

MINISTER LAWRIE'S PORTFOLIOS

TREASURY

The Estimates Committee convened at 8.30 am.

Mr CHAIRMAN: Welcome, everyone. We will commence. I will start with an introductory statement. As Chair of the committee, I formally open the public hearing of the Estimates Committee of the Legislative Assembly of the Northern Territory. I extend a welcome to everyone present.

This is the eleventh year of the Estimates Committee process and procedures adopted throughout the previous sittings have become accepted practice. There are, however, a number of areas regarding the conduct of these public hearings I intend to place on record.

The role of the committee is to examine and report on the estimates proposed and the expenditure contained in the Appropriation (2012-2013) Bill. As in previous years, membership of the Estimates Committee is the same as the Public Accounts Committee. However, other members of the Assembly may participate in the public hearings provided the composition of the committee never exceeds three government members, three opposition members

However, other members of the Assembly may participate in the public hearings provided that the composition of the committee never exceeds three government members, three Opposition members and one Independent member and a quorum of the committee is maintained.

To assist Hansard, I will advise membership of the committee at the commencement of every session, and I will acknowledge for the record when there is a change of membership of the committee throughout the hearings. I also report that, at a recent meeting of the Estimates Committee, the member for Nhulunbuy, Ms Lynne Walker, was appointed as Deputy Chair of the committee.

As has been the practice in past years, the committee has accepted the Standing Orders Committee's suggestion that a minister should restrict their opening remarks to a maximum of five minutes. Members will be able to question the minister on issues raised within those opening remarks, but where an issue can be directly related to a particular output within the budget, that matter should be addressed when the committee considers that output.

It is important to clarify any issues considered contentious, and the matter of relevance of questioning has been raised a number of times throughout previous estimates' public hearings. I intend to follow the lead of the Senate, which adopted a report of the Procedure Committee in 1999 in which the following test of relevance was determined:

Any questions going to the operations or financial positions of the departments and agencies which seek funds in the estimates are relevant questions for the purpose of estimates hearings.

The Speaker has approved accredited media filming of the hearings and the cameras on the ceiling are providing video feed which is being webcast and is available for broadcast. The rules of broadcasting are in the Estimates Information Manual 2012. I also note all the microphones on the tables are normally on, although they do have an off switch if required.

To clarify the operation of the committee over the five days, I wish to advise that in accordance with the resolution of the Assembly particulars of proposed expenditure contained in the Appropriation (2012-2013) Bill will be considered on an output by output basis.

A total of 56 hours has been scheduled for ministers and agency officers to appear before the Estimates Committee. I take this opportunity to remind all members it is incumbent on you to efficiently use your time so you have the opportunity to examine all agencies and outputs.

The order of output groups is set out in the schedule for the consideration of outputs and has been provided to all members. We will work through this document as the agenda for the committee.

It should also be noted that to allow questions to be addressed to ministers with principal administrative responsibility for particular portfolio areas, it has been necessary to set out the schedule so it varies somewhat from the listing of agencies in Budget Paper No 3.

Where a minister will be available for questioning on outputs set out in other portfolios, these have been clearly identified in the schedule. I will be reinforcing the fact questions going to no particular outputs need to be addressed at the time the minister is appearing before the committee as once an output has been completed it will not be revisited.

The previously accepted method of allocating questions throughout public hearings is well in the past and the same process will be adopted during these hearings. I propose to invite shadow ministers to ask their questions first, followed by opposition, government and Independent members of the committee. Finally, other participating members may address electorate issues.

Subject to the Chair's discretion within that order, the committee has agreed to the flexible approach used previously for government and Independent committee members to join in the line of questioning pursued by a shadow minister rather than wait for the end of the output to be considered by the shadow.

Procedures for dealing with questions taken on notice are contained in the Estimates Committee Information Manual 2012, copies of which are available at the back of this room. When a question is taken on notice it is vital its terms are clear for the record. When a minister or a speaker indicates they will provide an answer at a later time, I will immediately request the member who raised the matter to clearly and precisely restate the question. I will then ask the minister if he or she accepts the question. If it is accepted, I will immediately allocate a portfolio specific number which will identify that question. Agency officers and ministerial staff should take note of the question number and ensure it is clearly identified in any response tabled by the minister during the public hearing process or at some later date.

Answers to questions on notice should be provided to the committee by 19 July 2012. The Assembly has given the last date for the publication of answers as 20 July 2012, and the committee cannot receive answers after this date.

The schedule for consideration of outputs will be strictly adhered to. In the event questioning of a portfolio concludes before the allocated time, the next minister will not commence before their scheduled time. However, when questioning of an agency is concluded the committee may move to the next agency within a minister's portfolio immediately.

Witnesses should be aware evidence given to the committee is protected by parliamentary privilege. I also remind witnesses that the giving of false or misleading evidence to the committee may constitute contempt of the Legislative Assembly. Officers should also be aware that when they are requested by the minister to provide answers to questions they are not required to comment on matters of policy.

Meal breaks over the five days of hearings will be from 12.30 pm to 1 pm for lunch, and dinner will be from 7 pm to 7.30 pm on the nights the committee sits until 10.30 pm.

For the purposes of the official recording of *Hansard*, I will request ministers introduce those officials accompanying them at these hearings. Also, when a minister refers a question to an officer that officer needs to clearly identify him or herself each time for the *Hansard* record.

The committee will now proceed to consideration of the estimates proposed expenditure in accordance with the schedule of ministerial appearance by output which, of course, brings us to the Treasurer. Welcome, Treasurer. I invite you to introduce the people accompanying you today and make an opening statement if you have one.

Ms LAWRIE: Good morning, Mr Chairman. I would like to make a brief opening statement in relation to my responsibility as Treasurer. This covers questions relating to Treasury, the Central Holding Authority and the Northern Territory Treasury Corporation. I have with me the Under Treasurer, Jennifer Prince, and other senior Treasury staff. Witnesses include: Deputy Under Treasurers Mr Tony Stubbin and Ms Jodie Kirkman, and Assistant Under Treasurer, Mr David Braines-Mead. Assistant Under Treasurers Mr John Montague, Mr Craig Graham, Mr Bruce Michael and Mr Grant Parsons will join us later.

As Treasurer, I will address a number of issues from a whole-of-government perspective. This includes: financial and accounting policy issues applying to the 2012-13 budget; requirements of the *Fiscal Integrity and Transparency Act*, including the Territory's consolidated financial statements and the fiscal strategy; whole-of-government financial issues including relevant parameters; debt and liabilities; revenue including taxes; royalties and GST; community service obligations and dividends; and the Northern Territory economy. I will also address any issues in relation to the overall cash and program position of the

infrastructure budget. Details on individual projects are to be addressed by ministers responsible for those portfolios.

As Shareholding minister for Power and Water, I will address issues in the budget which affect power and water, including community service obligation payments, dividends and tax equivalent payments, and regulated customer revenues.

Operational or other policy questions relating to Power and Water should be discussed at the Government Owned Corporations Scrutiny Committee session.

Mr Chairman, I am happy to answer any questions from the committee relating to responsibility for the Appropriation Bills and budget papers, Northern Territory Treasury, the Central Holding Authority and the Northern Territory Treasury Corporation.

Mr CHAIRMAN: Excellent. On the committee we have the Leader of the Opposition, the member for Port Darwin, the member for Nhulunbuy, the member for Nelson, as well as me as Chair. Are there any questions to the opening statement?

Mr ELFERINK: Mr Chairman, perhaps, as per discussion prior to beginning this meeting, we can move on with the issues before the committee, namely the budget, and we may have to move back and forward amongst the output groups. That has been done traditionally. Is that a major problem for the Treasurer?

Mr CHAIRMAN: Before we get to that, member for Nelson, do you have any questions to the opening statement?

Mr WOOD: No.

Mr CHAIRMAN: Okay. In past Estimates, at the whole-of-agency questions, we have sometimes strayed through outputs at the Treasurer's discretion. Would the Treasurer be comfortable if we start with the whole-of-agency questions and see where we go from there?

Ms LAWRIE: At a high level, obviously, but if we are getting down into detail I will refer to the specific output.

Mr CHAIRMAN: Yes.

Mr ELFERINK: A change from the last few times, but that is all right, Mr Chairman.

Ms LAWRIE: No, no. I have been consistent. If it is at a high level we will do it up front, but if it is down into the detail we will move to the output.

Mr ELFERINK: Mr Chairman, my first question is to the Treasurer, and I would remind the Treasurer of some comments from about a decade ago, and I quote this Labor member:

The government has had to make some hard decisions in terms of revenue and saving measures in this mini-budget to rein in the growth in expenditure under the previous government. Under the spend, spend, spend philosophy of the former Chief Minister, the Leader of the Opposition's mantra has been to spend, spend, spend – the Gordon Gekko of the CLP and his mantra that debt is good. We have rejected this irresponsible approach.

Treasurer, do you accept the thrust of those comments?

Ms LAWRIE: I am not surprised you start off with an unsourced quote from a decade ago ...

Mr ELFERINK: It is the Chief Minister of today, Mr Paul Henderson, on 28 November 2001.

Ms LAWRIE: What I will point out - I am glad we are going straight to debt because I have documents to table in that regard which show the CLP is misrepresenting the Territory position. The very clear difference between a decade ago and today is the world is affected by the global financial crisis. I know the CLP likes to think the Territory, somehow, miraculously escaped the impacts of the global financial crisis and is, somehow, miraculously escaping the ongoing impacts of the global financial crisis, particularly the sovereign debt concerns through Europe. We did not escape that. We have reduced debt through eight budget surpluses in a row. We had reduced debt by \$582m before the global financial crisis hit, but it did hit

and it is the worst crisis in 100 years. Every jurisdiction in the world was impacted by it. We have been impacted by it ...

Mr ELFERINK: How were we impacted by it?

Ms LAWRIE: Essentially, through dramatic reductions in the GST revenue – some \$1.2bn – we have also been affected by it in the drying up, if you like, of private investment - the high cost of finance and credit for private investors if they are trying to seek private investment. That creates an environment where government had to step up its public spend to keep the economy in growth.

An example of that is the result in the 2010-11 financial year, Mr Chairman. In the 2010-11 financial year, we posted economic growth of 1.6%. If you take the public spend out of that figure, we would have been stagnant at 0.2%. There is a very real imperative for governments. Our government, and every government in our nation - all the state governments did it, the federal government did it, western governments did it - they picked up the public spend. The debt we have created since the global financial crisis, the deliberate decision to go into deficit since the global financial crisis, is the result of doubling our infrastructure spend. We have invested \$4.6bn into infrastructure across three financial years to literally keep the economy of the Territory in growth, to keep Territorians in jobs, to keep the doors of Territory businesses open, and we make no apology for that. Otherwise, we would have gone backwards; we would have stagnated. Also, you cannot ignore a \$1.2bn reduction across forward estimates - a reduction in GST.

Mr ELFERINK: Are you done?

Ms LAWRIE: Yes.

Mr ELFERINK: Your reference to a reduction in GST, I want to point out something to you which I pulled out of the federal budget papers for the 2012-13 year - the GST payments for the Northern Territory. You will see there is no reduction in GST - the GST is going up. Is it not the case that what you are referring to is a lowering in expectation of how much GST is going to go up? In fact, GST, year on year, continues to rise.

Ms LAWRIE: In real terms, we have seen reductions in GST. We are, in fact, now way below the guaranteed minimum amount signed off on between state governments and the federal government with the introduction of GST. Sadly, Mr Chairman, the guaranteed minimum amounts stopped in the agreement in the 2008-09 financial year so we are well below that.

I have a chart here which shows what has occurred with GST revenue and the changes and estimates of GST revenue to the Territory. From the 2010-11 financial year through to 2015-16, it shows where the predictions were for the revenue and the reductions.

Mr ELFERINK: All right, I am happy to accept that.

Ms LAWRIE: You can see a reduction in what we would have received in GST revenue. What has happened, Mr Chairman ...

Mr ELFERINK: Yes, we have the same chart. That chart shows the GST is actually going up ...

Ms LAWRIE: What has happened, Mr Chairman ...

Mr ELFERINK: ... as a source of income.

Mr CHAIRMAN: The Treasurer has the call.

Ms LAWRIE: No, actually there was a drop between last year and this year. Now, I know that you find it a laughing matter that GST revenues are ...

Mr ELFERINK: No, I find what you are saying a laughing matter.

Mr CHAIRMAN: Member for Port Darwin, the Treasurer has the call.

Ms LAWRIE: ... affecting the Territory budget. There has been contraction in the national pool. We have a conservative consumer across our nation now, and no surprise, they wake up every morning to the concerns of the global financial crisis and the sovereign debt across Europe. It is not just the Northern

Territory stating this position; it is also being stated by Liberal members of parliament in other jurisdictions. So we cannot continue with the folly of the member for Port Darwin, I will quote the Victorian Premier, Ted Baillieu, in regard to the Commonwealth 2012-13 budget estimates in the GST pool:

They're a challenge to all Victorians. They're a challenge to the budget system, and I can tell you it's true across the country. GST receipts are down because the pool has shrunk.

The Victorian Treasurer, Kim Wells:

... GST receipts have collapsed since December's mid-year budget ... but since then, the budget position has deteriorated further with a total loss of GST revenue in Victoria for 2011-12 set to hit almost \$1.4bn compared with original forecasts. He said the states were told last week about the slowing national economy and the ensuing cuts to GST allocations.

The reductions will lead to even more cost pressures on the Victorian budget and will be reflected in budgets across the nation. Victoria has lost \$6.1bn in GST revenue over the four years from 2012-13. Much of this is due to slower consumption growth. This is a bigger revenue hit than occurred during the 2008 global financial crisis.

That is the Victorian Treasurer.

I will go to your great mate, Barry O'Farrell, the Premier of New South Wales. In relation to the Commonwealth 2012-13 budget estimates of the GST pool, it would mean the Treasurer would have to recast the state budget'.

The New South Wales Treasurer, Mark Baird, is quoted as saying:

There is no doubt that our budget is under significant pressure, which we're seeing not only across every government across the country, but every business.

Across to Western Australia. Treasurer, Christian Porter:

In all, about \$11bn has been slashed from the national GST pool over the next four years.

Western Australian Premier, Colin Barnett:

The state has been bracing for a GST shortfall but the result was bigger than expected.

I will wrap it up with the Queensland Treasurer, Tim Nicholls:

One of the most important things that we'll need to look at is the effect of those reduced special purpose payments and national partnership payments, and also the reduction in the GST, he said.

The forecast for GST show us receiving about \$450m less GST over the next two years. This is not a good outcome for Queenslanders.

In short, Mr Chairman, we had estimates regarding the GST pool and GST growth. Quarter on quarter, they have been revised downwards. There is a real reduction in revenue available to the Northern Territory - a \$1.2bn reduction since the global financial crisis across the forward estimates.

Mr ELFERINK: Thank you for that, Treasurer. It is very illuminating, but the fact is you, and several of the people you quoted, say the GST pool is getting smaller. That is not correct. I table page 126 of Budget Paper No 3 from the federal budget which has, in the 2011-12 financial year, a GST pool of \$45bn, expanding to a 2015-16 GST pool of \$56bn, which means the pool is getting larger. What is happening, though, is the expectations which were built from forward estimates have contracted and everybody calls that a reduction in the GST. No, it is not.

Ms LAWRIE: A contraction is a contraction. The pool is contracting, that is the reality ...

Mr ELFERINK: No, it is not the reality.

Ms LAWRIE: I have just quoted Liberal Treasurers and Liberal Premiers FROM around the nation who are saying the same as me, there is a reduction in the GST ...

Mr ELFERINK: No, there is no reduction in the GST. How do you justify the ...

Ms LAWRIE: ... just so that ...

Mr CHAIRMAN: Member for Port Darwin, you have asked the question. The Treasurer has the right to answer it.

Mr ELFERINK: Well, she is not answering. She is answering the question she wants to answer, not the question she has been asked.

Mr CHAIRMAN: I ask members, when you ask a question - that is the way Estimates works. It is rather a conversational nature, I know. There is a bit of back and forth. However, once you ask the question, the Treasurer has the right to answer it.

Ms LAWRIE: We spell this out in detail ...

Mr ELFERINK: And she is filibustering, Mr Chairman ...

Ms LAWRIE: No, I am not.

Mr ELFERINK: ... soaking up as much time as she can to avoid answering questions.

Mr CHAIRMAN: She has just commenced her answer. She has not had the opportunity to answer the question yet.

Mr ELFERINK: The last question went for nearly 10 minutes.

Mr CHAIRMAN: We are talking about this question, member for Port Darwin.

Ms LAWRIE: You are spending more time arguing about how long my answer was than giving me the opportunity to answer. Regarding the last remark you made, member for Port Darwin, we very clearly spell out, in Budget Paper No 2 on page 61, what is occurring in the GST pool. You might not want to take the word of all the Liberal Premiers and Treasurers, just as you do not want to accept ...

Mr ELFERINK: They are doing exactly the same thing as you.

Ms LAWRIE: ... what I say as the Northern Territory Treasurer. I refer to page 61 of Budget Paper No 2, and I refer to the Under Treasurer.

Ms PRINCE: Jennifer Prince, Under Treasurer. Mr Elferink, you have commented from one of the Commonwealth Budget papers.

Mr ELFERINK: Yes.

Ms PRINCE: I do not take issue with that information, but the important thing to note about the GST is, based on current estimates - and these are, indeed, Commonwealth Treasury estimates of the GST pool - the actual GST pool in the 2011-12 financial year is estimated to be less than was collected in the 2010-11 financial year. That is the second time since the introduction of the GST that has occurred.

Mr ELFERINK: Right, but not across all forward estimates. The GST is getting bigger at the moment. According to the deferral budget papers the Territory's income, as well as the GST pool, gets larger between 2011-12 and 2015-16. That is correct, is it not?

Ms PRINCE: I go back to what I was saying, Mr Elferink. The only other year in which there was a year-on-year reduction in the GST pool was at the height of the global financial crisis.

Mr Elferink: Yes. That was 2007-08, 2008-09?

Ms PRINCE: The reason the states and territories agreed to the introduction of the GST and, indeed, the reason the Commonwealth government did so, is the GST would provide, over time, a growing revenue source which would be sufficient to meet service needs of states and territories.

What we had seen up until the global financial crisis was an annual growth in excess of 8%. What we have seen since the global financial crisis is an average annual growth of 2.7% over the periods ...

Mr ELFERINK: It is getting bigger. Thank you.

Ms PRINCE: It is a very difficult revenue source to predict at the moment in its growth, and that relates directly to both international and national circumstances.

Mr ELFERINK: That warning resonates through every Budget Paper No 2 for the last 10 years. It includes ...

Ms PRINCE: It is an increased period of volatility.

Mr ELFERINK: It was always volatile. Even before the global financial crisis Budget Paper No 2 clearly had a warning saying this is a volatile revenue source and the Territory has a substantial exposure to it.

Ms LAWRIE: Yes, but when growth is expected to be at 8.8% and is down at 2.5%, and in two financial years has been below, very clearly it is a dramatic reduction in revenue. I will show you, in a chart sense, what we are talking about with the GST revenue and the guaranteed minimum amount. You can see there was an early stage period where we cracked ...

Mr ELFERINK: The guaranteed minimum amount was only until 2008-09.

Mr CHAIRMAN: The Treasurer has the question.

Ms LAWRIE: Yes, but it does show you ...

Mr ELFERINK: Stop talking about it.

Ms LAWRIE: ... it does show you the issue around the certainty required for states and territories to deliver services. They signed up to the GST expecting it to be a growth source of income. The impact of the global financial crisis and the conservative consumer has meant ...

Mr ELFERINK: Your own budget papers have said that ...

Mr CHAIRMAN: The Treasurer has the call.

Ms LAWRIE: ... the GST revenue, which is the red line, is tracking well below what would be the natural growth through the guaranteed minimum amount.

Mr ELFERINK: The guaranteed minimum amount was over years ago. Why are you still talking about it?

Ms LAWRIE: Because it is very clearly an indication of where the revenue should - the minimum should be in relation to growth.

Mr ELFERINK: The guaranteed minimum amount was only guaranteed for a number of years. This deals with planning.

Getting back to the GST, I have a question from page six of Budget Paper No 2 and I quote:

... on the basis of current estimates, there is a further \$484m less in GST revenue over the forward estimates compared to the 2011-12 budget forecast.

Treasurer, do you stand by that comment?

Ms LAWRIE: Yes, that is the current estimate. As we have said, we rely on the Commonwealth modelling of the GST. That is the estimate we have,

Mr ELFERINK: That estimated shortfall in income of \$484m in GST - are referring to the years 2012-13, 2013-14 and 2014-15?

Ms KIRKMAN: Jodie Kirkman. Mr Elferink, that refers to the 2011-12, 2012-13, 2013-14 and 2014-15 years.

Mr ELFERINK: So, all three years? On page 13 of the document you break that down: GST revenue minus 163, minus 125, minus 131, minus 120 equals minus 539 over that period. Is the 539 column wrong or is it the 485?

Ms KIRKMAN: It is over a different time period.

Mr ELFERINK: Yes, that is why I am asking. If you add 125, 131 and 120, you end up with the figure of 376. This is why I am asking. You now have two time periods. Now, a little exercise and I will take you through it. If you look at ...

Ms LAWRIE: Is this a question?

Mr ELFERINK: Yes, it will be.

Mr CHAIRMAN: It is building up to a question.

Ms LAWRIE: Good.

Mr ELFERINK: If you work in the mining income in relation to expected shortfalls, you end up with a figure of 485. The problem I have is you say GST revenue falls by 484. If you include the 2011-2012 year, you end up with minus 539.

Ms KIRKMAN: Sorry, Mr Elferink that was my mistake. It is from 2012-13, 2013-14, 2014-15 and 2015-16 at page 21.

Mr CHAIRMAN: For the benefit of members and witnesses, that was Jodie Kirkman. Also, our microphones are amplified this time

Mr ELFERINK: That is the set of total figures and I would like to go back to it. What time period are we talking about? If it includes the 2011-2012 year, the figure is 539. If it does not include the 2011-2012 year, the figure is 376. Why do you end up with a figure of 484?

Ms KIRKMAN: If you go to page 21 ...

Mr ELFERINK: Yes, I have seen page 21. You talk about more general figures there. I am asking specifically in relation to GST.

Ms LAWRIE: Mr David Braines-Mead.

Mr BRAINES-MEAD: Mr Elferink, if you look at page 13, which you referred to, which shows the 539 drop in GST revenue, you will see it is from 2011-12 to 2014-15, whereas the 484 on page 21 is from 2012-13 to 2015-16. If you look at the numbers from 2012-13, 2013-14 and 2014-15 and the tables on page 13 ...

Mr ELFERINK: Why is the 2015-16 year ...

Mr BRAINES-MEAD: ... are the same.

Mr ELFERINK: Why is the 2015-16 year not included in the figures on page 13?

Mr BRAINES-MEAD: Because in the 2011-12 budget, on page 13 for comparability, the 2015-16 year was not included in the forward estimates period, whereas page 21 is specifically talking about the forward estimates ...

Mr ELFERINK: It does not make the document particularly user-friendly.

Ms LAWRIE: That is why we have Estimates. We have the Treasury officials here to explain it for you.

Mr ELFERINK: Well, these are not user-friendly documents, and that type of expression - you have numbers all over the place.

Ms LAWRIE: They are user-friendly. They show you the figures from the 2011-12 budget period and the figures from the 2012-13 budget period.

Mr WOOD: Could I ask one question on GST? In relation to page 60, am I right to say we received \$149m more than last year in GST? That is the second last paragraph on that page.

Ms LAWRIE: We had a pick-up in the relativities, but I can ...

Mr WOOD: What I really want to know is: did we ...

Ms LAWRIE: It is still below ...

Mr WOOD: I know that, I know that ...

Ms LAWRIE: ... what we have estimated to have received ...

Mr WOOD: ... but in fact we received \$149m more than last year in GST?

Mr MILLS: Yes, the pick-up is ...

Ms LAWRIE: Due to an adjustment in the relativities, Mr Wood, but I have to say that is well below what the Territory would have received if the GST pool was not protracting.

Mr ELFERINK: Your planning for the future, Treasurer - a couple of issues. I have taken the time to go back through some budget papers - and talk about predicted debt for the year in the general government sector alone - for 2012-13. In 2009-10, you said the predicted debt for the year 2012-13 would be \$1.4bn. Last financial year you revised that up to \$1.8bn for the year 2012-13 and, finally, when the budget comes out, it is \$2.2bn.

How, in the space of three years, do you get that type of projection wrong by \$800m?

Ms LAWRIE: Mr Chairman, what the opposition still does not want to consider is there have been downward revisions in our revenue. The downward revisions have occurred as a result of the Commonwealth modelling on the GST. Each year when we put out the budget figures we do it with the best available information and as accurate as we can get. We rely on data sourced from the Commonwealth in relation to our main source of revenue, which is the GST.

What we have seen is quarter-by-quarter reductions in that data source. If you add those across those years' period, you have, in fact, seen quite a dramatic step down in revenues – you have decreasing revenue. At the same time, we have made the deliberate decision to step up our capital spend across the years and also to sustain that very high capital spend. We could have, for example, slashed the 2012-13 capital spend by 40%. If we had done that we would be in surplus. If we had done that we would certainly not have that growth going forward adding to the debt position. That would have been the irresponsible thing to do. We would have seen Territory businesses close their doors, we would have seen approximately 1000 Territorians lose their jobs at a time when, in fact, we need to be gearing up for growth because of the economic boom times the Territory is entering.

Mr ELFERINK: Treasurer, can you table that graph about the GST expectations you showed before - the two-line graph, please?

Ms LAWRIE: The Northern Territory GST revenue and the guaranteed minimum amount?

Mr ELFERINK: Yes.

Ms LAWRIE: Absolutely. I am happy to table it.

