to have quite a number of calls, concerns expressed about water quality, and we provide a briefing at the induction of new teachers going into the bush about water quality.

In terms of our costs, we spend about \$1.2m in laboratory fees and transport to get water samples back from the communities, and there is additional cost to that in the essential services operator collecting those samples and our own people undertaking them.

Our program going forward is consistent with what we have undertaken in the past, and we have recently had sign off from the Chief Health Officer for next year's monitoring program, which is continuously reviewed by the Chief Health Officer and Department of Health staff.

**Mr McCARTHY:** Thank you, Mr Day. I have a couple of quick questions for Mr Baskerville from the good people of Tennant Creek. The first question is: will the closure of the Power and Water office in Tennant Creek be reviewed?

**Mr BASKERVILLE:** Yes, it is being reviewed.

**Mr McCARTHY:** We look forward to the outcome and, no doubt, you would hope it would be returned to the good people of Tennant Creek. They have nominated me as their unofficial Power and Water representative, and you would not believe the amount of traffic we get through the electorate office.

**Ms PRINCE:** I am sure they are very well served, Mr McCarthy.

**Mr McCARTHY:** I do my best. I will seek a briefing because I have so much to talk about in regard to new technologies, what is happening in the bush and the opportunities.

In relation to land release, the minister for Lands and Planning talked the other day about a further 21 lots in the Peko Road subdivision in Tennant Creek. Can you tell me about the scope of works which are under way in the essential services provision to support that land release?

**Mr BASKERVILLE:** No, I cannot. I do know that some of those lots are already serviced at Peko Road. We are waiting on Lands to give us the figure. If that is the number, it has not yet come to Power and Water.

**Mr McCARTHY:** Thank you for that. I have a plea from the Tennant Creek subbranch of the RSL, and the situation with the rejection of its application for the subsidy under the sports and recreation program. It had an ablution block donated to them and have installed it. It is paying – it did not realise how the system works - a lot of money for its pans – its ablution block. It applied for an exemption and that was rejected under that program. The reason was that it operates a licensed premises.

The RSL wants to seek grounds for appeal, because that licensed premises operates for two major functions a year - Armistice Day and Anzac Day. It operates for one evening a week with very limited hours. I am putting it out, if you would offer them the right to appeal that decision and seek some support for what is an exemplary organisation in Tennant Creek.

**Mr BASKERVILLE:** Yes, we will look at that.

**Mr McCARTHY:** Thank you very much for that opportunity. My other question is about the process of recalibration with the increase in prices. Is it a physical resetting of a meter?

**Mr DAY:** With prepayment meters, the intelligence about the tariff is contained within the meter so, physically, each meter is visited and we have a wand that changes that tariff in the program. We have to visit each one. As I mentioned earlier, there are 4700 customers in remote communities and 2600 in urban and town camps.

**Mr McCARTHY:** That is a power token customer. My place in Tennant Creek, with a normal power meter and a normal water meter - when you have an increase in utilities charges, does that require Power and Water personnel to come and reset the meter?

**Mr BASKERVILLE:** No.

**Mr McCARTHY:** That is neither the power nor water meter? How is that done?

**Mr BASKERVILLE:** It is done back in head office.

**Mr McCARTHY:** The adjustments are all done in a technological solution. Is there no manual contact?

**Mr BASKERVILLE:** No.

**Mr McCARTHY:** Right, thank you for that. Madam Deputy Chair, I believe you had a question.

**Madam DEPUTY CHAIR:** I have one question.

**Mr McCARTHY:** You may go ahead.

**Madam DEPUTY CHAIR:** Thank you very much.

**Mr McCARTHY:** You are welcome.

**Madam DEPUTY CHAIR:** Are there any capital works investments in the bush? In regard to growth in the bush, there are some communities which have been affected by flood water, probably once every two years, and they have not been replaced. There is another community, an outstation in my electorate, which applied for capital works, I think, about six years ago, from my understanding - it went back further than that in discussion with the former government.

The pond which was supposed to be allocated to that outstation was given to the next place and they were left with, basically, sewerage – what do you call that? A septic tank for the houses. Every year it overflows, and it is always blocking. There has been no response to that.

**Mr DAY:** Madam Deputy Chair, the scope of the IES program is determined by government. We have 72 communities where we provide power, water and sewerage. Of those, we provide sewerage to only 56 communities. We do not provide services to outstations other than the 66 connected to our regional grid.