Mr ELFERINK: Can I work off that graph before we start? I promise to give it back. I think you gave the figure of debt reduction during the halcyon days of the GST at 530 ...

Ms LAWRIE: \$582m.

Mr ELFERINK: \$582m.

Ms LAWRIE: As a result of eight budget surpluses.

Mr ELFERINK: This gap here shows what you would call a GST windfall.

Ms LAWRIE: No, you call it that.

Mr ELFERINK: What is the difference in relation to income between expected income and actual income received over that period - between the period 2002-03 to 2008-09?

Ms LAWRIE: What you are referring to is the growth in GST during that period?

Mr ELFERINK: No, that is not what I am referring to. What I am saying is you had an expectation - the blue dotted line - and you had an actual income - red line. Between 2002-03 and year 2008-09, what was your GST over the blue line?

Ms LAWRIE: In relation to the cumulative benefit of the GST from that period - through that period in total, cumulatively it was \$657m.

Mr ELFERINK: So \$657m, and you only reduced debt by \$589m. You were already in this habit of spending more of unbudgeted money than you had budgeted for at the time and you could have, without touching your budget, reduced your debt in that period substantially more than the 539.

Ms LAWRIE: During that period the number of full-time equivalent nurses in the Territory increased by 62%, from 944 in 2001 to 1550. We constructed six remote health centres and upgraded emergency departments.

Mr ELFERINK: So those expenditures ...

Ms LAWRIE: The number of full-time equivalent operational police staff ...

Mr ELFERINK: Are those expenditures over and above what you already budgeted for?

Mr CHAIRMAN: The Treasurer has been asked a question and is answering it.

Ms LAWRIE: The number of full-time equivalent operational police staff increased by 71% ...

Mr ELFERINK: I did not ask a question about nurses or policemen.

Ms LAWRIE: ...from 943 in 2001-02 to 1614, construction of seven police stations, including Casuarina, Darwin and Humpty Doo, and two new fire stations at Marrara and Berrimah. In relation to full-time equivalent staff in government schools, they increased by 30%, from 2948 to 3844.

Mr ELFERINK: This is not an answer, Mr Chairman.

Mr CHAIRMAN: I believe it is.

Ms LAWRIE: This resulted in a fall in the student to staff ratio from 9.83 to 7.57. We constructed eight new schools including Rosebery school and Darwin Middle School. Now, that is the reality of what we did in the period of that GST growth. We slashed debt by \$582m ...

Mr ELFERINK: You chose to spend rather than save.

Ms LAWRIE: ... and we increased teachers, doctors, nurses, police, and we constructed health clinics, improved emergency departments, constructed schools ...

Mr ELFERINK: You chose to spend rather than save.

Ms LAWRIE: We chose to build the Territory, member for Port Darwin. We chose to ...

Mr ELFERINK: Beyond the realms of your budget.

Ms LAWRIE: We chose to build the Territory to ensure Territorians received the health services they needed and the quality of teaching and education services they, quite rightly, expect. We built the police

force after having inherited a period of a four-year freeze on police recruitment when the CLP were last in government, and we literally built the infrastructure of the Territory where it had not existed, particularly, I have to say, in the regional and remote areas of the Northern Territory, but also in the urban centres and we have great new schools to show for it.

Mr ELFERINK: You chose to spend beyond your budget.

Ms LAWRIE: No, we did not spend beyond the budget because we ...

Mr ELFERINK: Yes, you did.

Ms LAWRIE: ... delivered eight budget surpluses in a row. If you are spending beyond the budget, you are not delivering a surplus.

Mr ELFERINK: That was the cash truck from Canberra. It had much more to do with national partnership payment and SPPs on 30 June each financial year than it had with your financial planning.

Ms LAWRIE: No, that is your view and your view is wrong.

Mr ELFERINK: Well, we can beg to differ, but that is the way it worked. What I am concerned about is your government's ability to predict the future, see what is coming. You keep saying GST reductions were occurring when in fact twice during that whole period there was a real reduction, and you ...

Ms LAWRIE: Is there a question?

Mr ELFERINK: Yes, it is coming.

Ms LAWRIE: Good.

Mr ELFERINK: You keep saying there is a reduction when there is no reduction.

Ms LAWRIE: It has reduced. The pool is contracting.

Mr ELFERINK: I am not allowed to talk over the top of her?

Mr CHAIRMAN: Estimates are conversational in nature and ...

Mr ELFERINK: Well, I will remind you of that when I ...

Mr CHAIRMAN: I have allowed quite a bit of latitude this morning already.

Mr ELFERINK: So your GST pool is expanding, but you called it a reduction because it does not meet your expectations. You spend beyond your budget, which is why we see the regular raids of the Treasurer's Advance, and you keep talking about having to protect the Territory economy from the global financial crisis when, in fact, there was never any predicted recession in Australia or even here in the Northern Territory. I will quote you from 2009:

The Territory is not going into recession.

You went on to say:

Let me be very clear about that, the Territory is not going into recession.

Why did you feel the need to borrow to prop up an economy that was not going into recession?

Ms LAWRIE: You are quoting me correcting the record of an 'oops' situation you provided when you claimed, as a result of state financial demand results, that we were in recession. You were wrong, and we had to set the record straight. It gives me an opportunity, in regard to state financial demand, to point out that the latest ABS data shows Territory state final demand rose 7.2% in the March quarter driven by a 29.6% increase in private sector investment. There is absolute daylight. Western Australia was ahead of us in SFD figures, sitting at about 7.9%, we came in at 7.2%. It was absolute daylight to the rest of the jurisdictions in Australia. What we did ...

Mr ELFERINK: The justification for your ongoing debt at the moment ...

Mr CHAIRMAN: The Treasurer is still answering the question.

Mr ELFERINK: ... I will repeat it because it is instructive: when the global financial crisis hit we made the deliberate decision to go into deficit to ensure we could double the spend on capital infrastructure to keep the construction sector in jobs so we could gear up for the growth of the major projects ahead. We took the capital budget from \$840m to \$1.7bn, \$1.5bn, and now \$1.2bn - A \$4.6bn spend. We would not have posted deficit through these financial years if we had not doubled the infrastructure spend. The deficit, and therefore the result on debt, is as a result of capital spend. We were able to double our capital spend, and ensure our core services of health, education, law and order and child protection received growth in relation to our investment into those core critical services. We did all of that, and ensured we kept the economy in growth. As I say, the 2010-11 actuals speak for themselves - 1.6% economic growth in 2010-11 - that is when we had that record \$1.7bn capital spend - 1.6% economic growth. If you take the public spend out of that figure it is stagnant at 0.2%.

Mr ELFERINK: At 0.2%, would the Territory economy have been in recession?

Ms LAWRIE: No, it would have been stagnant; we would have been flatlining. We would not be in growth. Ask Territory businesses the effect it would have had on them. Businesses literally would ...

Mr ELFERINK: Territory businesses do not have to pay back the bill, Territory taxpayers do.

Ms LAWRIE: Territory businesses would have closed their doors. We would have seen thousands of workers lose their jobs. We have created 13 000 jobs through the period we are talking about. You do not want 13 000 Territorians employed today? Are you saying that was wrong?

Mr ELFERINK: So you say. Can you outline your plan to get out of debt going into the future?

Ms LAWRIE: Yes, certainly. We are keeping our operating payments below our revenue. We will continue to do that through the forward years. We will also start a staged step down in the capital spend.

Mr ELFERINK: Your plan to get out of debt - this being nett debt predictions for the general government sector - sees a step down from debt. Can you explain to me why the debt keeps getting bigger if you are stepping down from it?

Ms LAWRIE: You continue to be misleading. Very clearly, I pointed out it was a step down in capital expenditure. To reduce your deficits across the forward estimates you keep your operating payments below your revenue, which we are currently doing, and then you ensure you take a measured and staged step down in capital expenditure. Clearly, in the 2015-16 forward estimates, we are still at a modest deficit. If there is stronger recovery in GST revenue - any recovery in GST revenue will go against the deficit. I hope to see that recovery coming through. We have taken a conservative position in this budget - in the forward estimates. If, however, there is a stronger recovery in the GST, any additional GST revenue will go against the deficit and we may well have a surplus in the 2015-16 year. It is too early to make that call.

Mr ELFERINK: You were happy to make that call a couple of years ago when you told this Estimates Committee by the year 2013-14 we would be back in surplus.

Ms LAWRIE: Since then, we have seen dramatic revisions downwards in the GST.

Mr ELFERINK: Once again, you expect the GST to be your back-up position. The moment the GST - something your budget papers warn you about the volatility of - changes, you find yourself increasing debt in levels hitherto never seen in the Northern Territory.

Ms LAWRIE: As I said, the GST has had downward revision since last year - quite significant downward revision. If there is a turnaround in GST revenue, that would be applied to returning to surplus faster.

Mr ELFERINK: You talked about your ...

Ms LAWRIE: Let us look at where the Territory is positioned in the economic growth ...

Mr ELFERINK: She has answered the question, Mr Chairman. Now she is going to answer something she wants to answer for herself. I still have not dealt with her last answer yet.

Ms LAWRIE: There is more to the answer.

Mr CHAIRMAN: Member for Port Darwin, I want to hear what the Treasurer has to say.

Ms LAWRIE: Thank you.

Mr ELFERINK: I am starting to get a little cheesed off. At the moment, it is all her show and there are many questions she has to answer which she is avoiding.

Mr CHAIRMAN: You have asked a question of the Treasurer, and she is answering it.

Mr ELFERINK: She has answered it. I am prepared to move on to my next question.

Ms LAWRIE: No, there is more ...

Mr CHAIRMAN: I have not heard what the Treasurer has to say yet, and I ...

Mr ELFERINK: She has already answered the question.

Ms LAWRIE: There is more to my answer, John.

Mr CHAIRMAN: The Treasurer has indicated there is more to her answer. I cannot judge the relevance of what the Treasurer has to say if I have not heard what the Treasurer has to say.

Ms LAWRIE: Access Economics is predicting economic growth in the Territory to average at 4.4% annually over the next five years. If that is achieved, we may get back to surplus faster than a conservative Treasury forecasts. There are many things which influence our revenue ...

Mr ELFERINK: They do not look that conservative to me. They are getting it wrong.

Ms LAWRIE: ... economic growth, commodity prices, the value of the dollar, the property market, lending rates, GST revenues. These indicators all fluctuate. We can only forecast based on what information we have before us presently.

In favourable conditions, return to surplus could be achieved within the four-year forward estimates, but otherwise, we are looking at a return in the next set of forward estimates. It is not responsible for us to forecast beyond the four-year period. We have demonstrated our ...

Mr ELFERINK: Well, you were prepared to do it a few years ago.

Ms LAWRIE: ... our responsible financial management with eight consecutive surpluses in a row, driving down debt by \$582m.

Mr ELFERINK: She has said all this, Mr Chairman. I ask us to get on with this.

Ms LAWRIE: Currently, the worsened deficit position is \$100m less ...

Mr ELFERINK: She said all this, Mr Chairman.

Ms LAWRIE: No, I have not said this. It is new to your ears if you happened to listen.

Mr ELFERINK: It is not new to my ears. Can I ask the next question, Mr Chairman?

Mr CHAIRMAN: Are you near the end?

Ms LAWRIE: Absolutely. Currently, the worsened deficit position is \$100m less than the reduction in our major sources of revenue. That shows we are timing it about and are keeping expenditure growth below revenue growth.

Mr ELFERINK: Your answer, before you spoke about operating payments being under control - yet if you look at your nett operating balance over those years, the four years to 2011-12 you were about \$1bn on the right side of zero. Four years from 2015-16, you are about \$1bn on the wrong side of zero on your nett operating balance. How can you say your operating payments are improving when, in the year 2012-13 it is minus \$216m; 2013-14, minus \$222m; 2014-15, minus \$227m; and, in the year 2015-16, minus \$239m? Are you suggesting your operating payments are improving when your balance is going south?

Ms LAWRIE: The balance takes into account the capital spend. The capital spend is creating the debt. It is the building of additional school infrastructure, health infrastructure, road infrastructure, and police infrastructure. It is a build - it is the capital spend.

Mr ELFERINK: So, the state final demand is going up ...

Ms LAWRIE: I have not finished. It is the capital spend that is creating the deficit, not the operating expenditure.

Mr ELFERINK: The state final demand is going up. Your growth figures are going up, and you are still arguing you have to pump prime the economy?

Ms LAWRIE: Yes, if you talk to businesses they will tell you - and it is the case - they are still reliant on the public spend in the capital program - still very reliant on it. They are reliant on the minor new works, the repairs and maintenance and the big capital spend. In fact, we had a business recently complaining that in the 2012-13 estimates we were going to reduce the capital spend by \$200m. They were talking about the impact that has on their business. The reality is the major project - whilst it is fantastic and we are starting to see that flow through to the economy, particularly in the data we are seeing - it really starts to bulk up in the 2012-2013 calendar year. It is very early days in relation to that major project spend. The plethora of small- and medium-size businesses out there is absolutely reliant on the public spend still, and will continue to be reliant on the public spend through the 2012-2013 year. Now, you do not have to believe me. Listen to the Chamber of Commerce, the Master Builders Association and the housing institute.

Mr ELFERINK: Yes, but none of those have to pay back the debts. The Territory taxpayer has to pay back that debt.

Ms LAWRIE: I will happily pass those comments on to all the peak business and industry bodies - the fact the CLP, clearly, would have slashed the capital program to get a headline and return to surplus, condemning Territory businesses to closing and Territorians to lose their job.

Mr ELFERINK: So you say.

Ms LAWRIE: Well, that is what you suggest when you say you should not sustain the capital expense.

Mr ELFERINK: No, I was asking you questions about the way you do your financial planning.

Ms LAWRIE: No, what is your alternative, John? What is your alternative? Cutting the capital spend?

Mr ELFERINK: I am happy to swap positions with you right now. You can ask me all the questions you like.

Ms LAWRIE: I would not let you swap positions because we would have seen a reduction in the capital spend closing Territory businesses and putting Territorians into the unemployment queue. We know you want to slash public service jobs.

Mr ELFERINK: This is all very predictable. You predicted, back in 2009, and I quote:

You can see the climb out from 2009-2010, which is a deficit of \$201m; 2010-2011 a deficit of \$180m; 2011-2012 a deficit of \$98m; 2012-2013 a deficit of \$30m ...

How we wish:

Nowhere in the budget figures do we factor in the growth as a consequence of landing of INPEX. There is no final investment. These are worse case scenarios. We would expect better results, particularly if you secure INPEX.

How do you expect INPEX to lower your deficit?

Ms LAWRIE: The impact of securing a major project means there will be increased - quite dramatically - increased capital expenditure in the Territory. As a result of that increased private investment, the Territory government can start to run counter-cyclical in its public spend investment in infrastructure. That is why you will see through the forward estimates we are starting to step down, in a measured manner, the capital spend. Without landing the major Ichthys project we would have had to keep very high - higher than normal - sustained levels of capital spend. Getting significant private investment into the Territory means we can start to run counter-cyclical and start to step down our capital spend.

Mr ELFERINK: You are increasing you capital spend at the same time you say INPEX is going to be injecting money into the economy.

Ms LAWRIE: No, we are reducing our capital spend. In 2012-2013, we have a step down of \$1.2bn, and we continue to step down across the forward estimates in the capital spend.

Mr ELFERINK: Here are your added borrowings for the year 2013-2014 - the year you borrow over \$1bn for infrastructure. Your idea of a step down is this section here. The current financial year and the next financial year is when you are adding borrowings. You then start to step down, but can I remind you this step down still represents an increase in Territory debt for the non-financial sector of \$500m a year after you borrow \$1bn, after you borrow \$800m.

Ms LAWRIE: The added borrowings reflect the effect of the new Darwin Correctional Centre being constructed by Darwin company, Sitzler.

Mr WOOD: Could I ask a question on that, please?

Ms LAWRIE: I should say Territory company.

Mr ELFERINK: I have heaps of questions on the prison. Off you go.

Mr WOOD: Why do we not, when looking at the cost of the prison, take into account the cost of the land the old prison would release? When looking at the cost of the prison, have you taken into account the value of the land?

Ms LAWRIE: You cannot.

Mr WOOD: You are estimating what the cost of the prison would be. In your estimates you would show what revenue is received from the land that is then being released at Berrimah. It has a value.

Ms LAWRIE: Yes, good question, Mr Wood. It is too early to take that as an offset for the cost of the prison. You are right, there will be, ultimately, a potential yield there; however, decisions about the use of that land have not been made. Quantifying that yield, pertaining to the decisions on the land - there is no doubt there are some very positive upsides to the new correction centre, quite aside from a new contemporary way of dealing with corrections and giving us the capacity to deal with the correction system. The upside, obviously, is the land it is currently sitting on at Berrimah as well. It is far too early to take into account that potential offset.

Mr ELFERINK: It is plain when you say you are stepping down from increasing debt what you are actually still doing is increasing debt as far as the forward estimates will go. I asked you about a debt reduction strategy and you say you are stepping down, but borrowing less does not mean you stop borrowing. I will draw your attention to a comparison with a similar-sized budget - slightly smaller is the Tasmanian budget. It has a debt reduction strategy and you can see it is planning to reduce debt into the future.

If you look at the Northern Territory red line, it continues to go up. What comfort can we draw from your assertion you have a debt reduction strategy when little old Tasmania can manage it and you cannot?

Ms LAWRIE: Let us compare apples with oranges for a moment - the geographic size of Tasmania and what it costs to deliver services in Tasmania compared to the Northern Territory. The population base, and therefore the resource revenue opportunities of Tasmania compared to the population base of the Northern Territory and the infrastructure of Tasmania - I refer to the Brian Harradine years - I do not know if you have been to Tassie lately, but the road network is fantastic. If only Scullion had used the balance of power he

had for a period of time in the Senate to attract that type of infrastructure investment from the Commonwealth into the Territory's road system. No, that was a missed opportunity.

Comparing the existing infrastructure of Tasmania, which is one of the oldest settled jurisdictions of our nation, with a very small geographic size to the Territory is patently absurd.

Mr ELFERINK: It has a debt reduction strategy and you do not.

Ms LAWRIE: In the Northern Territory, what you do when you are in government is look at the service delivery needs for Territorians, particularly across the critical areas of health, education, law and order, to name a few. You also look at the need to build infrastructure. There is no doubt we have a deficit in infrastructure needs for our road network and for housing. We certainly have been playing catch-up in our education infrastructure requirements across the Northern Territory, also our health infrastructure requirements across the Northern Territory.

I have visited Tasmania and looked at models of government service delivery there. I was amazed at the level of infrastructure that jurisdiction had and when I started asking questions, I was told about the Brian Harradine years. I point out again the Territory had an opportunity when Nigel Scullion held the balance of power in the Senate, and he did not deliver a cent to the Territory for infrastructure.

Mr ELFERINK: Tasmania has a debt reduction strategy - that is my question, not a comparison of anything other than the fact the government is planning to reduce its debt. You have no plan to do that.

Ms LAWRIE: We will reduce debt when the revenues return to - when we can start to be in surplus again. We have a track record of reducing debt. We have had eight budget surpluses in a row. We reduced debt by \$582m, and going through when revenues return to health and GST goes into recovery we will go back into surplus and will be reducing debt.

Mr ELFERINK: It is only going to happen when the GST money is pouring through the door?

Ms LAWRIE: No, it is not only going to happen with GST. It is the main source of revenue but ...

Mr ELFERINK: When is it going to happen?

Ms LAWRIE: ... as I pointed out, with growth in the economy we will start to see the other factors at play. For example, we might see, with improved commodity outcomes, improved mining royalties. We will certainly see, in relation to economic growth, improvements in some of our own source revenues such as stamp duty. As you have more major employment occurring in the Territory you will start to see improvements in payroll.

Mr WOOD: Can I ask a question on reducing debt?

Mr ELFERINK: I have a way to go with this.

Mr WOOD: I do not know when you are going to move off it.

Ms LAWRIE: Probably never!

Mr ELFERINK: We are going to be there for a while.

Mr WOOD: Okay, I will keep my portion.

Mr ELFERINK: The nett debt to revenue ratio has traditionally been expressed in Budget Paper No. 2 as a comparison to the year 2001. Why did you stop using that comparison in your budget papers?

Ms LAWRIE: Sorry, what was that question?

Mr ELFERINK: Your nett debt to revenue ratio traditionally in Budget Paper No. 2 has been measured against the year 2000-01. Why have you stopped using that comparison? You do not believe me? Let us have a look ...

Ms LAWRIE: No, it is not that I do not believe you. I did not ...

Mr ELFERINK: Why have you stopped using the comparison?

Ms LAWRIE: I am happy to talk about a nett debt to revenue ratio because it is certainly an accurate way of looking at – I will turn to where my fold-out chart is. When you look at the general government sector, the nett debt to revenue ratio ...

Mr ELFERINK: Mr Chairman, I know what it is. I am asking why you have stopped using the 2001 benchmark?

Ms LAWRIE: I do not have an issue with referring to it. The 2001 nett debt to revenue ratio was 61% ...

Mr ELFERINK: Again, why have you stopped using the benchmark?

Ms LAWRIE: ... and in 2012-13 it will be 48%.

Mr ELFERINK: I will ask you again so it is clear: why have you stopped using that benchmark in your budget papers?

Ms LAWRIE: You are calling it a benchmark, I am not.

Mr ELFERINK: It has been a benchmark in all your budget papers up until this year. Why has it suddenly disappeared?

Ms LAWRIE: No, it is not a benchmark.

Mr ELFERINK: Is it the case that your nett debt to revenue ratio is going to become worse than the 2001 benchmark you have always used as a vehicle to criticise the former government?

Ms LAWRIE: Whilst it worsens in 2015-16, if you take the GST impact reduction out of that, we would be sitting at approximately 44%.

Mr ELFERINK: You just told this committee you do not project beyond 2015-16 because it is unreliable.

Ms LAWRIE: No, I said in 2015-16 it is sitting at 74%. If you take the GST reductions out of that, it would be approximately 44%.

Mr ELFERINK: Well, the GST reductions are real.

Ms LAWRIE: Yes, well, you spent probably the first hour arguing they were not real ...

Mr ELFERINK: No.

Ms LAWRIE: ... I am glad you have now accepted they are real.

Mr ELFERINK: They are real in the sense that ...

Ms LAWRIE: Thank you, John. You have finally got there, have you?

Mr ELFERINK: ... you have not budgeted for them. You have taken the best case scenario and run with it and said all our growth projections are going to be based on something your own budget papers have said are always volatile.

Ms LAWRIE: No, I am not saying we have taken the best case scenario. No, we have actually taken the worst case scenario - the conservative scenario ...

Mr ELFERINK: Then the worse is ...

Ms LAWRIE: ... and what I am saying is with the impact of the GST reduction, if you take that out, we would be sitting at a 44% nett debt to revenue ratio in the out year 2015-16.

Mr ELFERINK: That is just a figure you pull out of the ether; that is not the actual figure, is it?

Ms LAWRIE: No, no, no. It is not a figure we pull out of the ether at all. It is a figure we rely on Commonwealth data for.

Mr ELFERINK: In 2001 we could simply have said: 'We expected to get more money, and if we had received more money that ratio would have been lower'. This is a nonsensical argument.

Ms LAWRIE: That is the difference between actuals and estimates. We have the 2001 actuals in ...

Mr ELFERINK: What will the actuals be in 2015-16?

Ms LAWRIE: ... the 2008-09 actuals were better than the estimates.

Mr ELFERINK: What will the actuals be in 2015-16 - nett debt to revenue ratio?

Ms LAWRIE: We will know that in 2016-17.

Mr ELFERINK: Are you saying these are not reliable figures?

Ms LAWRIE: You are back to saying that somehow these figures are unreliable and somehow we just make the figures up. You are wrong. That is insulting to the fact we stick to the *Fiscal Integrity and Transparency Act*. That is insulting to the fact these figures are modelled off data, and it is absolutely insulting to the officials who provide the data to me as Treasurer.

Now, I do not make up this data – it is Treasury who provide the data modelled off ...

Mr ELFERINK: You make expenditure decisions ...

Ms LAWRIE: ... provided off the Commonwealth's own modelling. It is as accurate as it can be as we have the latest data sets to us. It is absolutely insulting to try to pedal this myth that we are making it up. We are not. It is based off the Commonwealth data sets. Now, if I was making it up, we would show surplus figures in here. We are showing the reality; we are showing the latest data sets and it is absolutely wrong to say we are making it up.

On that point, I know you are peddling, through some strange documents, this idea we are making up our figures and they cannot be believed. Well, it is not the case at all. I will table - this is your work - 'The Alarming Truth', and it describes Budget 2012 - about Labor's scandalous financial management and why every Territorian should be worried. Essentially, riddled throughout this document are assertions, such as questionable deals and the like, where you completely ignore the fact we apply the *Fiscal Integrity and Transparency Act* to the budget papers - you refer right throughout this document.

I have had analysis done on this page by page. On every page you are wrong. So you know what the facts are as opposed to your spin ...

Mr ELFERINK: Well, these are the facts: your nett debt to revenue ratio is climbing up way beyond the 2001 levels which you have always used as a benchmark.

Ms LAWRIE: ... the facts as opposed to your spin - I have boxed the facts and put them in the colour blue. I will table that document for the committee.

Mr ELFERINK: Okay, so rather than answering questions about your own budget ...

Ms LAWRIE: No, hang on, you are getting it wrong. You are peddling ...

Mr ELFERINK: No, I am not getting it wrong, not at all. What I ...

Ms LAWRIE: ... absolute mistruths here.

Mr ELFERINK: Your nett debt to revenue ...

Mr CHAIRMAN: Can we pause for a minute. We have had a debate for the last 15 minutes back and forth and we have strayed from the question and the answer. I am going to give the call to the member for Port Darwin to ask a question.

Mr ELFERINK: Your nett debt to revenue ratio is increasing. Is it the highest nett debt to revenue ratio in the country?

Ms LAWRIE: Our nett debt to revenue ratio is increasing because of our deliberate decision to increase the capital spend to keep Territorians in jobs.

Mr ELFERINK: Is it the worst ...

Ms LAWRIE: That is occurring at the same time ...

Mr ELFERINK: Is it the highest nett debt to revenue ratio in the country?

Ms LAWRIE: That is occurring at the same time we have seen a dramatic reduction in GST, even though you spent the first 20 minutes arguing there was no reduction and then backtracked and said yes, there was a reduction.

Mr ELFERINK: Is it the worst nett debt to revenue ratio in the country?

Ms LAWRIE: We are just checking the data. Yes, across the 2012-13 budget and the forward estimates, our nett debt to revenue ratio is the worst of the jurisdictions, not surprisingly, given we have the highest reliance on GST revenue.

Mr ELFERINK: Will it, by 2015-16, maintain its position as the worst in the country?

Ms LAWRIE: Yes, it will, just as we were the worst ...

Mr ELFERINK: By how much?

Ms LAWRIE: Just as we were the worst in the country right through the 1990s because of our reliance on Commonwealth revenue.

Mr ELFERINK: By how much will it be the worst in the country by 2015-16?

Ms LAWRIE: I have not done that calculation.

Mr ELFERINK: Well, can you?

Ms LAWRIE: Not on the spot, no.

Mr ELFERINK: Well, could you get someone to do it, because I am interested in the answer?

Mr CHAIRMAN: Are you prepared to take that question on notice?

Ms LAWRIE: No, I am not, because it is a nonsensical question in the sense that ...

Mr ELFERINK: It is a perfectly sensible question. It is a ...

Ms LAWRIE: No, it is not, because you are comparing the Northern Territory, a growing jurisdiction which requires service delivery across vast geographic areas with a lack of infrastructure that the other jurisdictions have by nature of the fact they have smaller geographic areas. They have been building longer through the history than we have. I am not going to continue to compare apples with oranges. It is ridiculous.

Mr ELFERINK: The uniform presentation framework, which is the fundamental structure of Budget Paper No 2, insists, by its very definition, that we compare apples with apples.

Ms LAWRIE: And you can do it if you want, Mr Elferink, but I point out to you where you are going with this is you want to sack public servants, you want to stop building real infrastructure in the Territory ...

Mr ELFERINK: I want to contain debt.

Ms LAWRIE: ... and that is your position. Go ahead and sack public servants, stop the build on infrastructure, close Territory business doors and send Territorians onto the unemployment queue. That is the alternative ...

Mr ELFERINK: By the year 2015-16 ...

Ms LAWRIE: ... that is what you want to you.

Mr CHAIRMAN: The member for Port Darwin has the call.

Mr ELFERINK: By the year 2015-16, what will our own source revenue be? Four hundred and sixty something, I believe, is the answer.

Ms LAWRIE: Jodie Kirkman.

Ms KIRKMAN: By 2015-16, our own source revenue, which is made up of a number of components - taxation revenue, we have estimated ...

Mr ELFERINK: Just a figure, thanks.

Ms KIRKMAN: Would you like me to add that up for you?

Mr ELFERINK: Just the figure of the line item.

Ms KIRKMAN: \$930.228m.

Mr ELFERINK: Own source revenue? Taxation revenue?

Ms KIRKMAN: Taxation revenue?

Mr ELFERINK: Yes.

Ms KIRKMAN: \$458.854m.

Mr ELFERINK: That is the figure I was after. So, \$458m will be our taxation revenue. What will our interest payments be in that year?

Ms LAWRIE: Ms Kirkman.

Ms KIRKMAN: \$281.006m.

Mr ELFERINK: In that year our interest payments will be \$281m.

Mr CHAIRMAN: Is that a question?

Mr ELFERINK: No. I ask, again, the question in the non-financial public sector - the same set of figures, please?

Ms KIRKMAN: At the non-financial public sector the taxation revenue is \$449.712m.

Mr ELFERINK: And the interest?

Ms KIRKMAN: And the interest is \$405.660m.

Mr ELFERINK: The difference between the interest expenses, essentially, in the non-financial public sector is the presence of the Power and Water Corporation largely, with some other minor government GBDs and government unincorporated?

Ms KIRKMAN: Power and Water Corporation, the Land Development Corporation, the Darwin Port Corporation, and the Darwin Bus Service.

Mr ELFERINK: If you add the liabilities of the Northern Territory into that, our taxation revenue will be \$449m, and we will be paying interest of \$405m?

Ms KIRKMAN: Yes, Mr Elferink. However, you are not adding in the Power and Water Corporation's revenue into that - their own source revenue. It is not a like with like comparison. The taxation revenue is really just for the general government sector.

Mr ELFERINK: It is still not a particularly comforting figure.

Ms LAWRIE: As you just heard, you were not adding like for like comparisons. Again, you are attempting to mislead people.

Mr ELFERINK: What is misleading is the statement you made, Treasurer, a couple of years ago saying we would be back in surplus by now.

Ms LAWRIE: No, I qualified the statements then and pointed out that if revenue recovers - revenue did not recover. In fact, it contracted and moved backwards.

Mr ELFERINK: Your nett debt ratio is the worst in the country and you do not see it getting any better. Our debt is going to keep increasing ...

Ms LAWRIE: It was worst in the country for the 1990s as well.

Mr ELFERINK: You have always suggested the former government was financially incompetent.

Ms LAWRIE: Well, you did not build services; you put a freeze on police recruitment.

Mr ELFERINK: And also built a railway and all those other things. The fact is, you have always argued ...

Ms LAWRIE: Claiming that one on your own, are you?

Mr ELFERINK: ... where we were - in fact, you said in 2009, relating to the CLP:

They were very poor budget managers of their budgets driving up debt and increasing deficit.

Do you stand by that comment?

Ms LAWRIE: I certainly point out the difference between what you managed to do and what we have managed to do. We delivered eight budgets surpluses in a row, drove down debt by \$582m, improved health, education, law and order, built the Territory by improving the road system and, at the same time, we are driving down debt. Then, the global financial crisis hit. We needed to double our infrastructure spend to keep Territory businesses' doors open and Territorians in jobs. We needed to continue to improve those core services, adding significant investment into that important service across child protection.

Mr ELFERINK: You continue to spend more than you earn. When does it stop?

Ms LAWRIE: The operating payments are below the revenue we are spending in capital. We will start a staged step down in the capital spend as private sector investment swings up. Obviously, we have secured the major project, but if you look at the opportunity in the capital spend on the Marine Supply Base, there are very significant economic benefits that will flow out of that.

Mr ELFERINK: When do you stop?

Ms LAWRIE: We will continue a staged step down. We can only estimate out to 2015-16. I hope no government in the Territory ever stops because, if you stop ...

Mr ELFERINK: When do you stop? When do you stop borrowing?

Ms LAWRIE: ... you are sacking public servants ...

Mr ELFERINK: You are borrowing for public servants?

Ms LAWRIE: If you look at what the member for Port Darwin wanted to do in sacking public servants, you need to look no further than the opposition's budget reply where the Leader of the Opposition, Mr Mills, showed he was pretty keen on putting the spotlight on anyone earning over \$110 000. In relation to that

plan to sack public servants to return to surplus, you can see what New South Wales is doing – it announced in its budget it would sack 10 000 public servants to return to surplus. That is on top of the 5000 public servants it had already announced it would sack. That is 15 000 public servants who are losing their jobs under a Liberal plan to return to surplus. Look at Victoria and the Baillieu government. It is returning to surplus by sacking 4200 public servants.

I know John Elferink's plan is to sack public servants. The 2008 policy commitment of the CLP is to sack 500. That figure would be much higher because of his pursuit to ensure a surplus at any cost - at the cost of Territorian's jobs, at the cost of service delivery across critical areas of government service - very clearly different to you.

Mr ELFERINK: When does the borrowing stop?

Ms LAWRIE: That is a nonsense question. There were borrowings when the CLP was in government; there will always be borrowings because that is what government does to ensure service delivery.

Mr ELFERINK: When does your borrowing spree stop? When does your income start to exceed your expenditure?

Ms LAWRIE: As I have pointed out - he does not want to accept this - our operating payments are below our revenue, therefore we are very clearly showing a reduction in deficit. We are also going to start to run counter-cyclical to private investment, so we will have a staged step down in our capital ...

Mr ELFERINK: No, you are not.

Ms LAWRIE: ... we are reducing the deficit across the forward estimates.

Mr ELFERINK: How can it be counter-cyclical when you just said the 2013-2014 year is when you expect the economy to start improving, and that is the year you borrow \$1bn? How is that counter-cyclical?

Ms LAWRIE: As I have said before, that borrowing you are referring to is the prison.

Mr ELFERINK: Yes, and you are competing directly with the private sector building a prison at a time when you just said the private sector will be busy accommodating the major projects. You are pump priming a warm economy.

Ms LAWRIE: No, actually we are building a prison because we need a new correctional centre, and that ...

Mr ELFERINK: That is a matter for debate.

Ms LAWRIE: ... hang on a second, the prison build started prior to a final investment decision. It was a critical project at that time and continues to be a critical project.

Mr ELFERINK: We were talking about this project back in 2008. You have only just started working on it.

Ms LAWRIE: No.

Mr ELFERINK: What took you so long?

Mr CHAIRMAN: Before you answer, Treasurer, we will take a five minute break after this line of questioning.

Mr ELFERINK: Unless Gerry wants to pick up his question on debt?

Mr CHAIRMAN: Do you want to return to debt after the break?

Mr ELFERINK: No.

Mr CHAIRMAN: After this answer we will take a five minute break.

Ms LAWRIE: Sure. I will take financial questions about the prison.

Mr ELFERINK: We will get to that in due course. The fact is, you are telling us you are engaged in counter-cyclical spending when, according to your own statements, you have not. You are actually competing directly with the private sector at a time of substantial growth.

Ms LAWRIE: No, because that is when the borrowings come onto the book. The construction is already under way and, as you would know if you understood the PPP on the prison, you make payments across a 30-year period ...

Mr ELFERINK: Yes, I understand that.

Ms LAWRIE: ... it is an accounting treatment as to when it comes onto the book. Again, you try to mislead people about it.

Mr ELFERINK: I am not trying to mislead anyone.

Ms LAWRIE: No, you have. I have read your ridiculous truth.

Mr ELFERINK: I am not trying to mislead anyone. The standard tactic by Delia Lawrie is every time she is asked an awkward question, rather than answer the question, it is attack and insult. It becomes very tedious.

Ms LAWRIE: No, no. I have answered the question. I made the point it is an accounting treatment as to when the borrowings come onto the book.

Mr ELFERINK: What is our overall percentage of debt to income across everything, including the superannuation liability? It is a figure you have used in the past. It is a percentage.

Ms LAWRIE: For the 2011-2012 estimate it is 113%, and in 2012-2013 it is 127%.

Mr ELFERINK: What will it be in 2015-2016?

Ms LAWRIE: In 2015-16 it is forecast to be 146% - if you want to compare that to 2001, which was 163% - no 133%, sorry.

Mr ELFERINK: Yes, 133%.

Ms LAWRIE: Yes.

Mr ELFERINK: Did you say 146%?

Mr LAWRIE: Yes.

Mr ELFERINK: That is correct. Why have you stopped using the benchmark of 2001 in the budget papers which you consistently used now your figure is worse than the 2001 figure?

Ms LAWRIE: I just did the comparison then - no problem with it.

Mr EFLERINK: Yes, but why has it been removed from the budget papers? It is a consistent benchmark you have used for over a decade?

Ms LAWRIE: You describe it as a benchmark, I do not.

Mr ELFERINK: Well you do. If you go back through all your comments in the past, you consistently return to the 2001 figure. Clearly, it is a benchmark.

Ms LAWRIE: No, it is not a benchmark for me.

Mr ELFERINK: It is because you use it all the time. You use it...

Ms LAWRIE: John, you are telling me what I consider a benchmark and you are wrong.

Mr ELFERINK: Yes, because you use it all the time.

Ms LAWRIE: You are wrong.

Mr ELFERINK: All of a sudden it disappears from your language when you find yourself in a worse position than a government which ran, in your opinion, an unsustainable budget. If that was unsustainable in 2001, what is it now?

Ms LAWRIE: It is not a worse position.

Mr ELFERINK: Yes it is. It is the worst in the country and it is worse than ...

Mr CHAIRMAN: The Treasurer has the call.

Ms LAWRIE: Because you are focused on debt, if you look at the serviceability of debt, if you look in the general government sector - the serviceability, which is the interest payments to revenue, as a percentage, back in 2000-01 the interest payments to revenue as a percentage was seven, in 2012-13 the interest payments to revenue percentage is four. Out in 2015-16, the interest payments to revenue percentage is six. If you want to take the non-financial public sector- include Power and Water and all the others in that ...

Mr ELFERINK: What was the interest rate in that time compared to now.

Mr CHAIRMAN: The Treasurer is still answering the question.

Ms LAWRIE: In 2000-01, the interest payments to revenue as a percentage were nine, in 2012-13 they are five, even out in the forward estimates forecast to 2015-16 it is seven. Is debt serviceable? Yes, it is more serviceable than, arguably, it was back in 2000-01. Is the debt at manageable and sustainable levels? Yes, it is. We have done the comparison. If you want to look at nett debt as a percentage of GSP we are sitting at about 8.9%. Mr Elferink is fond of comparing us to Greece, which is 165%. It is manageable debt. It is easily serviceable debt and the important point here is ...

Mr ELFERINK: It was unsustainable debt when it was lower in 2001.

Ms LAWRIE: ... the important point here is the debt comes out of capital expenditure not the recurrent operating payments below revenue. This is capital, we are building assets.

Mr CHAIRMAN: At that point we are going to take a five minute break and return to the member for Port Darwin.

The committee suspended.

Mr CHAIRMAN: Before we commence with a question from the member for Port Darwin, I want to briefly make the point that I have been extremely flexible with both questions and answers. I am allowing quite a large degree of by-play and, in fact, for large slabs of this morning's session we had no questions or answers, just been back and forth. At the moment, I am allowing a greater degree of flexibility. During previous estimates that has often been the case with the Treasurer's first session on whole-of-agency. I want to make a brief point before we return to the member for Port Darwin.

Member for Nelson, the member for Port Darwin is allowing you to ask some questions regarding the current line of questioning, which is debt.

Mr WOOD: I need to go back to some basics and then I will come back to debt. Treasurer, I am certainly not the world's greatest treasurer, but I have been able to manage a mortgage on my house and pay it off. If I was an average person and picked up this book, could you tell me how much the Territory owes in total? That is, whether it is through Power and Water, GBDs, or whatever? In this financial year, how much money does the Territory owe?

Ms LAWRIE: Yes, Jennifer Prince.

Mr WOOD: Where will I find that, because there are many figures in here?

Ms PRINCE: Mr Wood, if you go to Budget Paper No 2 and look at the financial statements in the back, there are three financial statements for the general government sector, and there are also three financial statements for the non-financial public sector, including Power and Water. If you go to the balance sheet, and for the non-financial public sector that is page 105, and then look at the very last line in the table, you will see a line that is headed 'nett debt'. They are the nett debt figures of the Northern Territory and that is the number you are looking for.

Mr WOOD: We owe \$2.8bn, next year will be \$3.5bn, the next year it will be \$4.6bn, the next year it will be \$5.1bn and the next year it will be \$5.5bn.

Ms PRINCE: Yes, that is the debt after you take into account our financial assets. Yes, that is the nett amount.

Mr WOOD: Is there a strategy to reduce that figure?

Ms LAWRIE: Yes, Mr Wood, as I have said, when we see a return to health in revenue – obviously our primary source of revenue is GST, and any insignificant turnaround in GST will be applied to returning to surplus. Once you are back in surplus you are reducing debt.

Mr WOOD: Basically, by 2015-16 we will have doubled our debt. Will we double our revenue? If so, where can I see that?

Ms LAWRIE: Under Treasurer.

Ms PRINCE: Mr Wood, if you are talking about strategies to reduce debt, the appropriate sector is the general government sector. The reason is, in all jurisdictions in the non-financial public sector that incorporate corporations - whether they are government owned corporations or business divisions - those organisations are responsible for their own debt and for servicing their debt. If you look at a comparison of all jurisdictions, the debt levels are higher in that sector, but it is because those corporations take on borrowings similar to private sector organisations.

If you are looking at the correct sector where the government would be putting in place strategies to reduce debt you look at the general government sector. Those numbers are, for the 2011-12 year, \$1.688bn.

Mr WOOD: What page was that, please?

Ms LAWRIE: Page 99.

Ms PRINCE: Page 99.

Mr ELFERINK: Briefly, whilst we are on that ...

Ms LAWRIE: Can we just finish this first?

Mr ELFERINK: This is on this.

Ms LAWRIE: Yes, but let the Under Treasurer finish explaining to Mr Wood.

Mr CHAIRMAN: The question is from the member for Nelson, and Ms Prince has the call at the moment.

Ms PRINCE: The figure for 2011-12 is \$1.688bn and rises in 2015-16 to \$3.626bn.

Mr WOOD: Whether it is Power and Water or whatever, that is a debt to the taxpayer?

Ms PRINCE: Yes.

Mr WOOD: Obviously, Power and Water is trying to earn enough money to pay for its debt, but it is a government body really. If Power and Water went bung tomorrow, we pay - that is it. You cannot sell Power and Water – well, I suppose you could. Basically, it is a government owned body and the government has given it loans to improve its infrastructure. I am trying to get a handle on how much income we are going to earn to pay off what is a pretty large amount of debt - \$5.5bn in 2015-16. Where is

the corresponding money coming in from all sources to reduce that total debt? Are we just going to head off into the yonder?

Ms PRINCE: The Power and Water debt will be met through Power and Water revenues through their commercial charges. However, the general government debt is the responsibility of taxpayers.

Mr WOOD: The taxpayer will be paying Power and Water's bills.

Mr ELFERINK: Yes, they already are.

Ms PRINCE: As consumers they will be.

Mr WOOD: If you want to ask a question there, and I will come on to ...

Mr ELFERINK: Several things arise from that. Gerry is quite right. The exposure of the Power and Water Corporation - and I have touched on this earlier, Gerry - is ultimately to the Territory taxpayer, hence the debt for equity swaps etcetera.

Why the change in policy from 10 years ago when the Territory's preferred basis for a comparative analysis of nett debt was the total non-financial public sector? That is from page 6 of Budget Paper No 2, 2002-03. Why have we changed the way we count?

Ms LAWRIE: Under Treasurer.

Ms PRINCE: Mr Elferink, you might be aware through the 1990s the Territory had not adopted accounting practices consistent with other jurisdictions. Through that period, there were varying ways of allocating debt between various entities. Since that time, we have moved to accrual accounting, we have moved to full observance of accounting standards in the preparation of our information, and we have adopted practices consistent with every other jurisdiction in Australia. That is why we have moved to measuring debt and talking about the serviceability of debt to the general government sector, which is the case for all other jurisdictions. In accordance with the requirements, we produce all of the financial statements and produce information on all sectors.

Mr ELFERINK: Yes, and the reason I note the difference is because we heard, I believe, from the Treasurer - it could have been you - about 15 minutes ago that our non-financial public sector, ie, those other components, are substantially larger than they are in other jurisdictions. Did I hear that incorrectly? If I heard it incorrectly, is our non-financial public sector larger than it is in other jurisdictions?

Ms PRINCE: Mr Elferink, I am not quite sure what you are referring to, but our non-financial public sector is not materially larger than other jurisdictions ...

Mr ELFERINK: Not materially, what about the ratio?

Ms PRINCE: ... but the non-financial public sector in all jurisdictions has substantially higher debt levels than the general government sector ...

Mr ELFERINK: Small wonder governments do not want to talk about it.

Ms PRINCE: ... and that is because they operate as commercial entities. Like other private sector businesses, they take on debt to fund their infrastructure.

Mr ELFERINK: Yes, and the point Gerry made is the Power and Water Corporation is not acting as a commercial entity, as much as it would like to. It has debt for equity swaps and dividend holidays applied to it, which means reduced income to the general government sector plus a contingent liability. In that, the Power and Water Corporation has parked \$1bn worth of debt?

Mr CHAIRMAN: Before you answer, Ms Prince, I want to make a comment to practice. This is not a standing order, but while I have allowed a great deal of robust debate between members and the Treasurer, my preference would be that when public servants are ...

Ms LAWRIE: Direct your questions through the minister.

Mr CHAIRMAN: ... when public servants are giving answers we do not interrupt or are not quite as conversational. I remind members of Standing Order 22: the initial question goes through the minister. Once an officer answers that question, subsequent questions can be asked to the officer directly, under the terms of reference point 22, which is what we are doing at the moment. It is carry-over of the debate between the Treasurer and the member for Port Darwin, but when a public servant is answering can we let them answer.

Mr ELFERINK: Okay. My question was: how much debt is parked in the Power and Water Corporation ...

Ms LAWRIE: Not parked.

Mr ELFERINK: How much debt does the Power and Water Corporation currently have?

Ms PRINCE: Mr Elferink, the term debt being parked with the Power and Water Corporation is not correct. It has taken on certain borrowings to meet its infrastructure requirements. A couple of years ago, because of the extent of that requirement, the government agreed to enter into some debt to equity swaps to relieve the Power and Water Corporation of some debt. To that extent, it is not parked there.

To give you an illustration of my earlier point about the level of debt generally held in non-financial corporations in the states, I will give you the example of Queensland - the debt to revenue ratio for the non-financial public sector in Queensland in the 2012-13 year is 70%, which compares with a ratio of 11% in the general government sector. It is common around Australia for corporations to take on debt levels similar to private sector organisations.

Mr ELFERINK: Hence my comment I am not at all surprised governments do not want to talk about the debt exposure they carry in the non-financial public sector, hence the change of policy from 2002-03. The question I asked ...

Ms LAWRIE: Mr Chairman ...

Mr WOOD: Mr Chairman ...

Ms LAWRIE: ... just picking up on that comment, Mr Chairman ...

Mr CHAIRMAN: We have three people speaking at once.

Ms LAWRIE: ... picking up on that comment, that is not true because they are fully accounted and published in the budget papers.

Mr ELFERINK: Yes, but we do not talk about them.

Ms LAWRIE: We do, and we have been, right now, this morning.

Mr ELFERINK: That is only because we are asking questions.

Ms LAWRIE: On that, Mr Chairman ...

Mr ELFERINK: Anyway, getting back to the question I asked, how much ...

Ms LAWRIE: ... I want to table for the committee a response to 27 questions from the Leader of the Opposition which largely go to the non-financial public sector borrowings.

Mr CHAIRMAN: That has been tabled.

Mr ELFERINK: Ms Prince, the question I asked was how much debt does the Power and Water Corporation currently have?

Ms PRINCE: Jennifer Prince, Under Treasurer. Mr Elferink, we will have to find that for you, we do not have it here. We expected it to be a matter which would come up before the GOC scrutiny committee.

Mr ELFERINK: It will come up then, but we have been taken to that place now and I thought it would be appropriate to ask the question now because it is still a real liability the Northern Territory taxpayer carries.

Mr CHAIRMAN: For clarification, we are going to have Power and Water in for four hours next Thursday morning to answer questions regarding GOC and the levels of detail around the debt. At this stage, I believe the question is relating to a figure and that is probably okay, but if we start going into the detail around that ...

Mr ELFERINK: It is approximately \$1bn, if memory serves me.

Mr WOOD: Can I come back? I have ...

Ms LAWRIE: On that, the government owned corporation liabilities are part of the non-financial public sector liabilities captured in the budget papers.

Mr CHAIRMAN: I will answer a question around the call. The member for Port Darwin has the call. After we returned from the break he allowed the member for Nelson to ask some questions regarding debt. The call has now come back to the member for Port Darwin, and is now with the member for Port Darwin.

Mr WOOD: That is only because he asked me to.

Mr ELFERINK: No, you are right, Gerry, have a go.

Mr WOOD: There was a famous graph, if you can call it that, many years ago when Labor came into power called the crocodile jaws. It showed, with the previous government, the crocodile jaws were widening, and I presume the top of the jaw was expenditure and the bottom was revenue. Does anyone have a picture of last year's crocodile jaws and the crocodile jaws for the next five years?

Ms LAWRIE: Mr Wood, I can explain what is occurring with the estimates and the forecast. The capital expenditure is contributing to the deficit, not the recurrent. We are ensuring we keep our operating payments below revenue, and the deficit comes about as a result of the capital expenditure.

The capital expenditure across the estimates and the forecast will reduce. As I have said, they start to run counter-cyclical to the upswing in private investment so there will be a step down of deficit.

Mr WOOD: What I was asking - and do not get me wrong here - way back in, I believe, the 2002 budget - I got this from the fiscal and economic outlook which was a graph showing outlays and revenue, and I presumed that was where the crocodile jaws came from. This graph might have lasted one more year, and I cannot find it in any more documents. For the layman who wants to see straightaway - in fact this shows the jaws were shut in 2005 - and do not have a graph to see whether that happened, but why did this graph not continue? This was the basis, as you can see here 1985, 1991, there was a gap ...

Ms LAWRIE: What year are you referring to?

Mr WOOD: This was one of the first budgets the present government brought out. This is the fiscal and economic outlook, so I thought I would go back to see, over the years of the government, whether the so-called crocodile jaws still existed. I remember it being put up on big charts pointing out how bad the economy was going. This graph does not exist anymore, and I have had trouble because I have ended up with a non-financial public sector balance which shows nett debt. Somewhere back in days gone by we had an operating statement for non-financial public sector. When I tried to go back over the 10 years to compare apples with apples to see how the economy has gone in the last 10 years using those graphs, I was not been able to find it.

So, I was asking: if I was to go back to 2001-02 and say the government showed a set of crocodile jaws that were wide open, would those crocodile jaws still be wide open today, will they be wide open for the next four years, will they be closing?