Within our agreement for funding we have a schedule by community of which services we provide and by outstations. Power and Water, through IES Pty Ltd, is not involved with those communities on septic tanks and not serviced by sewerage. The responsibility is with government as to whether it wishes to change that and negotiation around the scope.

**Mrs PRICE:** How do you deal with uranium in the water in central communities? That has always been the case.

**Mr DAY:** It is a very good question. The reason we undertake the monitoring of radiological parameters in the water which is mentioned - we publish those and sit down annually with the Department of Health to look at monitoring programs to ensure we provide water that is safe to drink, consistent with Australian drinking water guidelines.

In the case of some communities - like Yuendumu, which has elevated levels of uranium in some of its groundwater supplies - we particularly target water that will comply with the guidelines or when we blend it between different sources. The Mount Eclipse borefield, brought on about six or seven years ago, has much better quality water, but we can then blend it with other bores to ensure the water people drink in their taps complies with drinking water guidelines. It is an important part of what we do, in monitoring and ensuring we look after people's health first and foremost.

Advanced water treatment plants were mentioned, and these have been introduced for the first time in communities - a technology which remove salts and uranium from water. At Ali Curung the water has improved in quality as a result of putting that treatment plant in. We are commissioning another plant now, and will be finishing the commission shortly at Kintore, with a further plant under construction at Yuelamu.

They have been selected based on a risk assessment of what water supplies should be treated to, to improve the quality consistent with the targets of Australian drinking water guidelines.

**Mrs PRICE:** What is happening with the water at Yuelamu? Water was being trucked in from Alice Springs.

**Mr DAY:** The reliance of Yuelamu on a dam meant, from time to time, we had to bring water in. The advanced water treatment plant I mentioned, which is nearing completion, will enable groundwater to be treated and we can either use that in conjunction with the dam supply, or if the dam is dry, we can supply the town on that. We brought drinking water in in packaged containers, and people were still using hard water from the groundwater supply for showering, which was not very pleasant on the skin. From a health perspective, we were very keen to ensure the water people had to shower with was of a good quality, and the treatment plant plus the dam is a long-term solution for Yuelamu.

**Madam DEPUTY CHAIR:** I have another question in regard to some of the other communities.

**Ms LAWRIE:** Madam Deputy Chair, we are over time now and we have legislation.

**Madam DEPUTY CHAIR:** Yes, and he was only given 25 minutes for Indigenous Essential Services in the bush because it was exhausted by you. I would like to ask another question, thanks.

**Ms LAWRIE:** It is unusual to go over time. Is that it? Some of us have preparation for legislation.

**Madam DEPUTY CHAIR:** I have one question. It is not going to hurt.

My question is in regard to health in the community. The ESOs have never been aware of worms in some of the tanks owned by Power and Water – is there anything being done in regard to that issue in the communities?

**Mr DAY:** We would be very concerned if there were those issues. We have an annual program of maintaining, cleaning and inspecting our water storages, making sure they are in good condition and there is no buildup of salts and other things. It is an area we will focus on and make sure we talk with Health about any concerns there.

**Madam DEPUTY CHAIR:** That would be good, thank you.

That concludes this session. On behalf of the committee I would like to thank the deputy chairman, Ms Jennifer Prince, who is also board director of Power and Water, for appearing before the committee today. I would also like to thank the managing director, Mr Baskerville, for attending and assisting the deputy chairman.

**Ms LAWRIE:** Thank you for your attendance here today and the information you provided.

**Madam DEPUTY CHAIR:** Is there any more? Member for Barkly?

**Mr McCARTHY:** Thank you very much to everyone.

**Madam DEPUTY CHAIR:** That now concludes the Government Owned Corporations Scrutiny Committee public hearings process. I note that all answers to questions taken on notice must be given to the Clerk Assistant-Committees by 11 July. Late answers will not be accepted. I take this opportunity to thank members of this committee for the work they have put in and the overall manner in which these public hearings have been conducted.

I would also like to place on record a vote of appreciation from the committee to all members who have participated in the public hearings process. On behalf of the committee, I again extend my thanks to Ms Jennifer Prince and Mr John Baskerville for attending today, the officers they had working with them, Mr John Pudney, Mr Darryl Day and Mr Bertram Birk, and I would also like to thank others who have helped with this hearing.

I now formally close the public hearing of Government Owned Corporations Scrutiny Committee for 2013. Thank you all once again.

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The committee adjourned.

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