Ms LAWRIE: I cannot speak for the decision around the graph; I was not Treasurer at the time. We are in a very different environment today then we were back then. There are very real reasons why the government made a deliberate decision to go into deficit and to increase debt. The global financial crisis hit and the government needed to respond to those very real circumstances.

Despite the very dramatic reduction in revenue in GST as a result of the conservative consumer, we doubled the infrastructure spend. Back in those years - and I do not have the exact amount in front of me - but I would guesstimate the capital spend was around \$350m. We hit a high of \$840m in the 2008-09

financial year and then we doubled. It is unprecedented to double a capital spend and create the deficit environment ...

Mr ELFERINK: Not if you are doing it on the credit card.

Ms LAWRIE: ... it is unprecedented because we were in unprecedented economic conditions.

Mr ELFERINK: Nonsense.

Mr CHAIRMAN: The Member for Nelson has ...

Ms LAWRIE: We needed to keep economic growth in the Territory. We needed to keep our construction sector vibrant ahead of gearing up for the major project. It would have been absolutely irresponsible to do otherwise.

Mr WOOD: Treasurer, there are some good arguments about ensuring the economy keeps going, and I am not saying that should not be the case. What I am not seeing from you, as Treasurer, is how we get out of this. We are talking in very general terms, but what people want to know is what the government is doing to improve its own area of expertise. What changes is it going to make to stop waste, for instance? I have heard nothing from you, as Treasurer, to say the government is going to look at its departments and see where money is being wasted. I will give you two examples: this morning a gentleman rang in saying \$200 000 was being spent on Darter Road. Darter Road is the little road running into Marrara for buses on major events days. He said they put two double gates, realigning the bollards and doing some more kerbing. Why are they spending money there?

For me, a more classic example of wastage is – I would be interested to know whether Treasury looks at wastage - the prison road. The prison road was completed earlier this year at a fair expense. It is now closed. They have resealed the old road through the forestry area because the alignment of the new prison road was not sufficient to take triples and quads without them ripping up the road. They have ripped up the road twice because the quads turn on such a tight circle and now - I do not know who is paying - I wonder who designed it, who will pay for the cost of the change to the road, and who will pay for the cost of a new seal through the forestry are on the old road? I hear that time and time again.

For instance, on the same road to the prison, a pipeline to the prison has been built which goes through rural residential land. No one seemed to give any consideration to: 'Let's put the right sized pipe to the prison and make it big enough to open up some residential land'. They did not do that. Whole-of-government - I do not think so. I am seeing wastage and, if the government is really saying we have to get out of debt, why are we not looking at our own turf and seeing how we can stop this wastage.

Ms LAWRIE: Mr Wood, in relation to what activity government makes to ensure we keep our operating payments below our revenue - which is what we are doing - we have applied very strict efficiency dividends across the public sector and have increased those efficiency dividends. Efficiency dividends drive downward pressure on what you describe as waste. It is arguable what one person's view on what waste is.

Mr WOOD: Non-duplication.

Ms LAWRIE: In relation to your issue around roads, that would be more appropriately answered by Minister McCarthy, who has responsibility for that area. I am aware that all road contracts have requirements to meet Australian standards. If those requirements are ...

Mr WOOD: I am using that as an example – overall.

Ms LAWRIE: I am responding to that example, if that is all right. Any road contract requires Australian standards; if those standards are not met, ie the asphalt being ripped up etcetera, then the contractor is liable to go back and make fit.

Mr WOOD: In this case the road is been realigned – it is on the wrong alignment.

Ms LAWRIE: In regard to the issue of alignment, I would have to refer you to the relevant minister and relevant department. However, there is very clearly across government downward pressure round each department in to ensure they become more efficient in their expenditure. The efficiency dividends are driving that.

Mr WOOD: You are the overall person who runs the economy in the Territory. All the departments are under your shadow - they would say that – and they sometimes fear Treasury when it steps in. Surely it would be, partly, Treasury's job to look at why there is wastage. I do not agree with the 3% dividend across the board because that is a bland way of doing things and each department should be looked on its merit. I understand the union was in discussions with you, or the department, before that matter was announced in the budget. We have to look at each department on its merits before we start to slash them. However, before we go down the path of 3% dividend, which seems to me a very easy way to say we are becoming more efficient, we need to find out why these things keep occurring. An ex-public servant said to me recently that government never has enough money to do the job the first time, but always finds enough money to do it the second time. That road is a classic example. Where would that money come from? That is a hypothetical question, but it will come off some other program or something else.

Ms LAWRIE: Not necessarily, Gerry, and that is my point. You have used an example and I have given you a broad systemic answer to that example. It really goes to the contract and the quality of works, etcetera. Efficiency dividends are efficient measures to use, and the work done - I have been through several budget cycles where you look at providing reprioritisation methods, you look at trimming budgets across certain areas and where you look at driving forward efficiencies.

It is my experience, where you apply an efficiency dividend and work constructively between the agency and the minister, you get very real outcomes. That has been my experience in my five years as Treasurer. You say it is not fair to apply them across the board and they should be done on an agency-by-agency basis. The efficiency dividend ratios are different for those frontline service delivery areas of health, education, police and corrections - they receive only 25% of the efficiency dividends. We genuinely take into account horses for courses, if you like. Frontline service agencies like health, education, police and corrections are less able to find the magnitude of efficiency as the more service and functional agencies elsewhere across the public service. It is a very thorough process of identifying where those efficiencies come from. They tend to come from the areas of marketing, promotions, consultancies, travel and the like. They have driven, across agencies I have had responsibility for, genuine changes in work practices to drive forward efficiencies and savings.

The savings in quantum - you asked what the government was doing in budget improvement measures, the total savings across 2010-11, 2011-12 and 2012-13 have achieved \$299m if you capture that.

Mr WOOD: The 3% dividend?

Ms LAWRIE: Yes, the 3% is this year. It was 2% prior.

Mr WOOD: You make this figure, who checks the outcome? If you have a small agency like the Sacred Sites Authority and you take 3% - just about every budget there has been an efficiency dividend, at what point does the person sit on the floor to use their computer because some of these agencies might have nothing to cut? The other example would be the Wildlife Park - you might cut it and people might not be able to replace workers which will help make the profit it is supposed to.

Ms LAWRIE: Yes, any concerns in meeting efficiency dividends are always a discussion between the agency and Treasury.

Mr WOOD: Why is there then ...

Ms LAWRIE: No one is sitting on the floor using their computer.

Mr WOOD: Minister, no, however ...

Ms LAWRIE: I want to keep it real.

Mr WOOD: Well ...

Mr CHAIRMAN: Member for Nelson, before you ask your next question, you were given the call because you were following on the line of questioning from the member for Port Darwin.

Mr WOOD: I will just ask one more question.

Ms LAWRIE: On that, the Wildlife Park does not have the efficiency dividend applied to it.

Mr WOOD: I mentioned several jobs which now have to be repeated. Where does the responsibility for that lie? You mentioned the Leader of the Opposition talking about people earning over \$110 000 a year. Obviously, there are well-paid people in the public service, and the reason they are well-paid is to ensure we do not make mistakes. If you were in business you would be out the door. If they have to redo the road and it is going to cost the company another couple of hundred thousand because the original design was not right - I am not saying this road is going to cost that much - if you were in private business and had to do that, you would be out the door because your company would go broke.

Surely, there has to be some responsibility put on senior public servants who are paid well. It is their responsibility to ensure we have an efficient public servant who is not wasting money because of duplication and poor quality planning. I see this and I receive reports from people time and time again. I will be asking Transport and Infrastructure a whole range of questions about works that have been done and repeated, or taken many months.

Where do you see your role, as Treasurer, in ensuring the operations of the public service, from a financial point of view, are as efficient and as first class as possible?

Ms LAWRIE: My role as Treasurer is to ensure each agency works as efficiently as possible, applying the efficiency measures the government has put in place. I ensure, across the coordination level of CEs, the discussions are vibrant around what is occurring. Reports go to Treasury. We see where efficiency measures are being applied. I have given you a broad overview of where they largely tend to be applied. Without a doubt, when we are aware of any practices occurring across any agency which does not meet our requirements then there are meetings between Treasury and that agency. Report comes to Cabinet, without a doubt.

I agree with you: there is a responsibility through the senior level management. It stops at the desk of the CEO. The CEOs report to the ministers, ministers report to Cabinet - that is the system. It is a robust system. Adding to that robust system is the scrutiny that occurs through the Estimates process - absolutely appropriately so.

A point of clarification, Mr Chairman, are we going to move on to the output groups at any stage?

Mr CHAIRMAN: Where are we at?

Ms LAWRIE: We would normally have moved on by now.

Mr ELFERINK: We are doing what we do every year. I am doing is having a chat about one point - I do not have the ...

Mr CHAIRMAN: We have not moved to 1.1 yet.

Ms LAWRIE: No, we have not.

Mr ELFERINK: I happy to stay where I am.

Mr CHAIRMAN: We are currently whole-of-agency, which has allowed us to have a rather broad-ranging conversation around, mainly debt, at this stage.

Mr ELFERINK: I pick up on what Mr Wood has said about his concerns about the growing debt. I share that. In fact, I produced a graph based on the non-financial public sector, plus the superannuation liability, and compared it with income. That produces the result - the red line being our debt and liabilities, the blue line being our income. Can you tell me at what point you expect the blue line and the red line to cross over - because these are the crocodile jaws Mr Wood was talking about?

Ms LAWRIE: As you have pointed out, if you want to do an accurate comparison you do the general government sector, not the non-financial public sector, which includes corporations which are responsible for their own borrowings. As you have had pointed out, the borrowings of corporations across the nation are always higher than the general government sector. The reason for that is they are corporations that undertake borrowings to provide assets.

If you want to use the example of the Power and Water Corporation, which has been the example during this debate, Power and Water Corporation has built the Weddell Power Station and a series of zone substations. It has improved the transmission infrastructure and has bought new generators for the existing

Channel Island Power Station. The reason for that is to improve the reliability of the power service. It is also needed to provide for demand growth we know is coming as a result of economic growth. The other thing it has done is improve its water asset with the raising of the dam wall.

It is not unusual for significant borrowings to occur across the non-financial public sector. The reality is, if you want an accurate description of debt you go to the general government sector. You do not want to be accurate; you want to scaremonger and mislead ...

Mr ELFERINK: The fact is the Territory – I want to pick up on that.

Mr CHAIRMAN: The Treasurer is still answering the question.

Ms LAWRIE: Mr Chairman, we have been wallowing around in this and it is time to move on to the outputs.

Mr ELFERINK: Of course you do not want to talk about it.

Ms LAWRIE: We have been talking about it for a long time.

Mr ELFERINK: The Territory taxpayer still picks up the bill. Debt for equity swaps, dividend holidays, all those things are still an exposure to the Territory taxpayer. The reason you do not want to talk about it is because it produces the crocodile jaws - pardon the artwork.

Ms LAWRIE: No, the Territory government picks up the bill not the individual taxpayer. We pick up the general government sector, and the corporations are responsible for their borrowings. So, you ...

Mr ELFERINK: You have not given them a dividend holiday and you have not given them a debt for equity swap?

Ms LAWRIE: We make a decision on giving them holidays on a needs basis. We have done that with Power and Water. We recognise the significant infrastructure investment required in Power and Water. Equally, we have undertaken debt to equity swaps in Power and Water, again to cater for the significant ...

Mr ELFERINK: So it is an exposure for the Territory taxpayer?

Ms LAWRIE: ... borrowings to ensure the power generation systems are improved ...

Mr ELFERINK: We lose income and we bail them out, but we do not want to talk about.

Ms LAWRIE: ... you do not want to talk about the outcomes of the borrowings do you? Every time I try to mention it you start to talk over me ...

Mr ELFERINK: I want to talk about when you are going to pay it back. You say in your response to the budget 2012 document we put out:

A target of reducing debt levels by 5% per annum is appropriate. .

Really? Show me a 5% per annum reduction in debt levels in the Northern Territory? There is your debt to revenue ratio - there are only increases. Where is your 5% per annum reduction?

Ms LAWRIE: Very clearly, we state in the budget papers that when revenue is returned to recovery levels we will be able to start to reduce down on the debt. We have a track record of that; we reduced debt by \$582m prior to the global financial crisis - prior to the contraction in the GST.

I want to quote from Bernie Fraser, the former Governor of the Reserve Bank ...

Mr ELFERINK: Why are you talking about a 5% debt reduction ...

Mr CHAIRMAN: The Treasurer is still answering the question.

Mr ELFERINK: No, she is avoiding the question.

Ms LAWRIE: No, I am not.

Mr CHAIRMAN: The Treasurer has the call to answer the question.

Mr ELFERINK: Why are you still talking about reducing debt levels by 5% per annum in a document you are circulating now when it is not true?

Mr CHAIRMAN: Member for Port Darwin, the Treasurer has the call to answer the question.

Ms LAWRIE: I will quote from Bernie Fraser, former Governor of the Reserve Bank of Australia:

To listen to the Coalition spokespeople, I hear echoes of the Republicans and the more extreme Tea Party republicans - all this folksy nonsense about governments have to live within their means, governments have to behave like households and like businesses, that government spending is bad, deficits are bad, debt's bad - all this to me is nonsense really because governments are not like households, they're not like businesses, they have responsibilities that go beyond.

Mr ELFERINK: Alternatively:

Economist Henry Ergas said *the horizontal fiscal equalisation process set up the NT as a 'rentier state'.*

'The NT is in the position of countries which receive large amounts of foreign aid', Professor Ergas said.

'The pressures to use (money) wisely are very weak. A very high share of that funding is absorbed by - indeed captured by - local administrative and political elites ...

namely you:

... and that is exactly the process at work in the NT and accounts for the relatively poor governance of the NT'.

Do you want to trade quotes all day from professors and former reserve bank governors?

Ms LAWRIE: That is patently not true. That is an argument for stripping the horizontal fiscal equalisation out. I am gobsmacked that a shadow Treasurer would argue to tear down horizontal fiscal equalisation. They are arguments lead by fools, essentially. If you look like at horizontal fiscal equalisation ...

Mr ELFERINK: Why do you always have to become so nasty when you are asked a straight question?

Mr ELFERINK: ... it has served our nation well.

Mr ELFERINK: I agree.

Mr ELFERINK: Queensland and Western Australia were recipient jurisdictions and are now donor jurisdictions because of their generation of resource wealth. It does work. It is the glue that binds our nation and I am gobsmacked that a Northern Territory parliamentarian, the shadow Treasurer, would want to argue against horizontal fiscal equalisation. I guess you are there along with your mate Barry O'Farrell in NSW, your mate Tony Abbott, Leader of the Opposition, wanting to rip out GST revenue from the Territory. Shame on you!

Mr ELFERINK: For the record, I am not arguing for that. What I am saying is that ...

Ms LAWRIE: You just did in that quote!

Mr ELFERINK: For the record, I am not arguing for that. I am saying ...

Ms LAWRIE: You just did at the end of the quote.

Ms ELFERINK: ... is that you are being criticised for your poor management of federal money and money that comes through the GST, and that is what puts pressure on the Northern Territory. What puts pressure on the Northern Territory is debt to revenue ratios which are the highest in the country. What puts pressure on the Northern Territory is your fiscal imbalances which go out ad infinitum. What puts pressure

on the Northern Territory is an assertion that you are going to be reducing the debt levels by 5% per annum when it is just not true and you have a duty to tell the truth.

Ms LAWRIE: That is your assertion.

Mr ELFERINK: It is a duty you have neglected and continue to neglect. You consistently say this is all about infrastructure spending and about saving Territory jobs when, in fact, you are ultimately setting yourself up, or the government of the future, to have to make some decisions to reduce borrowings. Why do you insist on going down that path?

Ms LAWRIE: Not at all. I need to respond to that, Mr Chairman, because it is patently ridiculous. I have been very clear. The deficit and the adding to debt is through capital expenditure, it is not through recurrent. We are keeping our operating payments below our revenue. It is the expenditure in capital. That is a very deliberate decision to keep the construction sector in jobs so it can gear up for the economic growth. If we had not done that businesses would have closed their doors and thousands of Territorians would have lost their jobs. An example, you can slash the capital program by 40% in the 2012-13 year and be in surplus and start to reduce debt. That is 1000 jobs lost.

The Chamber of Commerce, Master Builders and all the industry organisations have called this a steady as she goes budget. The 2012-13 budget has been described as a steady as she goes. They have welcomed the fact we continue to be in deficit to support jobs. They understand the economic environment out there. They understand private sector investment has been down. They recognise private sector investment will start the upswing as a result of the spend through the major project, but they also recognise that requires a continued effort through the 2012-13 financial year from this government, and they recognise we will start to run counter-cyclical in a staged step down in the capital spend.

Mr ELFERINK: We have already had this discussion. You are borrowing the most in the year of greatest activity, according to you.

Ms LAWRIE: For the prison which will not be ...

Mr CHAIRMAN: Before you comment, Treasurer, I need ...

Ms LAWRIE: ... it is just an accounting standard.

Mr ELFERINK: Why are you not borrowing money this year then?

Mr CHAIRMAN: Member for Port Darwin, Treasurer, I need to make a comment at this stage. We are having statement and counter statement which I have allowed for quite some time. Estimates are for the purpose of asking questions relating to the budget. At the liberty of the Treasurer for the entirety of this morning, we have gone away from the structure of estimates and allowed broad-ranging questions under what is technically the whole-of-agency section.

I am going to move us into Output 1.1 - Financial Management, and the member for Port Darwin has the call to ask questions to financial management.

Mr WOOD: Are we going to finish at 12.30 pm?

Mr CHAIRMAN: That is when the committee takes a break for lunch.

Mr WOOD: Will Treasury finish then?

Mr CHAIRMAN: Treasury finishes when the committee decides Treasury finishes.

Mr WOOD: How do I know how much time I have?

Mr CHAIRMAN: You are on the committee.

Mr WOOD: I realise that, but if I do not know when there is an end to the time - I will have to ask the Treasurer for help here.

Mr CHAIRMAN: You have the last call, member for Nelson.

Ms LAWRIE: I sought clarification, Mr Wood, before estimates started as to whether there was a generic time for Treasury. I was advised by the opposition it may be that we end at lunch, but we may go on into the period after lunch.

Mr CHAIRMAN: The way it works, member for Nelson, is we have the Treasurer until 5 pm. It is up to the committee how we work through the outputs. If we do not finish Treasury, we do not finish Treasury; however, at 5 pm the Treasurer finishes.

Mr ELFERINK: If it assists the committee, Mr Chairman, I do not anticipate going beyond lunch.

Mr CHAIRMAN: If the member for Nelson has questions to Treasury he wants to ask after lunch, he may ask them then.

Mr WOOD: The difficult I have is I have 15 minutes per hour - that is the informal. If we go three-and-a-half hours or four hours this morning, I have an hour of questions and I have used probably 15 to 20 minutes of that already.

Mr CHAIRMAN: Can I suggest we are losing time discussing this.

Mr ELFERINK: Can I give you some comfort, Gerry. You will get your time.

Mr WOOD: That is all right. I was unsure when we were going to finish.

Mr CHAIRMAN: You will get to ask your questions to Treasury before Treasury leave.

Mr WOOD: That is fine. Thank you.

OUTPUT GROUP 1.0 – FINANCIAL MANAGEMENT Output 1.1 – Financial Management

Mr CHAIRMAN: We are at Output 1.1, Financial Management, and the call is with the member for Port Darwin.

Mr ELFERINK: In relation to some questions regarding Territory taxation revenue as it is displayed in the budget books, I draw the Treasurer's attention to page 104 of Budget Paper No 2 in which Territory taxation revenue is expressed as \$400.454m. In Budget Paper No 2 at page 98 that figure changes to - and on page 75 - that figure changes to \$409m. If you then look at Budget Paper No 3 on page 279, that figure is \$510m. Can the Treasurer explain why you have Territory taxation revenue expressed as \$400m, \$409m and \$510m in three different places.

Ms LAWRIE: I refer that to Dave Braines-Mead, Assistant Under-Treasurer.

Mr BRAINES-MEAD: Mr Elferink, the reason the numbers are different is because of different scopes. The non-financial public sector taxation revenue includes the consolidation of amounts paid to the general government sector, whereas the general government sector taxation revenue encompasses all the amounts received by the general government sector from other sectors of government. For example, the payroll tax that is paid by the Power and Water Corporation, which is ...

Mr ELFERINK: The netting and grossing for agencies, that type of thing?

Mr BRAINES-MEAD: Yes, it is the scope of the payments, which is why it is higher in the general government sector because it includes, as an example, the payroll tax paid by the Power and Water Corporation, which obviously would be netted out at the non-financial public sector.

Mr ELFERINK: Big shift, though, in Budget Paper No 3 to \$510m.

Mr BRAINES-MEAD: Budget Paper No 3 again is ...

Mr ELFERINK: Page number 279.

Mr BRAINES-MEAD: Page 279. Again, that is explained on page 281 and included in the list of the 510 - that includes income tax equivalents as well as your other taxation revenues. On the whole-of-government statements, the income tax equivalents are shown in a different line item to taxation revenue.

Mr ELFERINK: My concern from the financial management perspective, Treasurer - I was expecting these answers - is it does not make the documents particularly user-friendly.

Ms LAWRIE: They meet the Australian Accounting Standards, which is what we are required to do.

Mr ELFERINK: Poor old Gerry has to read them as well.

Mr BRAINES-MEAD: Can I continue? The bottom of page 279 and on the top of page 280, which I will read if I may, explains the difference in the scope quite clearly and transparently. Revenue is reported in Budget Paper No 2, but on a whole-of-government basis, as I explained earlier. Budget Paper No 2 transactions between Territory government entities are consolidated and therefore total revenue and aggregates for some revenue categories will differ from those in Budget Paper No 3. An example of where total revenue varies between Budget Paper No 2 and Budget Paper No 3 is payroll tax due to the example I used. All agencies pay payroll tax to the Central Holding Authority. This is reported as Central Holding Authority income in Budget Paper No 3 and by agencies as payments. However, in the consolidated statements in Budget Paper No 2, the payments by agencies and receipts by the Central Holding Authority offset each other and do not contribute to total revenue. Payroll tax revenue reported in Budget Paper No 2 is the amount paid by the private sector and Territory government businesses outside the general government sector.

Mr ELFERINK: A big blob of the difference between the \$510m figure and the \$400m figure is payroll tax paid by, essentially, government agencies – the large contributor?

Mr BRAINES-MEAD: Yes.

Mr ELFERINK: Where can I find those figures?

Ms LAWRIE: The payments?

Mr ELFERINK: Yes.

Mr BRAINES-MEAD: By general government agency?

Mr ELFERINK: Yes.

Mr BRAINES-MEAD: In Budget Paper No 3, the payment made by each agency for payroll tax will be included in their expenditure – in their financial statements ...

Mr ELFERINK: Can you show me an example of that?

Mr BRAINES-MEAD: It will not be shown up as a separate line item ...

Mr ELFERINK: That is why it is difficult to track? When I try to track it ...

Mr BRAINES-MEAD: It will be included as part of their, for example, payroll tax; it will be included as part of - for example, if you look at ...

Mr ELFERINK: Can you give me a page number?

Mr BRAINES-MEAD: Page 52, Northern Territory Police, Fire and Emergency Services, under expenses - employee expenses you will see for 2011-12 is \$229m ...

Mr ELFERINK: \$239m is ...

Mr BRAINES-MEAD: \$239m, included in there will be the payroll tax.

Mr ELFERINK: There is no further breakdown on the \$239m figure?

Mr BRAINES-MEAD: No, it is not required. These statements, both in Budget Paper No 3 and the whole-of-government statements, conform to Australian Accounting Standards, and there is no requirement by Australian Accounting Standards to break that component down any lower than employee expenses.

Mr ELFERINK: My problem is I have to read these documents and rely on what I can extract from them. I read these things but, unfortunately, when you try to drill down a little further the paragraphs on page 279 and 280 - I was expecting to be directed towards employee expenses, but now I cannot find out how much payroll tax was paid by each department because it is in a line item called employee expenses, which includes wages, yes?

Mr BRAINES-MEAD: Yes.

Ms LAWRIE: That very accurately depicts the reason why we have the estimates process, so you have the opportunity to scrutinise all those payments and expenditure and receive an explanation directly from Treasury officials.

Mr ELFERINK: I will place a question on notice, if I may, because I suspect you will not have the answers to hand.

Could Treasury provide a breakdown for all departments of payroll tax paid to the Central Holding Authority?

Ms LAWRIE: That information is contained in the annual reports.

Mr WOOD: I have the annual report for the Assembly and employee expenses are not broken down.

Mr ELFERINK: It is not included in the annual reports. Can we get that information?

Ms PRINCE: Mr Elferink, could I confirm whether you want payments for a particular year, estimated payments for 2011-12, or the estimates for 2012-13?

Mr ELFERINK: I want to be able to reconcile – use the final estimates for 2011-12, and your forward estimates for 2012-13, so for both years. I would like to be able to drill a little deeper into these documents because when I see a variation of \$110m on what is, essentially, described as the same line item - whilst I understand what drives that behind the scenes, from a user-friendly component, when you get \$400m and \$510m for the same line item in two different documents and no clear description as to why that variation exists - there are a few paragraphs saying there is some toing and froing, but when there is no clear description as to the component of payroll tax, which is the lion's share, it becomes difficult to work with these documents.

Mr CHAIRMAN: Member for Port Darwin, can you restate ...

Ms LAWRIE: There is a description though, as explained by ...

Mr ELFERINK: It describes how, not what.

Mr CHAIRMAN: Before we take this question on notice, can you restate that question, member for Port Darwin, including the ...

Question on Notice No 1.01

Mr ELFERINK: For the final estimate year 2011-12, for the forward estimate of the year 2012-13, may I have a breakdown of the payroll tax paid by each department on a departmental by departmental basis?

Mr CHAIRMAN: Treasurer, you are happy to take that question on notice?

Ms LAWRIE: Yes.

Mr CHAIRMAN: That is question No 1.01.

Mr ELFERINK: Gerry, if you have any questions, go for it.

Mr CHAIRMAN: We are on Output 1.1, member for Nelson, Financial Management.

Mr WOOD: Financial Management. I will get my list of questions. A rather general question in relation to trying to understand financial management comparing one department with another, also bearing in mind departments now have to come up with outcomes in relation to *Territory 2030*, why are all our annual financial reports not the same? I do not have the documents here, but some department will have a completely different way to approach their requirements to see how they match against 2030. Each annual report does not seem to have any uniformity from one department to another, yet they are meant to be financial reports you require. When you look at the books, it is sometimes difficult to compare apples with apples because they are not laid out in a way which can give you an idea to compare one department with another.

Thank you for the one bit of good news: the spiral bound versions which all members should get. It makes it far easier to work in here. You can see John Elferink with a book and a brick trying to hold the pages down.

In relation to all financial reporting from departments, why can we not have a more uniform style?

Ms LAWRIE: Under Treasurer.

Ms PRINCE: Mr Wood, we specify some requirements on agency reporting. In fact, the financial statements included within agency annual reports have a specified standard which accords with the accounting standard requirements for agencies - for entities as opposed to things like the general government sector. There is uniformity in the notes - information explaining various components in the financial statements.

In the budget papers, you will also notice for each agency the strategic issues and the budget highlights have certain headings. Those headings correlate with the 2030 requirements for those agencies. So, not every agency will have every 2030 item. The agencies have to respond to these particular issues in their annual reports, but there is not a required format for them to follow. That is an agency-by-agency choice. There is some variation, that is true.

Mr WOOD: The other problem you have is, when you open this budget, it will have the break-up - the output groups, and you will find they do not exist in some - like last year's annual report. Or the other way around; they are in last year's annual report and there is nowhere to put them in this year's report because each year they seem to have different output groups in departments. It makes it very difficult to compare one year to the next. That uniformity would help people who scrutinise the budget. I make that comment because - maybe I am the one person who has to go through a fair number of them, but you see a big variation in them.

The other thing is what cost are these budgets? We are talking about a financial statement we are going to scrutinise. I am not saying some of these reports are not helpful for me trying to learn what departments do, but how many people are employed in these departments to put a financial report together? Your own is fairly weighty. It is probably a repeat of the budget anyway. I could probably put the two together in some places. The Natural Resources and the hospital report are quite thick. I am not saying it does not have a good amount of material.

Has anyone scrutinised whether we need that? Do we need to employ that many people putting that report together, or could those people be used - again, I am getting back to efficiencies. Could people be used in other places besides trying to put a great big whopping report together that may not be necessary for what we are doing today?

Ms LAWRIE: Mr Wood, every government is required to provide these reports. Every agency is required to provide its annual reports. The relative merit people apply to that is for the individual. We are required to; it is good for accountability and transparency. My experience has been the resources applied to the provision of these reports are resources well spent in providing relevant information, contemporary information to the Territory community across our agencies. Where we can provide information and data in an online sense we are. That is efficiencies but, at the end of the day, many people turn to these reports for valuable information.

Mr WOOD: I might ask each department how many people they employ on each report.

Ms LAWRIE: Feel free.

Mr WOOD: Can I ask some questions and you can tell me if I am out of sync? This is on the Treasurer's Annual Financial Report.

Mr CHAIRMAN: As long as they are on output 1.1.

Mr ELFERINK: I have no objections as long as we keep it reasonably within the parameters.

Mr WOOD: On page 12-13 is a list of variations. When you have variations does someone lose out? Pages 12 and 13 of the Treasurer's Annual Financial Report says the key non-discretionary revenue variations during 2010 were decreased taxation revenue 1.5, decreased GST revenue of \$135m etcetera. It then talks about where money has been put into other areas. If you take money away, does someone miss out somewhere else? Is that what variations do?

Ms LAWRIE: No, variations explain the change in the figures.

Mr WOOD: If the figures are changed upwards, does someone lose downwards elsewhere?

Ms LAWRIE: No, I will refer to the Under Treasurer to explain it.

Ms PRINCE: Mr Wood, the purpose of putting the descriptions of the variations that have occurred since the last time a financial document was prepared is simply to track the movement quite easily. You can see those variations relate to a table, and each of those amounts, on the proceeding page - on page 11 - if we take some examples and look at the first line under revenue and receipts, which is taxation, in the accrual data there was a reduction of \$1.5m, or on the cash side \$1.7. Then you can see why those reductions came about. So, changes in gaming machine revenue. If you look at the table - look at the very first line and these are the bottom line figures when the last report was published. At the very bottom of the page are the current figures which line up with the financial statements for each of those publications. You then have the main changes in revenue and receipts, or operating expenses and payments, or capital payments. It changes in GST revenue. You can see on that particular line that compared with the budget in 2010, the GST had fallen by \$135.6m during the year.

Mr WOOD: That is from what was estimated, is that correct?

Ms PRINCE: What was estimated in the budget.

Mr WOOD: On page 13, are these variations picked up by the statement a Treasurer's Advance of \$38.2m was used throughout the year to fund one-off unexpected items?

Ms PRINCE: Some of them do, but where you have, for example, additional revenue associated with national partnership payments the expenditure associated with those will not be funded by a Treasurer's Advance. A Treasurer's Advance is generally for items that arose through the year. That last dot point on page 13, Treasurer's Advance of \$38.2, was used to fund one-off expended items.

Mr WOOD: That adds to the debt, in simple terms, if you get a Treasurer's Advance? In other words, more money than was originally budgeted for so people need more money.

Ms PRINCE: Generally, but not always.

Mr WOOD: On page 143 - I have a few questions on agency information. It says most agencies have a saving delivered through the new information communication technology but not Treasury. Why does Treasury not have a saving? Other departments have a changes - savings because of the new information communication technology, but Treasury does not have those savings. Why is that?

Ms LAWRIE: Under Treasurer.

Ms PRINCE: Mr Wood, we have a threshold cut off for explaining these variations and the savings we achieve through that particular new contract. We are very small and they did not meet the threshold. I believe it was \$60 000.

Mr WOOD: On page 146, under Department of Chief Minister, you have - this is a variance again - additional funding to support ministerial officers, the board of inquiry into the Northern Territory child protection system, increased police patrols in the Alice Springs CBD, and social order issues in

Yuendumu - \$5.04m. Should that be broken up? Is it not your job? That is a fair amount of money and we do not have any idea where that money has gone.

Ms PRINCE: Mr Wood, the agencies are in a position to break that up if you require.

Mr WOOD: I will go a bit further, and tell me if I am in the wrong area. Is there a budget line for lease fees for government facilities on Aboriginal land? Where does that come in the budget?

Ms PRINCE: Mr Wood, that has not yet come into effect across the board, but the policy is each agency will be responsible for those leasing costs as they are negotiated. They are relatively small components of operating costs of facilities, similar to electricity costs and other consumables.

Mr WOOD: Going back to the 3% dividend, you mentioned certain departments are exempt.

Ms LAWRIE: They are 25% of it. Health ...

Mr WOOD: Do you mean 25% of 3%?

Ms LAWRIE: Yes, health, police ...

Mr WOOD: 0.6?

Ms LAWRIE: 0.75%

Mr WOOD: If Treasury could not answer that I would be in a bit of bother there.

Ms LAWRIE: Health, police, corrections and education.

Mr WOOD: Those departments have some fairly large administrations. I am not saying stop having police on the beat, but has anyone looked at the efficiencies of the administration of those areas? They are big administrations - health is gigantic. How many times has the Health department shifted from Casuarina to Darwin to Palmerston to Casuarina to Darwin? Again, I am emphasising ...

Ms PRINCE: In short, yes.

Mr WOOD: ... are we duplicating or wasting money?

Ms LAWRIE: Certainly, with the agencies mentioned much work is done between the agency and Treasury to scrutinise expenditure within those agencies. Without a doubt, they are critical agencies in our budget expenditure so we set up working committees between Treasury and those agencies to scrutinise their expenditure. We have an active one in place at the moment across health, and we have worked very closely with police and education. We have just completed an exercise with Corrections. Yes, we do as a central agency – Treasury - scrutinise expenditure decisions by those other large agencies.

Mr WOOD: Last, trying to avoid wastage. I asked questions of quite a number of departments about the amount of travel and accommodation, especially in relation to business and economy airfares, both interstate and international. Does Treasury look at total costs? It leave it up to departments, but does it look at total costs for travel and accommodation overall? Does it have a broad brush approach to some of these issues and say: 'Well, are we spending too much money? Can we find some efficiencies? Can we move to more tele – what do you call it?'

Ms LAWRIE: Teleconferencing.

Mr WOOD: Teleconferencing. Can we use more economy class instead of business class? Do you have a role to be the lead agency to reduce wastage or expenditure where it is not needed?

Ms LAWRIE: Yes.

Mr WOOD: How do you confirm that with departmental heads?

Ms LAWRIE: Under Treasurer.

Ms PRINCE: Mr Wood, in the Northern Territory, we are very lucky to have one government accounting system and incorporated in that system is a set of standard classifications for classifying expenditure. So, unlike other governments, we are able to identify comparable spending across agencies on things like airfares, consultants, entertainment and so on. We review that fairly regularly, both between agencies and over time. Quite often the Treasurer will seek to have that information reviewed on a whole-of-government basis.

Mr WOOD: Okay.

Mr CHAIRMAN: That concludes questions for Output 1.1. Before we move on to Output 2.1, we will take a five minute break.

The committee suspended.

Output 2.1 – Economic Services

Mr CHAIRMAN: We will start at Output 2.1, Economic Services. Member for Port Darwin.

Mr ELFERINK: Thank you, Mr Chairman. Treasurer, I presume this falls under Economic Services, I stand corrected otherwise. Treasurer, you outlined the cost of servicing the debt. You said 5% and 6%, and in 2001 it was 10%. Are the current interest payments we are projecting calculated on current interest rates or are they calculated on some other structure?

Ms LAWRIE: This does not fall under this area.

Mr ELFERINK: Okay, where would it fall?

Ms LAWRIE: It falls under the financial management sector.

Mr ELFERINK: Financial management. Okay. My deliberate decision to wait was erroneous. Are you able to answer that question nevertheless?

Ms LAWRIE: When we get to that.

Mr ELFERINK: Financial management has already gone. Are you able to answer that question now, yes or no? Will you answer it?

Ms LAWRIE: Yes, I am happy to answer it now, although this will be the last time I go back.

Mr CHAIRMAN: That is at your discretion, Treasurer.

Ms LAWRIE: There has been great focus on the member for Port Darwin, but we will follow procedures from now on. Under Treasurer.

Ms PRINCE: Mr Elferink, I believe your question was: do the interest payments in the budget year and the forward estimates reflect current interest rates?

Mr ELFERINK: Yes.

Ms PRINCE: The interest payments recorded in the financial statements and the forward estimates reflect the interest rates attributable to that debt. We have taken on some debt for five years, for example, so it reflects the interest rate attributable to the stock of debt. For any new debt, we have included in the estimates the interest rate we have presumed will be applicable.

Mr ELFERINK: You presume will be applicable? Are these not fixed rates with the loans through Treasury Corp?

Ms PRINCE: The stock of debt include the rates currently applying, but for any additional borrowings then - because we have not entered into those borrowings yet, we have to estimate an interest rate.

Mr ELFERINK: That is fine. Is that estimate of interest rate on current rates, or is that factoring a change in rates in any way?

Ms PRINCE: It is on rates that are, yes, comparable to an existing debt.

Mr ELFERINK: We turn over how much of our debt in a five-year cycle?

Ms LAWRIE: Mr Chairman, we have answered the question on the calculation of interest rates.

Mr ELFERINK: I did not think you would want to go here.

Ms LAWRIE: I did point out it is extraordinary to step back.

Mr ELFERINK: If there is a change in interest rates ...

Ms LAWRIE: It is time to go forward.

Mr CHAIRMAN: I might speak quickly to the process.

Ms LAWRIE: I can point out those borrowing questions could be picked up in the Treasury Corporation questions which we have not yet reached.

Mr CHAIRMAN: Which is the Central Holding Authority?

Ms LAWRIE: Treasury Corporation which is ...

Mr CHAIRMAN: Which we are coming to. Obviously, we use the output agenda as the agenda for Estimates.

Mr ELFERINK: I thought there was an agreement these questions would be answered now.

Ms LAWRIE: Treasury Corporation 7.0.

Mr ELFERINK: All of a sudden you do not want to answer them ...

Ms LAWRIE: Not true, John.

Mr ELFERINK: ... because they show liability or an exposure that you do not want.

Ms LAWRIE: Not true John, not true. You are misleading again..

Mr ELFERINK: You keep saying I am misleading; you are the one saying you are going to pay 5% off the debt every year.

Ms LAWRIE: We made it very clear on the *Parliamentary Record* that we had a very robust debate on debt and then we moved on to the output areas.

Mr ELFERINK: You are the perfect misleader.

Mr CHAIRMAN: Member for Port Darwin and Treasurer, we have had a great deal of flexibility this morning, thanks largely to the liberty the Treasurer has allowed us to take so far in questioning.

Mr ELFERINK: When the questioning becomes tough she does not want that liberty. What a surprise.

Mr CHAIRMAN: We are at Output 2.1 at 11.30 am. We have not gone very far through the Treasurer's outputs yet. We have an output coming up where these questions can be asked and answered. We have had many questions asked already this morning which were outside the agenda of Estimates thanks to the Treasurer's liberty. We are currently at Output 2.1- Economic Services, and the questions are with the member for Port Darwin.

Mr ELFERINK: No further questions, Mr Chairman. We have a bit to get through.

Mr CHAIRMAN: Member for Nelson.

Mr WOOD: One question, Mr Chairman. On page 57 under Economic Services there is a statement under key deliverables which says the policy aspects of intergovernmental financial relations under the intergovernmental agreement on federal financial relations, including the distribution of the GST revenue. There has been much talk about changes to the way GST revenue may be distributed, especially from the richer states. If you were working out risk, is there a fair chance there could be changes to the methodology of the distribution of GST? If it was to a negative result for the Territory, has the government looked at that possibility and seen what effect it would have?

Ms LAWRIE: The risk in relation to the GST is always provided for and spoken about in Budget Paper No 2 in regard to the review into the GST distribution and how you would rate the current risk. I go to the interim report of the GST Review Committee which, of course, comprises Greiner, Brumby and Carter. If you look at the interim report, it, essentially, acts up the submission and argument put by the Northern Territory - it supports horizontal fiscal equalisation. At the last federal financial relations meeting, a meeting of state and territory treasurers with the Federal Treasurer, the Federal Treasurer made it very clear he supports horizontal fiscal equalisation. The comments of the Federal Treasurer and the interim report of the GST review committee, at this stage, point to support for horizontal fiscal equalisation – recognition, in fact, by the GST review committee that you should not strip indigeneity out of the GST distribution. There is a quote within the interim report that points to - the GST distribution is to maintain existing levels of service, the GST does not factor into meeting the gap of disadvantage and unmet need. It is to maintain existing services. The report contains a comment from the GST review committee in that regard. We will not know the final outcome of the GST review until towards the end of this year. Some say September, it could be October or November. That is not something we have control of.

I will be attending a further round of submissions with the GST review committee panel in late June, along with every other Treasurer in the nation. The Northern Territory submission to the GST review was strongly supported by the committee members, bearing in mind two of the committee members are former premiers, one from New South Wales and one from Victoria, two of the jurisdictions we have always gone into battle with over the GST distribution. The extent of our submission, the genuine data we provided, put paid to much of the this ...

Mr WOOD: Yes. We are a little short on time so that is my question, thanks, Treasurer.

Output 2.2 – Payments on behalf of Government

Mr CHAIRMAN: We are now moving on to Output 2.2, Payments on behalf of Government. Member for Port Darwin.

Mr ELFERINK: Do you have a breakdown of where those payments can be located beyond that line item? It will be in Budget Paper No 2 I would say.

Ms LAWRIE: Under Treasurer.

Ms PRINCE: Jennifer Prince, Under Treasurer. Mr Elferink, we have only made two payments and those are the two in the total on page 57.

Mr ELFERINK: Nothing else?

Ms LAWRIE: That is it.

Mr ELFERINK: No further questions.

Mr CHAIRMAN: Member for Nelson.

Mr WOOD: No.

OUTPUT GROUP 3.0 – TERRITORY REVENUE

Output 3.1 – Territory Revenue

Mr CHAIRMAN: Moving on to Output Group 3.0, Territory Revenue, Output 3.1, Territory Revenue. Member for Port Darwin.

Mr ELFERINK: Does the Territory revenue component include borrowings or are we just talking about those own source items of revenue?

Ms LAWRIE: It is revenue, not borrowings.

Mr ELFERINK: That is why I am asking. There is no borrowing component to that as a general part of the line items?

Ms LAWRIE: It is Territory revenue; it is our taxes and grants.

Mr ELFERINK: No further questions, Mr Chairman,

Mr CHAIRMAN: Member for Nelson.

Mr WOOD: Yes, I have a few questions. Money received from the wildlife parks, is that included as revenue? If not, why not?

Ms LAWRIE: Under Treasurer.

Ms PRINCE: Jennifer Prince, Under Treasurer. Mr Wood, I presume you are talking about the fee revenue the wildlife park collects?

Mr WOOD: Yes, they are supposed to be a GBD, is that right?

Ms PRINCE: Yes, and they receive that agency revenue and it is included in their financial statements. This category, Territory Revenue, is taxes and fines received by the Central Holding Authority.

Mr WOOD: I believe I asked this last year, minister, so you will be used to it. It is in relation to mining royalties, and last year you told me it is all commercial-in-confidence because of the Mining Act. We see a reduction in mining royalties, but who is paying the tax? What in a Mining Act says we cannot say which mines are paying a royalty? It would be nice for people in the Territory to know whether McArthur River pays any royalties, or whether Alcan is paying any royalties. Why are we not allowed to know that?

Ms LAWRIE: I will introduce to the committee the fairly new but very welcome Commissioner for Taxation, Grant Parsons, to explain that to you, Mr Wood.

Mr PARSONS: Mr Wood, the *Mineral Royalty Act* has very strict secrecy provisions which prevent me, or anyone working in the Territory Revenue Office disclosing the royalties attributable to a particular miner or any other particulars they come across in their administration of the royalty scheme. The policy for that is there are relatively few mineral royalty payers in the Territory. It would be possible to attribute to a particular miner commercial-in-confidence information about their profitability or their outputs if general information were given because they are geographically dispersed and some of them only mine a particular commodity. Any information about breaking up mineral royalties could be relatively simply attributed back to the particular miner and that information, in a profit-based mineral royalty scheme is, as you would appreciate, commercial-in-confidence.

Mr WOOD: Perhaps I am simplistic here, but if it is a company their profits are declared somewhere in public. If they are making a profit, surely we can believe they are paying a royalty.

Mr PARSONS: The reason why – there are different regimes. Yes, listed companies have obligations to release information about their profitability and otherwise, but the reason revenue collection agencies have very strict secrecy provisions is to ensure that - it is for the integrity of revenue administration so particular taxpayers' details are not disclosed by the revenue authority which would lead to undermining trust in the impartiality with which revenue is collected.

Mr WOOD: Under mining royalties, we are told that in the Territory, we can only tax people on a profit-based scheme.

Mr PARSONS: That is generally correct, yes.

Mr WOOD: The public might like to say: 'Well, who is paying taxes on a profit-based scheme?' Do not get me wrong mining companies out there – how are we to know they are not managing their finances in such a way as to not make a profit and therefore avoid royalty payments? Who would check that?

Mr PARSONS: The Territory Revenue Office conducts a pretty rigorous audit campaign. We look at the declarations made by royalty payers, we conduct site visits, we check their information against available secondary sources and we look at their books. It is a fundamental aspect of our royalty administration.

Mr WOOD: Does the requirement not to disclose come from the companies or does it come from the Taxation Department?

Mr PARSONS: The requirement not to disclose is a statutory obligation that binds me or anyone else working in the area.

Mr WOOD: Would any of our mines be upset if they knew they were paying ...

Mr PARSONS: Yes.

Mr WOOD: Could they say, for instance: 'We are paying a royalty' or would they be in trouble for that?

Mr PARSONS: I believe the royalty payer could release information about the royalty they have paid. It is the secondary disclosure by non-royalty payers that is the issue.

Mr WOOD: Is it a requirement of the Taxation Department, or is the requirement not to disclose something the mining companies want?

Mr PARSONS: It is probably shared, Mr Wood. Some of the miners would not want that information released if it were available to competitors.

Mr WOOD: Right.

Ms LAWRIE: Mr Wood, that has been in place since the late 1980s when the legislation came in.

Mr WOOD: I understand that, but in a place like the Territory, we are all interested in revenue and it would be nice to see what wealth Territorians are getting from their mines. It would also be nice to see which ones are paying their due taxes to the community. There might be good reasons, but are there also good reasons from the public's point of view to know.

Do we pay fuel subsidies to any mining companies? No, that is all right.

Ms LAWRIE: No.

Mr WOOD: That probably covers my questions about royalties and subsidies.

How much money did we put into the TAB? We receive revenue from taxes on gambling. How much money are we putting into the NT racing industry this year?

Mr CHAIRMAN: This does not seem to be a question for this output.

Mr WOOD: I am wondering what return we get in taxes and am trying to get a comparison of what we put in and what we get back.

Ms LAWRIE: Yes, the question comes to me in a later output in Racing, Gaming and Licensing, Mr Wood.

Mr WOOD: There is a taxation section here, Main Source Revenue. The government has put a large amount of money in the last budget to keep the industry in the Territory and not go to Tasmania. Is that correct?

Ms LAWRIE: We went through that in Racing, Gaming and Licensing last year and will get through it again this year if you want.

Mr WOOD: Have we received, through taxes, any benefit from all those grants we have given the racing industry. We have spent much money keeping it going. From the public's point of view, have we received any benefits besides keeping people employed, which is not a bad benefit, but I ...

Ms LAWRIE: I am happy to debate this, but it is Racing, Gaming and Licensing.

Mr CHAIRMAN: It is also a different agency.

Ms LAWRIE: Happy to debate it, but it is under Racing, Gaming and Licensing.

Mr WOOD: It is also under own source revenue categories - taxes on gambling. I am happy to put it over there. I will leave my racing issues to a later date. Am I in the right place - gambling also includes pokies? Does that figure of \$51 287m on page 74 of Budget Paper No 2 include poker machines as well?

Ms LAWRIE: Yes.

Mr WOOD: Should questions on that go under ...

Ms LAWRIE: Down into the specific, I will have that data in Racing, Gaming and Licensing. It depends how far you want to drill down.

Mr WOOD: That is all right, I wanted to see ...

Ms LAWRIE: All that data is published.

Mr WOOD: There seems to be an increase in property tax, is that from stamp duty? When I say property, if you take the 2011-12 estimate, which was down, has it gone down because of lack of housing sales or land sales, and is it going up because you expect an increase in property sales? What is the reason for that deviation, which is fairly substantial?

Ms LAWRIE: No, that is right, it reflects stamp duty transactions. It reflects a very soft market for transactions in 2011-12 and estimates an upswing in stamp duty transactions in the housing market in 2012-13.

Mr WOOD: It is mainly the housing market not the commercial market - industrial or retail?

Ms LAWRIE: Obviously it would include the commercial market, and the buoyancy coming back in the commercial market as well.

Mr WOOD: Is the breakdown found somewhere else in the budget papers? You do not do a breakdown?

Ms LAWRIE: No, we do not do a breakdown on the estimate.

Mr WOOD: It is a good indication of whether housing is moving or stagnant versus commercial or retail.

Ms LAWRIE: Yes, Mr Parsons.

Mr PARSONS: Could you repeat the question?

Mr WOOD: The section on page 74 which talks about taxes on property shows a variation down about \$9m on what your estimate is in the budget then you go back up \$8m this year. There is a downward trend and then there is, supposedly, an upward trend. Is that trend because of housing fluctuations or is it commercial and retail combined?

Mr PARSONS: It is combined, but we have seen in the latter part of the current year some pick up in the housing market, which is largely where the increase is expected to come.

Mr WOOD: That is all.

Mr CHAIRMAN: That concludes questions to Output 3.1.

Output 3.2 – Tax Related Subsidies

Mr CHAIRMAN: We will now move on to Output 3.2, Tax Related Subsidies.

Mr ELFERINK: Pass.

Mr WOOD: No questions on that.

OUTPUT 4.0 – SUPERANNUATION
Output 4.1 - Superannuation

Mr CHAIRMAN: Output 4.1, Superannuation. Member for Port Darwin.

Mr ELFERINK: Pass.

Mr WOOD: Budget Paper No 3, page 58, says under key variations, the decrease in superannuation output is due to one-off expenditure in 2012 associated with digitising superannuation records. Were these records not already digitised?

Ms LAWRIE: Under Treasurer.

Ms PRINCE: Mr Wood, we have to hold all the individual files of superannuation beneficiaries which are mostly hard copy records. They take a great deal of space and are also difficult to retrieve. In this last year, we have undergone quite a significant exercise in having all those information data records stored electronically so they are far more easily retrieved.

Mr WOOD: Why was that not done? Digitising records is not something new, so why has it not been done over a period of time rather than just one big hit?

Ms LAWRIE: Under Treasurer.

Ms PRINCE: Mr Wood, while the capacity to turn hard copy files into electronic files has been available for some time, what has not been available is the ability for agency personnel to interrogate that information. Even if you had the information stored electronically, you could not search the data or search for particular records.

Often with superannuation beneficiaries you need to be able to access their variation in payroll records over a long period of time, depending on whether they were away, on short periods of higher duties, or something like that. The systems which were available were not sufficient for our purposes. However, with the aid of new technology, that is now in place and it is in that form we have had the records transferred.

Mr WOOD: Thank you.

Output 5.1 – Utilities Commission

Mr CHAIRMAN: Output 5.1, Utilities Commission.

Mr ELFERINK: I have a heap of questions, Mr Chairman, but in the interests of time ...

Mr WOOD: I do not have any questions on that, John.

Mr ELFERINK: I have other places to go, Gerry.

CENTRAL HOLDING AUTHORITY

OUTPUT GROUP 6.0 – CENTRAL HOLDING AUTHORITY

Mr CHAIRMAN: The committee will now move on to the Central Holding Authority. Do you have a change of witnesses, Treasurer?

Ms LAWRIE: No, we will continue; we only change at Treasury Corporation.

Mr CHAIRMAN: Do you have a statement you need to make?

Ms LAWRIE: No.

Mr CHAIRMAN: We will move to the member for Port Darwin. Central Holding Authority, do you have any questions?

Mr ELFERINK: When the Treasurer's Advance is exceeded, the next place you normally go is the Central Holding Authority under the auspices of the *Financial Management Act*, which allows you to exceed the appropriation by as much as 5%. Is that correct?

Ms LAWRIE: That is correct. Increase not exceeding the ...

Mr ELFERINK: Increase, but exceed the appropriation by ...

Ms LAWRIE: Increase, yes.

Mr ELFERINK: I note on page 15 of Budget Paper No 2, in the Treasurer's Advance the final cash amount selected is \$30m, which is in accordance with the budget brought down. The Treasurer's Advance used to be \$40m. Why the reduction of \$10m?

Ms LAWRIE: We reduced the Treasurer's Advance for the first time in 2011-12 in recognition that we have reduced GST revenue.

Mr ELFERINK: Okay. The reduction to \$30m - on what occasion have you spent \$30m or less in the last 10 years from the Treasurer's Advance?

Ms LAWRIE: I refer to the Deputy Under Treasurer, Jodie Kirkman.

Ms KIRKMAN: The Treasurer's Advance, as you know, Mr Elferink, comes in two forms. You use the Treasurer's Advance through the year for one-off, unexpected items, which is the \$30m or \$40m set aside at the beginning of the budget. When we get through all the budget decisions and all the end of financial year, the Treasurer's Advance is a mechanism for topping up agency budgets.

In most years, until the last two years, it was a form of distributing the extra GST revenue we received. So, we had extra money in and we distribute it to agencies for their expenditure relating to new initiatives and decisions which have been made through the year.

Mr ELFERINK: Yes, you may have noticed I had some comments about that earlier.

Ms KIRKMAN: This year, with the reduction in the GST revenue through the year from the 2011-12 budget TO what we have seen now, we would be expecting to have to increase the Treasurer's Advance and distribute that to agencies because we have increased capital payments and our infrastructure spending, and we do not have the GST revenue to support that.

Mr ELFERINK: These expenditures were not in the original budget, were they?

Ms KIRKMAN: Some of the infrastructure spending has increased.

Mr ELFERINK: Yes, but they were not in the original budget.

Ms KIRKMAN: No.

Mr ELFERINK: No. You have off-budget spends being funded by the Treasurer's Advance. Do you have a final estimate for the Treasurer's Advance expenditure this year?

Ms KIRKMAN: No, not as yet. We have not yet received our May end-of-month position. We will know that through ...

Mr ELFERINK: What is it currently without the May ...

Ms KIRKMAN: We have provided two Treasurers' Advances this year so far. We provided \$150 000 to the Department of Natural Resources, Environment, the Arts and Sport, and we ...

Ms LAWRIE: That was for additional funding for the Defence of Darwin Experience.

Ms KIRKMAN: ... and we provided \$2.65m to the Department of Housing, Local Government and Regional Services for natural disaster expenditure in local government.

Mr ELFERINK: There have been other decisions within departments or within Cabinet to expend money and you would be keeping track of those, I presume.

Ms KIRKMAN: That was all tabled in Budget 2012-13.

Mr ELFERINK: I notice a figure of \$10m in Budget 2012-13. Does that mean we are already spending next year's Treasurer's Advance?

Ms LAWRIE: What figure of \$10m are you referring to?

Mr ELFERINK: Minus \$10m, page 15 - the use and capacity set aside in Treasurer's Advance minus \$10m.

Ms KIRKMAN: That is the movement table the Under Treasurer was describing earlier in the TAFR. It is in every publication we present. It shows what has changed from the last time we produced a budget number to this time. This table shows ...

Mr ELFERINK: Why is it coming out at next year's budget?

Ms KIRKMAN: ... this table shows, if you go to the top line, what the 2011-12 accrual and cash budget on page 15 - what the budget was this time last year. It was published in Budget 2011-12 for 2012-13. It then describes all the movements to get to the 2012-13 budgeted accrual and cash outcomes that were presented in this budget.

Mr ELFERINK: This is the financial year which is yet to commence?

Ms KIRKMAN: Yes.

Mr ELFERINK: Why have we already spent \$10m out of the Treasury budget?

Ms LAWRIE: We have not

Ms KIRKMAN: We have not. As you pointed out before, we have always had \$40m sitting there for Treasurer's Advance. We have had that sitting in the forward estimates. With the reduction in the GST revenue we have reduced that down to \$30m. Through the year, we took that decision and we have reduced Treasurer's Advance from \$40m in the forward estimates to \$30m.

Mr ELFERINK: Is the \$10m figure straight off the Treasurer's Advance?

Ms KIRKMAN: Yes.

Mr ELFERINK: Are you saying the budget last year was \$30m for Treasurer's Advance?

Ms LAWRIE: We had estimated \$40m for 2012-13 and we have reduced that to \$30m.

Mr ELFERINK: The effect of that would be to reduce your - no it would not.

Ms KIRKMAN: No, it just offsets the reduction in the GST revenue.

Mr ELFERINK: It has the effect of improving your bottom line by \$10m does it not?

Ms KIRKMAN: Yes.

Mr CHAIRMAN: Member for Nelson, any questions in relation to the Central Holding Authority?

Mr WOOD: Yes, not an area I get too excited about; however, why do we have a fairly large decrease in national partnership agreements? From my mathematics, it is about \$379m. What big change has occurred?

Ms KIRKMAN: The majority of the reduction is in the Remote Indigenous Housing National Partnership - the money we are receiving for SIHIP. That was much larger in the earlier years due to the large subdivisions they were doing. They have now moved off most of the subdivision work and are moving on to the houses and that number is reduced in 2012-13. Yes, it was in our forward estimates.

Mr WOOD: Is that the main reason for the drop?

Ms LAWRIE: Yes.

Mr WOOD: Royalties, rents and dividends down \$16m. Is that mainly to do with royalties?

Ms KIRKMAN: Yes.

Mr WOOD: We do not know which ones are down, which ones are up, or which ones are the same. Superannuation, in your expenses, has gone from \$522.136m to minus \$157.38m. Have we paid many people out?

Mr BRAINES-MEAD: Mr Wood, this is an operating statement not the accrual statement. It is not physical amounts paid to pensioners; that is on the cash flow statement. The reason for the difference between the two years in the superannuation expense is in relation to the bond rate used in valuing the superannuation liability. The 10-year long-term Commonwealth bond rate is, as required by Australian Accounting Standards, the discount rate to be used in valuing your superannuation liability. Because of the recent volatility in the bond rate because of the global financial crisis, the bond rate has been in significant decline. In fact, this morning the bond rate was only at 3.03% whereas the long-term average is around 5.7%. As a rule of thumb, a 1% change in the bond rate changes our superannuation liability by around \$300m.

The reason for the high expense in 2011-12 is because the bond rate used in the Treasurer's Annual Financial Statements at 30 June 2011 was 5.2%. The bond rate as projected at the time of the budget for 2011-12 was 4.25%, which is around about a 1% drop. Therefore that \$300m notional change or increase in our superannuation liability is included as an accrual expenditure in the operating statement.

The bond rate in 2012-13 used to value our superannuation liability is expected to increase in line with the expected improvement in economic conditions nationally. We are factoring in a higher bond rate of 5%, which means you have a reversal in your operating expense line of that expenditure incurred, in an accounting sense, in 2011-12. In effect, you have a negative expense in 2012-13. To try to simply it, if you were to exclude the accounting treatment on the movement in the bond rate your superannuation expense on the operating statement would be around \$200m in both years. It is because of the volatility of the bond rate which, unfortunately, we have to use under Australian Accounting Standards and that is the answer.

Mr WOOD: Is that a good argument for going back to cash accounting? After listening to that, I realise why there are so many geniuses behind you because it is certainly difficult on this side to understand. Thank you for that. I get the general gist of what you are saying, but I will not put my hand up for a job at the Central Holding Authority. No, thanks.

Mr BRAINES-MEAD: It is something, Mr Wood, all jurisdictions are taking up with the Australian Accounting Standards. It is pretty non-sensical that you have to use for a long-term liability that goes over 50 or 60 years, a spot bond rate at one particular point in time in valuing your liability. It is something all jurisdictions face.

Ms LAWRIE: That is why, if you want an accurate measure of debt, you use your nett debt to revenue.

Mr WOOD: All right, thank you.

Ms LAWRIE: Your liabilities fluctuate based on bond rates.

NORTHERN TERRITORY TREASURY CORPORATION

OUTPUT GROUP 7.0 – NORTHERN TERRITORY TREASURY CORPORATION

Mr CHAIRMAN: We now move on to Northern Territory Treasury Corporation.

Mr ELFERINK: Back to my line of questioning before ...

Ms LAWRIE: Before we do, I will change Mr Braines-Mead – next to Mr Stubbin will be Mr John Montague.

Mr CHAIRMAN: Welcome, Mr Montague. We will change the name plate.

Mr ELFERINK: Back to my line of questioning in relation to the calculation of future interest payments, we had reached the stage where, when we take out loans, the way they are expressed in the budget papers is pretty much using today's interest rate, is that correct?

Ms LAWRIE: I will refer the question to Mr Montague.

Mr MONTAGUE: The loans which we have are generally on a fixed rate basis. They generally have a term of between five to 10 years so the interest rate applicable is held for that full term.

Mr ELFERINK: What quantum of our borrowings is turned over in a five-year period?

Mr MONTAGUE: If we look at the 2011-12 year and five years forward, we roughly have \$2.7bn maturing in that time frame.

Mr ELFERINK: Right, so what are our overall borrowings?

Mr MONTAGUE: The overall borrowings will be in the order of - over that five-year period they will be in the order of about \$4.5bn.

Mr ELFERINK: More than half will be turning over in that five-year period. Of that more than half, the projections we see in the budget reflect what you expect to pay based on an interest rate calculation which reflects the current interest rate, is that correct?

Mr MONTAGUE: That is correct.

Mr ELFERINK: As part of sober and considered financial management, would you go through the process of projecting future interest payments with different interest rates?

Mr MONTAGUE: We start with a base of the known maturing bonds because we know what interest rate will apply to those. We would then adjust for any refinancing which has to be done in each year. Refinancing generally accounts for between \$350m and \$600m in those years, so we would apply an interest rate on that refinancing - the amount of debt that has to be replaced in that year.

Mr ELFERINK: That is based on what rate?

Mr MONTAGUE: Currently, we are using a rate of 6% in the outer years and five-and-a-half for the next year.

Mr ELFERINK: Is that reflective of the current rate?

Mr MONTAGUE: Yes, it is. If we look at our current interest rates for this year we will have a weighted average cost of borrowing of around 5%.

Mr ELFERINK: From time to time as part of your process you would say it is possible interest rates can change?

Mr MONTAGUE: Yes.

Mr ELFERINK: Do you do modelling or analyses based on that possibility?

Mr MONTAGUE: We do.

Mr ELFERINK: Can you describe that to me and can you table an example of it?

Mr MONTAGUE: I am unable to show an example specifically, but we are obviously reviewing those figures as we see interest rates changing on an ongoing basis and we adjust the budget to accommodate any ...

Mr ELFERINK: How broad is the spectrum you use? You would not calculate it for argument's sake - at the risk of stating the absurd, you would not calculate it out to a 30% interest rate? Where would you go to?

Mr MONTAGUE: What we do is more in relation to the minimum and maximum which we allow to have maturing in any particular year - the amount of debt. We had this discussion last year. By ensuring we do not expose ourselves to a large amount of maturing debt in any particular year, we avoid times of having to refinance when interest rates are very high and, similarly, not having very much debt maturing in years when the interest rates are particularly low. We then put a band around that of around about 2%.

Mr ELFERINK: What happens at the top end of that band?

Mr MONTAGUE: I am sorry, I do not ...

Mr ELFERINK: You put a band around it of 2%. You allow for as much as a 2% rise in interest rates, is that correct?

Mr MONTAGUE: We have to allow it both ways because obviously there is a significant impact to budget ...

Mr ELFERINK: So, 2% down, 2% up. Down to four, up to eight. What happens at eight - to our interest rates in four years time - our interest repayments?

Ms LAWRIE: It is a hypothetical.

Mr ELFERINK: So are the future GST revenues.

Ms LAWRIE: We have calculated the interest rates and Mr Montague has explained how those calculations occur. I understand, Mr Elferink, you want to continue on the path of scaremongering. That serves no one any good.

Mr CHAIRMAN: The standing orders prevent the asking of hypothetical questions.

Mr ELFERINK: The whole budget is hypothetical by that argument, Mr Chairman. Every forward projection is hypothetical by that argument. Good financial management means you also prepare for those situations which you may be carrying an exposure to.

Mr CHAIRMAN: You can ask questions as you have done to estimates, because they are made, but there is a difference between asking a question to an estimate which is in the budget and published, and asking a hypothetical question.

Mr ELFERINK: That estimate is the product of hypotheses. There is a particular band they use because they understand there is a potential exposure if interest rates go up or down.

Ms LAWRIE: Equally, the question could be in relation to down.

Mr ELFERINK: What is the result of a 2% interest rate increase on the future interest payments in the year 2015-16? It has been calculated and we have just been told.

Ms LAWRIE: Equally, Mr Chairman, what is the result of a 2% reduction?

Mr ELFERINK: Okay, good. Answer that one as well.

Ms LAWRIE: As I said, the interest rates are the interest rates. We provided the information.

Mr ELFERINK: What will be the result ...

Ms LAWRIE: I am not going to waste Treasury's time with ...

Mr ELFERINK: They have already wasted their time. They told us they have done it.

Ms LAWRIE: We have provided you with the information that Treasury Corporation undertakes due diligence with its analysis of interest rates.

Mr ELFERINK: Yes, and will they table it? It has been done. It is not a case of wasting time; we have been told this has been done. Basically, you are refusing to lay on the table the cost of the Territory's interest repayments if the interest rate goes up by as much as 2%?

Ms LAWRIE: You are the only one in the nation predicting a 2% increase in interest rates.

Mr ELFERINK: I am not. Mr Montague told me he did it – that is two of us. I am concerned and I would like to ask ...

Ms LAWRIE: As part of band modelling, you are the only one predicting an increase of 2%.

Mr ELFERINK: Going back to it, will you lay on the table the calculations, within that 2% band rate, for up and down - for the modelling through Treasury Corporation?

Ms LAWRIE: No, I will get Mr Montague to explain the system to you again.

Mr MONTAGUE: One of the other things one should bear in mind is there is yield curve. That is, for different maturities different interest rates apply. As you are aware, in a positive yield curve, effectively, you are rewarded by being an investor for the longer the term you lend the money. Therefore, interest rates are higher for longer maturities and interest rates are lower for shorter maturities, generally. Clearly, it is at our discretion which maturity we choose to lock in. If we feel interest rates are rather aberrant and represent a period when interest rates have risen very rapidly, for instance, we can generally look towards a shorter maturity which will have a lower interest rate. We can use some accommodation in the interest rate we lock in.

Mr ELFERINK: I find an explanation of this system where exactly?

Mr MONTAGUE: Well, the Treasury Corporation's own annual report deals with all aspects of how we undertake our borrowings, the terms, and every single line of debt we have is detailed in there.

Mr ELFERINK: Yes, I understand that. You can see each particular borrowings listed in the Treasury Corporation's annual report. It is this particular modelling I am asking specific questions about. Where can I find that modelling in the annual report, including its results? There will be a band - this is the band you are talking about plus 2% down 2%. Where are those figures?

Mr MONTAGUE: The figures are not published in Treasury Corporation.

Mr ELFERINK: Where would I find them published?

Mr MONTAGUE: Banding is something we do internally. It is not something we publicise because it is something which has to accommodate the interest rates prevailing at that point in time.

Mr ELFERINK: I understand that. Treasurer, can I see a copy of those calculations? They have been done; we have just been told.

Ms LAWRIE: I have given you the answer.

Mr ELFERINK: Why not?

Ms LAWRIE: Because you want to continue to scaremonger, John. You want to choose the highest figure and say: 'This is going to be the reality'. It is not the reality, it is modelling. We have seen this scaremongering in your two documents. No, I am not going to pedal to further scaremongering from you. You have heard a very thorough explanation from Mr Montague regarding the very prudent management of the Territory's borrowings.

Mr ELFERINK: What about this promise about open, honest, accountable and transparent government? Your prudent management is all over the shop. It is shocking. Your results are nowhere near what you predicted, even last year. You are telling us this is all going to be Mickey Mouse, do not worry about it, we love the modelling. Your modelling from last year is a million miles off.

Ms LAWRIE: Are you talking about GST revenue, which is different to borrowings?

Mr ELFERINK: I am talking about GST revenue, I am talking about your debt position, and I am talking about all of those things - you are not even close.

Ms LAWRIE: You are not talking about the borrowings. This is the Treasury Corporation aspect of borrowings we are discussing.

Mr ELFERINK: Yes, I know. The problem I have is because these books - if you look at last year's budget books compared to the projections in this year's budget books, they are a mile off. I would like to know ...

Ms LAWRIE: We are going over old ground. It is not a Treasury Corporation pertinent comment he is making.

Mr CHAIRMAN: Do you have a question, member for Port Darwin?

Mr ELFERINK: Well, more a statement at this point. The government commits itself to open, honest and transparent government, but the moment you ask a question about future interest rates and modelling around that, no is the answer. We are not going to show you anything, just suck it up and see - trust the budget books. I trusted the budget books last year, I trusted the Treasurer this year when the government said it was going to return to surplus by the year 2013-14.

Ms LAWRIE: Only you believe your own rhetoric, John.

Mr ELFERINK: The point is your rhetoric is unbelievable. I can quote, when you talk about your future projections - they tell us we were going to be back in surplus by 2013-14 just two years ago. You are a million miles off the mark. I want to ask a question about the worst and the best case scenario, and you are refusing to make that available.

Ms Lawrie: As you know, the GST revision downwards ...

Mr ELFERINK: ... and you are refusing to make that available.

Ms LAWRIE: As you know, GST revision downwards. It has nothing to do with Treasury Corporation - this statement he is held to make.

Mr ELFERINK: It has everything to do with T Corp because if our interest repayments become worse ...

Mr CHAIRMAN: Member for Port Darwin, if you do not have a question, I need to give the call to the member for Nelson.

Mr ELFERINK: Okay. If the interest rates repayments become worse, does that mean a worse result on your bottom line?

Ms LAWRIE: It would really depend on the cycle of borrowings we are undertaking.

Mr ELFERINK: If your interest repayments increase, does that have a negative result on your bottom line?

Ms LAWRIE: On the gross, of course it would. However, it is a hypothetical. I know you like to scaremonger and I am not going to participate in that. Interest rates are heading in the other direction at the moment, but let us not point out the bleeding obvious to you.

Mr ELFERINK: Are they going up or down?

Ms LAWRIE: They are being reduced by the RBA.

Mr ELFERINK: That is right. When they go down, they eventually go up.

Ms LAWRIE: What do you think T Corp does with regard to the explanation Mr Montague just gave you, recognising the prevailing environment?

Mr ELFERINK: All right. If the national economy was to suddenly show signs of growth, as it has, have they been calculated into that 2% band?

Mr MONTAGUE: Treasury Corporation is the borrowing, lending and investment entity for the Northern Territory, but ...

Mr ELFERINK: Yes, I understand that, Mr Montague, but the point ...

Mr MONTAGUE: ... we only look at one aspect, I am afraid.

Mr ELFERINK: Okay. The problem I have is a heating-up economy puts upwards pressure on interest rates. We have seen figures out of the ABS very recently saying the economy is starting to heat up, which will put upwards pressure on interest rates. You do not think you need to turn your mind to that, Treasurer?

Ms LAWRIE: Mr Elferink, you are not going to accept the adequate responses we have given you for the thoroughness of the borrowing undertaken by Treasury Corporation.

Mr ELFERINK: Your adequate response was the word 'no'.

Ms LAWRIE: You genuinely do not accept it.

Mr ELFERINK: I do not accept the fact you simply refuse to lay this latest modelling on the table.

Ms LAWRIE: Because I know what you will do. You will choose the highest figure and scaremonger with it ...

Mr ELFERINK: What I will do ...

Ms LAWRIE: ... when it is just modelling. It is not what interest payments are. You have the actual payments in the reporting - deal with the actual.

Mr ELFERINK: Your actuals are off - they are a mile off.

Ms LAWRIE: No, they are not.

Mr ELFERINK: Well, they have been historically.

Ms LAWRIE: No. What you are talking about is GST receipts.

Mr ELFERINK: I am talking about it all.

Mr CHAIRMAN: If you do not have any more questions, member for Port Darwin, member for Nelson.

Mr WOOD: Thank you, Mr Chairman. Treasurer, on page 35 of your annual report under Appendix D, headed 'Outstanding loans', there are a number of loans. What are those loans for and, if they are loans, when would you expect those loans to be ...

Ms LAWRIE: Sorry, which annual report are you referring to? T Corp? Excellent, thanks. Mr Montague.

Mr WOOD: Yes. You did not think I would have another report? I am on the ball here.

Ms LAWRIE: Well, I had to clarify. Sorry, it has been a bit all over the place this morning.

Mr WOOD: That page mentions a number of loans. I am going to ask about each loan, what the loan is for, and when they think that loan should be paid by. The Department of Housing, Local Government and Regional Services has a loan of \$83.281m. Have you any idea what that money is for and when it will be repaid?

Mr MONTAGUE: The loans are provided for a variety of purposes. A good example would be Power and Water Corporation with regard to Channel Island Power Station, where the new turbines have been provided and brought on. It would be similar with regard to the Department of Housing and Local Government - the loans have been provided for home loans through the HOMESTART NT and such like.

Mr WOOD: As it is a loan does it have a life? How long before it is paid back?

Mr MONTAGUE: All of these loans have a term to them. They can, however, be renegotiated at the end of the loan. They are generally ...

Mr WOOD: Do you have any idea how long - about five years?

Mr MONTAGUE: They are generally five- to 10-year terms.

Mr WOOD: All right. You might have some specific answers on some of these: Darwin Port Corporation, \$40m? Is that a variable loan for a range of things?

Mr MONTAGUE: These are fixed rate. Yes, they are for a variety of purposes but, again, they have been provided on a fixed rate basis. We raise money on a fixed rate basis and, invariably, that is lent on a fixed rate basis, generally, for a term of five to 10 years.

Mr WOOD: I could ask about NT Fleet when we get to it. You have a loan to NT Fleet. NT Fleet makes enough money without having to get a loan. Why did they ask for a loan?

Mr MONTAGUE: That loan is quite a long-established one. We anticipate it will be repaid relatively soon – this financial year. As their cash balance have allowed, they have been making reductions.

Mr WOOD: It is a remnant, you might say.

Mr MONTAGUE: Correct.

Mr WOOD: The big one is Power and Water. The face value of the loan is \$1.082bn. Do you have any idea when that loan might be repaid? Would it be more than five years?

Mr MONTAGUE: Again, this is on a five- to 10-year term. It would be at the ability of Power and Water to repay the loan itself.

Mr WOOD: That is for major items like the generating plants?

Mr MONTAGUE: Correct.

Mr WOOD: I was not aware shire councils could go into debt unless the minister has given approval. There is a debt for \$399 000 to Roper Gulf. Any idea why they needed to go into debt?

Mr MONTAGUE: Again, this is another very long-standing loan which is being paid on a regular basis. I cannot recollect specifically what that related to. I believe there are a number of matters relating to housing developments, but they go back a number of years. We have not instituted any new loans to local authorities for about seven or eight years, at least.

Mr WOOD: When you say outstanding loans it does not mean someone has not paid them off as against loans?

Mr MONTAGUE: No, they represent loans with a fixed term, but the actual loan itself is being paid off within that term.

Mr WOOD: That is your role? If people want a loan your job is to negotiate that loan?

Mr MONTAGUE: Our fundamental job is to borrow externally, generally from financial markets, and to use those monies towards loans to government and local authorities and such like. As you can see, local authorities have not been recipients for a number of years.

Mr WOOD: If it is cheaper for you to get a loan from a financial institution, why would it not be cheaper for Power and Water to do the same instead of going through you? I presume there is a charge somewhere?

Mr MONTAGUE: There is. There are efficiencies in us undertaking it on their behalf. They are currently obliged to come to Treasury Corporation for their loans. The loan takes into account the fact that we have a specialised area within Treasury which has been in existence since 1994 specifically to liaise effectively between government and the private sector in raising monies on government's behalf utilising the government's guarantee.

Mr WOOD: Technically, Power and Water could raise that money on the private market.

Mr MONTAGUE: That is correct, it could.

Mr WOOD: Okay, thanks, Mr Chairman.

Mr CHAIRMAN: That concludes questions to the Northern Territory Treasury Corporation. It concludes our time with Treasury. Thank you very much for your appearance this morning.

Answer to Question No 1.01

Ms LAWRIE: Mr Chairman, we took one question on notice - payroll tax estimates for Budget Paper No 2 and 3 across the 2011-12 and 2012-13 financial years. I am able to table that document.

Mr CHAIRMAN: Thank you.

Ms LAWRIE: The other question, strictly speaking not a question on notice, was from Mr Wood in relation to like for like comparison on what he referred to as the crocodile jaws. I have a graph here which shows the jaws are closing.

Mr WOOD: But they are open.

Ms LAWRIE: They are closing.

Mr CHAIRMAN: We are taking a break for lunch at this point. We will return at 12.45 pm with the Department of Business and Employment. Thank you for your time this morning.

The committee suspended.

DEPARTMENT OF BUSINESS AND EMPLOYMENT

Madam DEPUTY CHAIR: Minister, welcome to this afternoon's session, this time as the Minister for Business and Employment. I invite you to introduce the officials who accompany you this afternoon and, if you wish, to make an opening statement on behalf of the Department of Business and Employment.

Ms LAWRIE: Thank you, Madam Deputy Chair. I would like to make a brief opening statement in relation to my responsibility as Minister for Business and Employment, which includes the GBDs of the Government Printing Office, the Data Centre Service, and NT Fleet.

I have with me the Chief Executive of the agency, Mr Mark Sweet, and other senior departmental staff who have responsibility for budget outputs in this agency. Witnesses include Executive Directors, Doug Phillips, Kathleen Robinson, Kim Jenkinson, Gareth James and Chris Hosking, with other staff to join later as required.

The agency consists of the divisions of Business and Industry Development, Business Support, Employment and Training, Shared Services including the three GBDs, and Corporate Services.

During the 2011-12 year, the training function was transferred to DBE from the Department of Education and Training as a result of a government decision to strategically align the vital functions of employment and training into one agency, particularly critical at this important time for gearing up.

Madam Deputy Chair, I am happy to answer any questions from the committee relating to the responsibility for the Appropriation Bills and budget papers as they relate to this agency and GBDs as I have outlined.

Madam DEPUTY CHAIR: Thank you, minister. Are there any questions in relation to the opening statement?

Mr TOLLNER: Yes, minister, can you advise whether there has been any instance of fraud recorded in the current operating year? Of course, you will remember last year ...

Ms LAWRIE: Madam Deputy Chair, that is not in regard to the opening statement.

Madam DEPUTY CHAIR: There was no reference to that, member for Fong Lim.

Mr TOLLNER: All right.

Madam DEPUTY CHAIR: No further questions in relation to the opening statement?

Mr TOLLNER: No.

Madam DEPUTY CHAIR: The committee will now consider the estimates of proposed expenditure contained in the Appropriation (2012-2013) Bill as they relate to the Department of Business and Employment.

Agency-related Whole-of-Government Questions

Madam DEPUTY CHAIR: Are there any agency-related whole-of-government questions on budget and fiscal strategies?

Mr TOLLNER: Minister, have there been any instances of fraud reported in the current operating year. Last year, you recall ...

Ms LAWRIE: No.

Mr TOLLNER: ... that a staff member stole over \$4000 which was subsequently repaid?

Ms LAWRIE: No, none. No instances of fraud.

Mr TOLLNER: None? Minister, can you tell me how many employees are employed at the ECO Level 1 or higher in the agency?

Ms LAWRIE: Yes. As at 31 March 2012, there were 43 executive contract officers representing 6.3% of all staff. That is, 43 of the actual total FTEs of 684.

Mr TOLLNER: Minister, in relation to the staffing cap, does it apply to this agency?

Ms LAWRIE: Yes, it does.

Mr TOLLNER: How has it been applied to the agency?

Ms LAWRIE: It takes the global agency number as at the 2010-11 period and is applied. Of course, the main effect in the 2011-12 financial year to the staffing numbers is the transfer of staff from the DET training division to the Department of Business and Employment. You will see an increase in staffing numbers as a result of that transfer but, Mr Hosking, do you want to provide any additional detail?

Mr HOSKING: No, there is an FTE cap established for DBE as the line agency and a separate cap for each individual GBD. DBE complies with those caps.

Mr TOLLNER: What has been the effect of the cap so far?

Ms LAWRIE: Well, the agency has continued to operate all its outputs.

Mr TOLLNER: So there has been no reduction in service?

Ms LAWRIE: No.

Mr TOLLNER: You have done it with less staff?

Ms LAWRIE: Efficiency.

Mr TOLLNER: Efficiency, all right.

Ms LAWRIE: A very efficient agency.

Mr TOLLNER: Good job. In Budget Paper No 2 and Budget Paper No 3 you state the additional budget improvement measures in Budget 2012-13 include an increase in the efficiency dividend from 1% to 3%, a further 2% reprioritisation, and a continuation of the staffing cap. Is the reference to a further 2% prioritisation a separate measure or is it part of the increased efficiency dividend?

Ms LAWRIE: The 2% reprioritisation is very clearly a separate measure, and the 3% is the efficiency dividend that will be applied in the 2012-13 financial year.

Mr TOLLNER: Can you explain how it operates and what its total impact will be in 2012-13?

Ms LAWRIE: In regard to 2012-13, the agency will meet 3% efficiency across its activities. In regard to the reprioritisation - do you want an explanation of the 2% reprioritisation?

Mr TOLLNER: That would be good.

Ms LAWRIE: Sure. Mr Hosking.

Mr HOSKING: The 2% reprioritisation is a process where we identify programs where those resources can be reprioritised to other programs in the 2012-13 budget year. DBE's total was in the vicinity of \$1.3m and that reprioritisation target was met and allocated to priority programs in the 2012-13 budget.

Mr TOLLNER: Are you saying the agency satisfactorily achieved its 1% efficiency dividend for 2011-12?

Ms LAWRIE: It is on track, yes.

Mr TOLLNER: And 2012-13 is on track as well?

Ms LAWRIE: We have not started the 2012-13 financial year, as you would appreciate, so I would ...

Mr TOLLNER: Well, obviously ...

Ms LAWRIE: ... it would obviously show the history of this agency is it does meet its efficiency dividends and is a proactive agency in efficiencies, particularly across the Corporate Services area and, in fact, it has been very much a lead agency in showing how smarter work practices can provide for efficiencies. Mr Hosking, do you want to add anything to that?

Mr HOSKING: Yes, the 2011-12 efficiency dividend has been met. The 2012-13 efficiency dividend is programmed into our budget, those budgets have been adjusted, and we are on target to deliver an on budget outcome on 30 June in respect of 2011-12.

Mr TOLLNER: Can you explain where the efficiency dividend will be applied and how it will affect project outcomes.

Mr HOSKING: Within DBE it is applied as a flat 3% dividend on all program budgets.

Mr TOLLNER: You are not picking areas where there might be a bit of fat and other lean areas you are leaving alone? You are just applying it across the board, is that how it works?

Mr HOSKING: Yes, it is applied evenly across the board.

Mr TOLLNER: Is it your view there is that amount of fat in the system which can be paired away comfortably?

Ms LAWRIE: It is not an issue of fat. Prudent management means you are always looking at opportunities for a more efficient operation within an agency and meeting your commitments for outputs. That is just prudent management.

Mr TOLLNER: Why has it taken until now to do it?

Ms LAWRIE: No, this government has consistently applied efficiency dividends across agencies. It is a normal budget measure. We have increased the efficiency dividend.

Mr TOLLNER: Are you saying this agency will be able to accommodate the opposed 3% efficiency dividend and assist in reducing the deficit this year, is that correct?

Ms LAWRIE: The agency has already met its 1% efficiency dividend for 2011-12.

Mr TOLLNER: No further questions at this stage, Madam Deputy Chair on that agency.

OUTPUT GROUP 8 0 – BUSINESS DEVELOPMENT
Output 8.1 – Business and Industry Development Support

Madam DEPUTY CHAIR: We will move to Output Group 8.0, Business Development, Output 8.1, Business and Industry Development Support.

Mr WOOD: Are you taking both at once?

Madam DEPUTY CHAIR: No, the first one. You are correct, member for Nelson, 8.0 - Business Development.

Mr WOOD: Hang on.

Ms LAWRIE: A point of clarification, I took that as whole-of-agency questions?

Madam DEPUTY CHAIR: Yes, it is.

Mr TOLLNER: I am finished on whole of agency, but ...

Mr WOOD: I will ask one question on whole-of-agency. Just trying to find out something under the *Administrative Arrangements Order* under your responsibilities it talks about a tropical knowledge centre. Do we have one?

Ms LAWRIE: The reference to the CRC?

Mr WOOD: We have a desert one.

Ms LAWRIE: Yes.

Mr WOOD: I do not have the orders here, but ...

Ms LAWRIE: Tropical savannah CRC?

Mr WOOD: ... your department has a tropical knowledge centre.

Ms LAWRIE: Yes.

Mr WOOD: That is my last question.

Mr TOLLNER: Minister, are there any ...

Ms LAWRIE: Madam Deputy Chair, a point of clarification, we have moved on. This session is not going to be the same as the Treasurer's session

Mr TOLLNER: Not quite, minister.

Ms LAWRIE: I will, for the purposes of the Estimates procedures, apply the Estimates Procedure Rules to this session.

Madam DEPUTY CHAIR: The minister is correct, we had moved on to the ...

Mr TOLLNER: So, you do not want to answer any more questions on whole-of –agency?

Madam DEPUTY CHAIR: We have a process in place, member for Fong Lim, so ...

Ms LAWRIE: Dave, if you forget to ask some questions, put them as written questions on notice. If you missed the jump, put the questions on notice.

Mr TOLLNER: That is all right, we will find a spot to slip them in.

Madam DEPUTY CHAIR: We are moving to Output 8.1, Business and Industry Development Support.

Mr TOLLNER: Minister, can you tell me what your department has done to help business cope with Labor's big brand new tax on everything - the carbon tax?

Ms LAWRIE: Madam Deputy Chair, that question is out of order. The agency provides a range of business skills and support and development programs. It does not focus on one particular Commonwealth budget measure or another.

Mr TOLLNER: Let me reframe the question. Minister, has your government done anything to assist business to cope with Labor's carbon tax?

Ms LAWRIE: It is the same question with the same answer.

Mr TOLLNER: The answer is nothing?

Ms LAWRIE: As I said, the agency has a range of business support programs and development programs. We can get down to the brass tacks of that, but they are not modelled on any particular Commonwealth revenue measures.

Mr TOLLNER: Has the department done any investigations into the impact of the carbon tax on business in the Northern Territory?

Ms LAWRIE: No, I can refer you to the Clean Energy website the Commonwealth has if you want to look at modelling.

Mr TOLLNER: So, the Northern Territory Department of Business and Employment has done no exploration of any impacts the carbon tax might have on business in the Northern Territory.

Ms LAWRIE: Appropriately not, because each business is an individual ...

Mr TOLLNER: Thank you, that is all I need to know

Ms LAWRIE: ... business, has as a whole range of variables they would need to look at for their modelling. All of the ...

Mr TOLLNER: Okay. She has answered the question, Madam Deputy Chair.

Madam DEPUTY CHAIR: Member for Fong Lim, you have asked a question and the minister has the opportunity to reply.

Ms LAWRIE: All the Commonwealth modelling information is available through the Clean Energy website.

Mr TOLLNER: Clearly, the Northern Territory government has done nothing.

Ms LAWRIE: No, that is not the answer. That is your answer.

Mr TOLLNER: No, that is exactly what you have said: 'Go to the Commonwealth' is basically what you said because you have done nothing.

Ms LAWRIE: Yes, but the Department of Business and Employment provides a range of support and development programs for Territory businesses. I am happy to get into that.

Mr TOLLNER: Well, I was asking questions about that. There is a big new tax on the way starting on 1 July and you are telling me the Department of Business and Employment has done nothing to investigate it or even contemplate whether there will be any impact at all on Territory business.

Ms LAWRIE: Each business has its own particular circumstances and situations, whether it is a small business, a medium business or a large business. The Territory government has done some modelling of Power and Water Corporation price impacts. Those questions could have been asked of me, as Treasurer, they were not. Oops! Maybe Mr Elferink forgot, just as you forgot to ask your first set of questions.

Mr TOLLNER: Oops. Minister, what have you done in relation to the carbon tax in discussions you have had in relation to aviation fuel, the diesel fuel rebate and the like? Did you do that under your hat as the minister for Business?

Ms LAWRIE: The Chief Minister has led those discussions with the Prime Minister through COAG and has issued public statements to that effect.

Mr TOLLNER: What has your department done to address the impact of the Commonwealth decision which seriously affected the livelihood of Territory pastoral businesses by declaring war on the live cattle export trade?

Ms LAWRIE: Again, it is not an appropriate question for the Department of Business and Employment. The lead agency in that is under minister Vatskalis. I am sure you will get into the great cattle debate when you have minister Vatskalis before the committee.

Mr TOLLNER: Are you saying the Department of Business and Employment has had nothing to do with pastoral businesses in the Northern Territory?

Ms LAWRIE: I am saying the lead agency for the cattle trade, in relation to discussions and negotiations with pastoralists, the federal government and delegations to Indonesia has been Primary Industries – appropriately so.

Mr TOLLNER: What has your department done to support businesses affected by your plan to close off the mud crab fishery in the Gulf with the government's new proposed marine park?

Ms LAWRIE: Again, it is a proposal out for consultation. It sits within the portfolio of minister Vatskalis.

Mr TOLLNER: Are you telling me that under this output group, Business and Industry Development Support, you have had nothing to do with the federal government's carbon tax, you have done no modelling, you have done nothing at all with regard to pastoral businesses across the Territory and federal Labor's war on the live cattle export trade, and the department has done nothing to assist businesses in the Gulf region who were in the business of mud crabbing around the marine park? It has nothing to do with your department.

Ms LAWRIE: The member for Fong Lim can grandstand all he likes ...

Mr TOLLNER: I am not grandstanding, I am asking simple questions.

Ms LAWRIE: ... and, quite appropriately, there are relevant government agencies which take the lead on these issues, and those government agencies are taking the lead. Ask the question in the relevant area.

Mr TOLLNER: I understand you dodge these questions, but I will leave it at that. From what I can gather, there has been practically ...

Ms LAWRIE: We can talk about a range of programs of support and development if you want.

Mr TOLLNER: ... a range of programs. I would have thought the department of Business might have had something to do with modelling in relation to the carbon tax, but obviously not. They have been told to steer clear of that one and leave it to the Commonwealth. Anyhow, we will leave it at that.

Madam DEPUTY CHAIR: Member for Fong Lim, the minister has reminded me, and you have asked at least twice - there is a lead agency and you can direct those questions ...

Mr TOLLNER: Yes, yes, that is right.

Ms LAWRIE: Madam Deputy Chair, I would encourage the shadow spokesperson to use this as a genuine opportunity to understand and support the business agency provides for business across the Territory Business Centres across the Territory Business Upskills program, through October Business

Month, through ecoBiz NT, through the Business Liaison Client Managers, through the Territory Business Growth Grant Program, through Procurement Liaison, through the Business Enterprise Centre and the Getting Started in Business. If you are genuine about understanding what the agency does ...

Mr TOLLNER: Yes, I am aware of all those programs, minister. What I am quite interested in is what you have done to support businesses which are going to be struggling to cope with the impending great big new tax on everything. Quite clearly, your department has no interest in that. It does not support business in that regard; it is not providing any support to assist business coping with the new costs. Similarly, it has kept its nose well and truly clear of the live cattle export debacle which took place last year, and it has absolutely nothing to do with supporting industry in the Gulf region as a result of your closure of the mud crab fishery and the creation of ...

Ms LAWRIE: It is not true to say it has nothing to do with supporting industry. We do support industry, we do support business, plus a range of programs.

Madam DEPUTY CHAIR: Member for Fong Lim ...

Mr TOLLNER: Yes, Madam Deputy Chair.

Madam DEPUTY CHAIR: Do you have questions relevant to this output?

Mr TOLLNER: Well, Madam Deputy Chair, I was ...

Madam DEPUTY CHAIR: Excuse me, given that to date minister has replied to you at least three times now to advise your current line of questioning or comment needs to be directed to the lead agencies in those areas. Do you have questions specifically to this output?

Mr TOLLNER: Yes, of course, Madam Deputy Chair. The minister made a statement and I was simply responding to that statement. She wants to know why I was not asking questions on a whole range of other areas, and I explained I have an interest in asking questions of other areas. Now, clearly ...

Ms LAWRIE: Sit in with minister Vatskalis.

Mr TOLLNER: ... duck shove it somewhere else; give poor old Kon the hospital pass.

You might want to move on to other members of the committee, Madam Deputy Chair.

Madam DEPUTY CHAIR: Member for Nelson, do you have questions in relation to Output 8.1?

Mr WOOD: I do, Madam Deputy Chair. Minister, does this report come to parliament?

Ms LAWRIE: Sorry, I am not sure which report you are referring to.

Mr WOOD: Your annual report.

Ms LAWRIE: Yes, it does. We have a colour copy I can provide to you if you want?

Mr WOOD: The one we have, you cannot tell the pie chart - you cannot work out pie charts in this.

Ms LAWRIE: Do you want the coloured version?

Mr WOOD: That would be great, yes, if there is a spare one.

Ms LAWRIE: I do not know if it is spare; however, you have it.

Mr WOOD: Minister, how many new businesses have entered the Territory construction industry in the last twelve months?

Ms LAWRIE: I do not have a break down in construction specific. I have, which we rely on through the Australian Bureau of Statistics, the number of active businesses in the Territory, the business exit rates and the like. I do not have a breakdown of industry specific data.

Mr WOOD: Can you tell us how many businesses there were last year and how many businesses you expect this year?

Ms LAWRIE: The number of active NT businesses for the June 2010 period was 14 290. For the current period June 2011, that rose to 14 525. That is a nett increase of 235 businesses.

Mr WOOD: You say you cannot break that down into what type of businesses they are - retail, etcetera?

Ms LAWRIE: I do not have that level of breakdown with me, and I would refer to the Executive Director of Business Support, Doug Phillips.

Mr PHILLIPS: Doug Phillips, Executive Director of Business Support. We rely on our information from the ABS and I would have to refer it back to the agency as to whether we can give you a detailed break-up.

Mr PRINCE: Ian Prince, Director, Economics and Policy. We do not have a breakdown of that number of firms by sector. We work on value of output for those sectors.

Mr WOOD: I am surprised there is not a break-up of the types of industry. I have a document here about business activities, business structures and industries in Aboriginal communities, and it is broken up into local government, company, association, partnerships, associated trust and government. I am surprised there is not some ...

Ms LAWRIE: Without seeing that document, it could be the mapping that has been done through the Department of Local Government, Housing and Regional Services. Obviously, that data is shared from that department to the Department of Business and Employment. We have done very detailed analysis and mapping of businesses across the growth towns. That has been the first time, to my knowledge, that such detailed analysis has occurred.

Mr WOOD: What worries me ...

Ms LAWRIE: That is generated out of the Department of Local Government, Housing and Regional Services, albeit that information is, obviously, shared with the Department of Business and Employment. So, it is provided to the Department of Business and Employment. It has been the subject of constructive discussions between the Department of Business and Employment and the Department of Local Government, Housing and Regional Services regarding the economic opportunities in growth towns.

Mr WOOD: One of your businesses, under the corporate plan, states:

Our business is to build industry capability through support and solutions for Territory businesses.

Would you not need some foundation statistics to say what types of businesses operate in the Northern Territory and the numbers of those businesses to see whether the bakery industry is increasing versus carpenters and the mechanics, that type of thing?

Ms LAWRIE: As Mr Prince explained, the Department of Business and Employment looks at it in the context of economic output - the volume produced by that industry. That is the means through which the Department of Business and Employment applies its knowledge. The practical and functional support to meet that objective is applied through the range of business support and development programs the department has. Those programs I mentioned before, I can go through and talk in more detail if you like.

Mr WOOD: Someone might have a bit.

Ms LAWRIE: Gareth James.

Mr JAMES: Mr Wood, there are efforts the department delivers directly to business and enterprises, but there are efforts we deliver in industries and sectors. We have a focus in the industry development function of the department to aid specific sectors through the development of things such as industry development plans - strategies. Some current examples are working with the Manufacturers Council to help develop a manufacturers strategy. It is the same for the ICT industry to help it grow a strategy which is going to leverage growth for the sector.

Mr WOOD: I thought we would have some statistics telling us how many people were in the manufacturing industry, the IT industry, and the automotive industry.

Ms LAWRIE: Yes, and we have key business statistics which show employment by sector. That sits within the Northern Territory key business statistics put out ...

Mr WOOD: Which department?

Ms LAWRIE: It is not listing the companies, which was your original question ...

Mr WOOD: Categories.

Ms LAWRIE: ... it does list breakdowns by industry sectors. Mr Prince, do you want to talk to that?

Mr PRINCE: Yes, we map value of the sector and employment and publish, each month, key business statistics. That is on our website and is refreshed for all the releases which occur in the previous month. Minister, I would be very pleased to table that document.

Ms LAWRIE: Yes, however, if you have more questions in this area - I want to step through, for example, the employment by sector. In the industry sector you have Ag, forestry and fishing. It talks about full-time, part-time, and the total. Again, it goes through: mining; manufacturing; electricity; gas; water waste services; construction; wholesale trade; retail trade; accommodation and food services; transport; postal and warehousing; information and media telecommunications; financial and insurance services; rental, hiring and real estate services; professional, scientific and technical services; administrative and support services; public admin and safety - which is a big one - education and training; healthcare and social assistance; arts and recreation services; and other services. It is quite a detailed statistical breakdown.

Mr WOOD: Looking at that year by year, are there any trends? Are we losing businesses, or are we gaining businesses in certain areas? That is what I hoped the Business and Industry Development Support would have knowledge of. With INPEX coming, has there been an influx of new businesses in the construction industry arriving in Darwin?

Ms LAWRIE: In trend terms, there is no doubt retail, hospitality, and tourism are the industry sectors doing it tough.

Mr WOOD: How do you classify a local company these days? Is it still if someone comes from interstate and puts one person in an office, does that make it a Territory company? Is there any way we differentiate between companies which are coming from down south and wanting to have a presence here versus people who have been here long term?

Ms LAWRIE: If the question is in relation to procurement, it is better in the procurement output.

Mr WOOD: I suppose ...

Ms LAWRIE: If you are going into local rating.

Mr WOOD: I know that, and I have questions for procurement. I was wondering how we ensure with all these big companies - the prison is a classic example - how we guarantee most of the sub-contractors working there - the big people are not from here.

Ms LAWRIE: IPPs – Industry Participation Plans – we have an audit process for them.

Mr WOOD: What ensures those companies are not squeezed to the bone because the big companies have put a very cheap price on building a product.

Ms LAWRIE: That question goes to procurement. I am happy to answer it under procurement.

Mr WOOD: Under strategic issues in your corporate plan, you talk about strategic land development in the Northern Territory to stimulate economic growth. Is your department up there at the front saying land can be developed here? Is that part of the role of the department?

Ms LAWRIE: The Department of Business and Employment works with the Department of Lands and Planning on strategic issues relating to industrial and commercial land for business support. Obviously, we have been leading in land available to grow the Defence support industry. Yes, we work very closely with

the Department of Lands and Planning in that regard. Obviously, critically important in that picture is the Land Development Corporation as well.

Mr WOOD: You say you are involved in the Defence hub - there is no one in there and it cost much money.

Ms LAWRIE: There is land available?

Mr WOOD: No, the industrial area in Humpty Doo has been sitting idle, so much so that one company has been told to leave its five acre block because it is not allowed there and cannot find land in Humpty Doo for a transport depot.

Ms LAWRIE: Land issues should go to the Department of Lands and Planning.

Mr WOOD: Yes, but I am saying ...

Ms LAWRIE: The Department of Business and Employment sits on the Managing Darwin Growth sub-committee, which is chaired by the Department of Chief Minister and includes the Department of Lands and Planning.

Mr WOOD: Yes, happy with that, but it says Business and Industry Development Support.

Ms LAWRIE: That is why we sit on that.

Mr WOOD: This company is receiving no support at the present time. Businesses in the rural area are receiving no support because the government will not open up industrial areas in Humpty Doo. It has been like that for 20 years.

Ms LAWRIE: Mr Wood, that is a question for the Department of Lands and Planning not the Department of Business and Employment. As I have said, the Department of Business and Employment sits on the Managing Darwin Growth sub-committee, which is chaired by the Department of Chief Minister and provides input into the feedback it receives from businesses. Land release issues need to be put to ...

Mr WOOD: Could I ask the representatives from this department on that body to use their industry development support to promote and push for this land to be opened up. I am not saying you can do it, but you are saying here ...

Ms LAWRIE: Are you talking about the Howard Springs land?

Mr WOOD: The Humpty Doo industrial area has been full for years. Companies are being kicked off their land because the Lands department say they have to go - they had nowhere to go.

Ms LAWRIE: If you have any concerns in relation to that, Mr Wood, I would be happy for you to refer those companies through and we will follow that up for you.

Mr WOOD: Thank you. On the back of your annual report - it fits into here or you can tell me otherwise - accommodation costs for non-government organisations - last page. I wanted to clarify the last page. It says accommodation costs for non-government organisations ...

Ms LAWRIE: That comes under NT Properties.

Mr WOOD: It is in the back of your book, appendices.

Ms LAWRIE: Yes, but that is the annual report?

Mr WOOD: It is?

Ms LAWRIE: Yes. NT Properties sits within the department, so it is a different output section. I am not trying to be cute here, but a different officer would sit at the table with me.

Mr WOOD: Hang on, where are we going - under Shared Services?

Ms LAWRIE: No, it is under NT Properties, which sits under Shared Services which is Output 10.0

Mr WOOD: I am happy to put it there. My main questions will be around procurement. Thanks.

Madam DEPUTY CHAIR: That concludes consideration of Output Group 8.0.

Ms LAWRIE: Madam Deputy Chair, we will table the Northern Territory key business statistics for Mr Wood and others.

Madam DEPUTY CHAIR: I believe officers at the table will change as we go to Output 9.1.

Ms LAWRIE: Madam Deputy Chair, we will table the Northern Territory key business statistics for Mr Wood and others.

Madam DEPUTY CHAIR: There will be some officers change at the table as we go to Output 9.1, Workforce Growth.

OUTPUT GROUP 9.0 – EMPLOYMENT AND TRAINING **Output 9.1 – Workforce Growth**

Madam DEPUTY CHAIR: The Committee will now proceed to Output Group 9.0, Employment and Training, Output 9.1, Workforce Growth.

Mr TOLLNER: Minister, it appears there is declining spending in this area. In 2010-11, the budget estimate was \$8.957m, the budget in the 2011-12 forecast \$7.627m, the budget estimate in 2011-12 was \$6.996m, and for Budget 2012-13 you have \$7.336m. Minister, at a time when the Northern Territory is about to commence, in your words, the most significant period of growth in its history, why is spending declining in the area of Workforce Growth.

Mr JENKINSON: The 2010-11 year had an Australian government program included in it - the Indigenous Training for Employment Program. That program comes to an end. In the 2011-12 year, the revised budget for that is lower because of the carry forward of money that has not been spent this year because the training organisations that deliver that program have not delivered on their outcomes yet.

Ms LAWRIE: No Territory reduction.

Mr TOLLNER: How can an 18% decline in spending possibly deliver better outcomes for businesses that are struggling to fill vacancies?

Ms LAWRIE: Do you want to talk about the training effort?

Mr JENKINSON: Yes, minister. We are crossing into the training ...

Mr TOLLNER: That is the next output group, minister.

Ms LAWRIE: We have explained the budget variation; it is a Commonwealth expenditure program.

Mr TOLLNER: Yes, so there is an 18% decline. I asked how you can deliver better outcomes for businesses struggling to fill vacancies.

Mr JENKINSON: The Northern Territory expenditure on the Workforce Growth program continues on in the further years. The program that is reducing is an Australian government program. The training efforts are ramping up in that area as well, so there is a relationship between the two output groups.

Mr TOLLNER: Can you tell me where the cuts have been made in those programs?

Mr JENKINSON: The program is an Australian government program and was approximately \$1.6m. We received that funding over the last three years. It has come to an end, apart from money being carried forward because the organisations have not finalised their contracts yet. There is no cut per se, it is just there is not additional Australian government money in workforce planning and development, but the Northern Territory component of workforce planning and development continues and, in fact, grows in the outer years.

Mr TOLLNER: The Australian government has cut funding to a program, but there have been no cuts made to the program. Is that what you are telling me?

Ms LAWRIE: No cuts made to our effort. You are trying to say the Territory government effort has reduced, it has not.

Mr TOLLNER: Well, I am looking at your budget papers.

Ms LAWRIE: Sure.

Mr TOLLNER: You are declaring these as your figures.

Ms LAWRIE: No, we very clearly, in the budget variations, point out it is Commonwealth funding.

Mr TOLLNER: All right, but you put it in your budget papers?

Ms LAWRIE: Yes, Commonwealth funding often appears.

Mr TOLLNER: That is right, as Commonwealth funding. It often appears, so ...

Ms LAWRIE: And we explain in the variation ...

Mr TOLLNER: ... that money is coming in to provide a service, is that right?

Ms LAWRIE: Yes.

Mr TOLLNER: When that money ceases the service ceases. What is happening with the service that used to be provided with that money?

Mr JENKINSON: There is a continuing service in that area. It was ramped up in the previous three years in preparation for gearing up for growth in the Territory, but it continues. The workforce planning and development continues with NT money.

Mr TOLLNER: The budget figures clearly show there is a decline in spend in this area; however, the same program is being delivered now by the Northern Territory government. You are telling me you are buying eggs for 2¢, selling them for 1¢, and making a 3¢ profit. It does not add up, if you understand what I am saying. A service has been wiped. You are telling me the service still exists, there is a decline in income and there is nothing missing from the service at all.

Ms LAWRIE: Again, you do not understand the answer. I will ask Mr Jenkins to take you through it.

Mr TOLLNER: No, I do not understand the answer. That is what I am trying to clarify.

Mr JENKINSON: In the early years of the program we had additional income from the Australian government. We have matched that with Northern Territory government funding. That money continues into the outer years - the Northern Territory government funding. The Australian government money does not continue. The program, which is around workforce planning and development, particularly for Indigenous training, continues, but it does not have the Australian government funding component.

Mr TOLLNER: That is right. What part of the program has suffered because the Australian government funding is no longer there?

Mr JENKINSON: The overall quantum of the number of programs going out there.

Mr TOLLNER: Can you give me a bit more detail on that quantum?

Mr JENKINSON: The reduction in funding from the Australian government was \$1.6m, so the quantum of programs would be in that order. Each program is not 100 000 a year or 50 000 a year - it is not set. It is a demand-driven process. At this point in time, the number of programs that have gone out have gone out in five rounds over the last four years - the Indigenous Training for Employment program. I can give you a sense of the number of programs that was. It was, in fact, 54 projects over the last four years with an investment of \$7.8m over the last four years, reaching 1708 separate employment outcomes for Indigenous

people. In the future years, that funding goes back to only the Northern Territory government component, which is approximately \$1.3m.

Mr TOLLNER: It is demand driven. Can you tell me where the demand has reduced?

Mr JENKINSON: It would reduce across the board. The program comes from ...

Mr TOLLNER: This is in the period, as the minister says, of our most significant period of growth in our history. Are you saying demand for these services has decreased – declined?

Ms LAWRIE: In relation to gearing up for growth in the urban centres ...

Mr TOLLNER: Clearly, you are not gearing up for growth; you are gearing down – the Commonwealth is.

Ms LAWRIE: We put new initiatives into Budget 2012-13 to support those initiatives.

Mr TOLLNER: What new initiatives have you put into 2012-13?

Ms LAWRIE: We have passed that output area.

Mr TOLLNER: We are talking about workforce growth.

Ms LAWRIE: Yes, but it was Business industry and development –we put additional funding in.

Mr TOLLNER: I have just highlighted an 18% reduction in spending and you are telling me there are new programs.

Ms LAWRIE: There are new programs funded by the Northern Territory government in industry development.

Mr TOLLNER: What are those programs?

Ms LAWRIE: You are being very cute because you know we have already passed that output area.

Mr TOLLNER: No, I am not. I am asking questions directly related to workforce growth. Just answer the question. What programs have you initiated?

Ms SCRYMGOUR: Bully boy.

Madam DEPUTY CHAIR: Member for Fong Lim.

Ms LAWRIE: Have you settled down, Dave? Calm down. Very clearly we have explained cessation of Commonwealth funding in one particular program area. The Territory government commitment to that has continued. If you are talking about the broader issue of gearing up for growth, we have put additional funding across a range of industry sectors through the Chamber of Commerce, Manufacturers Council, through the ICN NT, all designed to assist industry to gear up for growth.

Mr TOLLNER: I am talking about Output Group 9.1 - Workforce Growth. There has been a reduction in spending over the last few years of some 18%. You are now telling me no services have been reduced and in fact there are new services. Tell me what they are, please.

Ms LAWRIE: You fail to understand the outputs and how they work with the Northern Territory government spend on gearing up for growth. You have been focusing on one Commonwealth training program. Instead, we are talking about a range of funding initiatives to support business development. For example, we have put new business grants in - the Business Technology Support grant is new - \$225 000. An Employment Support grant is new - \$225 000, a Business Growth grant is new - \$180 000. We have also increased funding to our peak industries to help them gear up for growth – to the Chamber of Commerce, the Manufacturers Council, and the Business Enterprise Centre, which provides training for businesses to help them gear up for growth.

Mr TOLLNER: It is great news there are many new programs out there, but there has been an 18% decline in funding which you say has been taken away by the Commonwealth no longer funding particular

programs. You have, in fact, 18% less money to deliver programs now and you just mentioned a whole range of new ones. Where have the savings come from in order to deliver the same service and deliver new programs with an 18% reduction in costs?

Ms LAWRIE: What you continue to refer to is the Commonwealth program in relation to Indigenous employment which, as has already been explained to you, was a program which ramped up additional funding for a three-year period. That three-year period has come to an end, which is not unusual with Commonwealth program funding cycles. The Northern Territory government effort is sustained and continues.

With regard to the broader question about gearing up for growth and how we are supporting business, we continue to maintain and sustain our training effort. We are also providing important industry development funding grants and ramping up that funding to industry.

Mr TOLLNER: It is all gobbledegook to me - an 18% funding cut and more services at no cost to anyone. You might be able to live by that, but it is a magic pudding you are operating, clearly.

What have you done to fill the gap in skilled employment in the Northern Territory?

Ms LAWRIE: We have a range of strategies in place in relation to skilled employment in the Territory. Obviously, fundamental, critical, and core to the effort is to set those very important targets of training our own - targets which, to date, have been met. We set the target of 10 000 new apprentices and trainees and met that ...

Mr TOLLNER: We might get to that in the next output group, but ...

Ms LAWRIE: ... and we are on target to meet the additional 10 000, we are tracking at above 9000 at this stage. First and foremost – critical - was the effort in training our own. Second to that, there is a raft of job skills - expos the Territory government has participated in nationally where the Department of Business and Employment has worked with industry and visited different places in our nation to promote moving to the Territory for work and the great Territory lifestyle. In addition, we have undertaken overseas jobs expos as well. We have seen an increase in our workforce from the key targeted nations such as Ireland and the UK.

Mr TOLLNER: Minister, on that subject you finished with, do you have any intention of trying to obtain a regional migration agreement for the Northern Territory?

Ms LAWRIE: Very clearly on the public record, this government has said with the major project there will be a significant increase in workforce need. To meet that significant increase in the workforce we, first and foremost, are training our own - we are promoting employment for locals ...

Mr TOLLNER: I specifically asked you about a regional migration agreement. We can get on to training in the next output group, minister; however, in relation to a regional migration agreement?

Ms LAWRIE: To understand a regional migration agreement you have to understand the setting in which it is placed. The setting in which a regional migration agreement is placed is, first and foremost, train your own, and we are meeting the training effort. We will also provide job skills and opportunities for the workforce here.

The second tier to that is to source workers from within Australia, which is why we undertake jobs skills expos right around the nation. The third tier is a regional migration agreement which provides very clear parameters for overseas migration. That agreement is currently being negotiated.

Mr TOLLNER: Are confident you can get the nod from the Commonwealth in relation to that agreement?

Ms LAWRIE: As I have said, the agreement is currently being negotiated. I believe it was back in the May sittings, the federal Immigration minister, Chris Bowen, announced the Northern Territory would have the first regional migration agreement. Along with me, he announced the agreement is under negotiation. The Department of Immigration has been in the Northern Territory undertaking consultations with all key stakeholders.

Mr TOLLNER: Minister, when you are talking to people from interstate and overseas about moving to the Northern Territory to work, what type of things do you discuss with them?

Ms LAWRIE: It is a joint program by industry and the government. Industry participation is very strong. What has been critical to the job skills is they go there with absolute data around what jobs are available and a direct matching can occur. The feedback we have had is people love the detail.

Mr TOLLNER: Thank you, minister. Do you alert them to the housing crisis in the Northern Territory and that there may not be anywhere for them to live when they arrive?

Ms LAWRIE: That is your bizarre spin on it, Mr Tollner. Obviously, when people are looking at moving for employment they look at all the key issues: they look at the environment, the lifestyle, the housing market, the pay, whether or not the job is a good job for them to move to. For you to take the negative view you have taken, I am not surprised ...

Mr TOLLNER: I am not taking any view.

Ms LAWRIE: The improvement in nett interstate migration will belie your view.

Mr TOLLNER: Minister, where will they live?

Ms LAWRIE: Clearly, we have a strong housing market. We have a whole raft of land release occurring across Palmerston East. We have infill development in units. We have the workers accommodation village being constructed by INPEX, and we have the Northern Territory government's own workers accommodation site at Batten Road ...

Mr TOLLNER: A traffic jam at Howard Springs.

Ms LAWRIE: That being said, if you want to go into the detail of land release, it is appropriate to do that with the Department of Lands and Planning when Minister McCarthy appears before the committee.

Mr TOLLNER: No worries. Madam Deputy Chair, I might give Mr Wood a crack.

Mr WOOD: Thank you. Treasurer, can you give SOME understanding of the new CDEP program and how that will affect workers in the Northern Territory? I do not know how many CDEP programs we have had?

Ms LAWRIE: Mr Wood, I do not think it is appropriate for me to comment on a program that is not a Northern Territory government program. I know the lead agency in discussions has been the Department of Local Government, Housing and Regional Services.

Mr WOOD: I thought it was about training - the CDEP program?

Ms LAWRIE: It is a Commonwealth program. You would have to ask questions of the Commonwealth; it is their program.

Mr WOOD: Okay. Minister, in relation to AAcO's new proposed abattoir, what discussions have you had in relation to 457 Visa workers coming to that?

Ms LAWRIE: None.

Mr WOOD: Have you had any discussions with Aboriginal communities about the possibility of Aboriginal people from remote communities becoming fly-in fly-out workers for AAcO's abattoir and INPEX? We seem to be able to fly people from interstate to work in the Territory, but we have many unemployed people in remote parts. Are we doing anything in that line?

Ms LAWRIE: Yes, we have struck an agreement with the Commonwealth for a two-year Commonwealth-funded position for a remote regional workforce connect coordinator announced last week. The initial part of the agreement will focus on five communities - Maningrida, Ramingining, Wadeye, Tiwi Islands, and Gunbalanya - due to their proximity to significant projects. That position, obviously, has not started yet because it has just been announced regarding Commonwealth funding and arrangements. It has been something we have proactively pursued with the Commonwealth and follows Commonwealth funding of a trial in Cairns.

Mr WOOD: That is a Commonwealth program?

Ms LAWRIE: Commonwealth funding, but we will operate it through the Department of Business and Employment. We have done the project scoping for it, and we will have the officer placed within the Department of Business and Employment. We have done some pre-analysis for that. We have worked with the Department of Local Government, Housing and Regional Services on an understanding of the existing trained-up workforce as a result of the National Remote Indigenous Housing Partnership. We literally have, per community, a list of numbers of people identified with their skills and qualifications through their certificate levels.

Data from the Department of Local Government, Housing and Regional Services - important SIHIP data, if you like - is being fed across the Department of Business and Employment. We have had a joint committee between the two agencies to scope and identify ongoing employment opportunities through the major projects, but any significant size project that gets up within that region. For example, that coordinator could seriously be looking at workforce requirements going forward with ERA and its activities at Jabiru. That would make sense, obviously, for Gunbalanya, but why not Maningrida as well? As another example I have used Wadeye and its proximity to the Bayu-Undan field and the work with the gas plant there.

Mr WOOD: What will be the role? Will that person be trying to get people into the Darwin ...

Ms LAWRIE: Coordinating the logistics of how that could happen, yes.

Mr WOOD: I am interested to know how it is going to work on the ground. My understanding, when I was last in Wadeye, was no Aboriginal people were employed at the Blacktip refinery.

Ms LAWRIE: It is very early days. We do not even have the position up and operating. We struck the agreement last week - it was announced on Friday.

Mr WOOD: Is your department involved in employment of remote Aboriginal workers?

Ms LAWRIE: Not directly.

Mr WOOD: Why not? That is the highest unemployment area in the Territory by far. If you take out CDEP, it is very high.

Ms LAWRIE: Yes, the department ensures it works proactively with training and meeting our Indigenous workforce targets across government. In placement of remote Indigenous employees into private enterprise, the leverage for that comes from weightings in governments contracts. For example, DCI is a critical player in that space.

Mr WOOD: You said the Commonwealth puts someone into a position to help people in those remote communities. Why have we not been doing that because ...

Ms LAWRIE: We have, through the Department of Local Government, Housing and Regional Services, as I stated previously. It takes the lead on that.

Mr WOOD: My argument ...

Ms LAWRIE: I am aware of the additional funding they have put into that. Again, that is for Minister McCarthy and the Department of Local Government, Housing and Regional Services. We work constructively with that department.

Mr WOOD: This section is called Workforce Growth and is run by this department.

Ms LAWRIE: We have given specific administrative responsibility to the Department of Local Government, Housing and Regional Services.

Mr WOOD: Page 210 of the annual report shows grant payments to business and industry associations. If companies have also applied for regional economic development funding or Indigenous business development program funding, can they also apply for the grants? If you have one grant for business through one department, can you later apply for a similar grant through someone else? Is there a restriction on how many grants you can receive?

Mr JENKINSON: Kim Jenkinson, Executive Director, Employment and Training. Under this output group there are grants available to businesses for workforce planning and development. If they are accessing that funding for the same function - workforce planning and development from the Australian government for example - because that is another source of this funding – no, they cannot get the grant twice. You only get it once. However, if they are applying for a business development grant it may be a different story. Under this output group, a business can access a workforce development and planning agreement.

Mr WOOD: Can an Indigenous person get a grant from an Indigenous business development program and then get one from a regional economic development funding program?

Mr JENKINSON: I would not have thought for the same thing. Workforce planning sits with us. The component of workforce growth we hold the major function for is workforce planning and development for businesses or industry sectors.

Mr WOOD: Okay. That is all the questions I have, Madam Deputy Chair.

Output 9.2 - Training

Madam DEPUTY CHAIR: We will move to Output 9.2, Training.

Mr TOLLNER: Minister, in the 2011-12 budget papers the published allocation for training was almost \$106m. During the year, training was moved from the Department of Education and Training to the Department of Business and Employment. In the 2012-13 budget papers, the published allocation for training is now \$97m. Minister, can you explain how a move from one department to another manage to truncate \$8.5m from the budget for this output group?

Ms LAWRIE: Before handing to Mr Jenkinson, I want to point out in the transfer, VET in Schools has remained with the Department of Education and Training. Mr Jenkinson.

Mr JENKINSON: In the transfer, VET in Schools did remain with the Department of Education and Training as it stands at the moment. That was just over \$8m allocated to VET in Schools.

Mr TOLLNER: That would account for the \$8.5m, all right.

Even if the reduced figure of \$97m is taken as the real budgeted figure, why is actual spending for the 2011-12 financial year estimated at just short of \$90m?

Mr JENKINSON: The Productivity Places Program is a large program of additional funding from the Australian government. That program has been fully committed but not fully expended and the money is not given to registered training organisations until they can prove they have delivered the training outcomes. So the contracts are in place, and they have been place, like they should before the end of the Productivity Places Program, but there has been a carry forward of productivity places money because the final contract has not been finalised.

Mr TOLLNER: Are you saying because of VET in Schools and because of some programs that have not been allocated money, the original figure of just over \$105m has been reduced by around \$16m because of those changes and not because they were moved from one department to another.

Mr JENKINSON: The number is more likely to be around \$9.1m. About \$8.2m was left behind in education and training for VET in Schools, and there was funding for an Industry Skills Centre at Maningrida that was not built - \$1.58m - because there were land tenure issues. The other major areas of funding being transferred was the Productivity Places Program - approximately \$6.3m all up. That is only because the outcomes have not yet been delivered and there were – they were the two offsets.

Mr TOLLNER: Can you explain what the land tenure issues were at Maningrida.

Mr JENKINSON: The facility to be built at Maningrida was forecast to be built in a particular location. The land was no longer available in that location. A new location has been found in Maningrida and the funding is to be allocated to that.

Mr TOLLNER: The land did not move. What was the issue with tenure?

Ms LAWRIE: Mr Tollner, again it is not the Department of Business and Employment which negotiates sites; we rely on a site to be located. You have just heard from Mr Jenkinson a site has been located and it will proceed.

Mr TOLLNER: Are you saying you are quite prepared to allocate \$1.5m without knowing the status of the tenure of the land?

Ms LAWRIE: No, we know.

Mr TOLLNER: What is it?

Ms LAWRIE: A new site has been located and it is okay to proceed.

Mr TOLLNER: What was the status of the land when you allocated that money?

Ms LAWRIE: Sites are often chosen, you then commence discussions - another site has been located and we will proceed with the other site. It is good news for Maningrida.

Mr TOLLNER: Marvellous. You allocated \$1.5m for a training centre and did not have tenure on the site, is that right?

Ms LAWRIE: You always negotiate with people who own the land regarding construction ...

Mr TOLLNER: Yes, that is right, but you did not have the tenure of the site. You allocated money to nothing.

Ms LAWRIE: Do you have a problem with this going to Maningrida, Dave?

Mr TOLLNER: No, I am asking how you can allocate \$1.5m to a training centre at Maningrida when you do not have tenure on the land.

Ms LAWRIE: You need to go in to any negotiation proving you have funding to proceed with what you are promising to do, unlike the CLP, which is running around the bush at the moment making all types of promises, from what I hear, without any costings or policy behind it.

Mr TOLLNER: You had a nice little rant. Minister, can you explain ...

Ms LAWRIE: I am pointing out the reality to you.

Mr TOLLNER: ... what led you to allocate \$1.5m to a training centre at Maningrida?

Ms LAWRIE: It is a good thing to do.

Mr TOLLNER: When you allocated that \$1.5m, did you have some level of certainty there was tenure available at a specific site?

Ms LAWRIE: Mr Jenkinson is pretty keen to answer your meanderings.

Mr JENKINSON: The allocation for this Australian government money, VET Infrastructure for Indigenous People, occurred quite some years ago. The money was allocated to extend a piece of land which was a DET facility and, with the movement of our department and with that land being set aside further for education, we needed to find another piece of land to build this facility. It is \$350 000 not 1.5 - \$350 000 for this infrastructure.

We have had this particular piece of infrastructure on our books for a few years and, at this point in time, we have located a piece of land. Batchelor Institute will develop this into a study centre.

Mr TOLLNER: So, the infrastructure has been built?

Mr JENKINSON: No, not yet.

Ms LAWRIE: No.

Mr TOLLNER: It is the money you have on the books?

Mr JENKINSON: It is the money I have on the books, still.

Mr TOLLNER: Yes.

Mr JENKINSON: Until we could locate the land and ...

Mr TOLLNER: When was the money allocated?

Mr JENKINSON: ... firmly embed the contract.

Mr TOLLNER: When was the money originally allocated?

Mr JENKINSON: I would say about 2008-09.

Mr TOLLNER: Yes, so three to four years ago. What was the involvement of your department with that land, given it is Commonwealth land and Commonwealth money?

Mr JENKINSON: The land is Northern Territory government land. It belongs to the Department of Education and Training for education purposes and was the expansion of an existing site already there.

Mr TOLLNER: I understood Maningrida was on ALRA land.

Ms SCRYMGOUR: If you understood Maningrida, you would know the Northern Territory government has SPLs ...

Mr TOLLNER: Did I ask you the question?

Ms SCRYMGOUR: Well, become educated about it.

Mr TOLLNER: Well, do not butt in.

Madam DEPUTY CHAIR: Order!

Ms LAWRIE: Madam Deputy Chair, we are going round in circles on this one.

Mr TOLLNER: I am sorry, no. I was of the understanding Maningrida stood on ALRA land.

Ms SCRYMGOUR: Yes, of course it does.

Ms LAWRIE: There is a lease ...

Mr TOLLNER: I have just been informed that you have Northern Territory government land there.

Ms LAWRIE: It is a Northern Territory government facility - the education facility - originally intended to expand for this training purpose. With the movement of training into employment, education wanted to keep its capacity for future expansion of education facilities. That being said, training decided to look for an alternative site. An alternative site has been located and construction can proceed. It is a good outcome for Maningrida.

Mr TOLLNER: In relation to international education, how much is spent on developing this industry and attracting international students to study their training qualifications in the Northern Territory?

Ms LAWRIE: Madam Deputy Chair, that is a question for the Department of Education and Training. Higher ed has stayed with the Department of Education and Training. It is relevant ...

Mr TOLLNER: Sorry, I am talking about skills training. We do not have skills training for international students in the Territory?

Ms LAWRIE: Well, you are referring to higher ed?

Mr TOLLNER: No, I am talking about skills training.

Ms LAWRIE: Can you be a little more specific?

Mr TOLLNER: I am asking whether ...

Ms LAWRIE: VET, trade training?

Mr TOLLNER: ... we are trying to market our skills training to people overseas.

Ms LAWRIE: Marketing is being undertaken by Charles Darwin University, appropriate to Minister Burns.

Mr TOLLNER: What is being done to improve the capacity of local skills training providers to expand to meet the demands of industry?

Mr JENKINSON: There is an ongoing professional development program that we run with our registered training organisations. For the last couple of years it has been around ensuring compliance and the ability to comply with the Australian qualification and training framework standards, which is critical for them to maintain registration. At this point in time, registered training organisations can access the business growth development fund. My understanding is there have probably been two that have accessed that program or are in the process of accessing that program to expand their operations.

Mr TOLLNER: Who are they Mr Jenkinson, off the top of your head, if you are aware?

Mr JENKINSON: No, I do not know off the top of my head, I am sorry.

Mr TOLLNER: Of the \$40m highlighted as payment to training providers to deliver training to Territorians to develop new skills and build on existing skills leading to employment, how much represents an expansion of the program undertaken in 2011-12?

Mr JENKINSON: Could you repeat the figure for me, please?

Mr TOLLNER: Well, in Budget Paper No 3, on page 77, there is \$40m highlighted as payment to training providers to deliver training to Territorians to develop their skills and the like. How much represents an expansion of the program undertaken in 2011-12?

Mr JENKINSON: That figure is a set figure for the general recurrent training. The expansion in the growth we have seen in training has been in the productivity places program - the additional program - and in apprenticeship training. I am thinking, but just going to have a quick look - yes, the \$40m to Charles Darwin University and Batchelor Institute is the ongoing recurrent training effort. The expansion has been in the other areas.

Mr TOLLNER: How much has gone to the expansion in the other areas?

Mr JENKINSON: The Productivity Places Program represented funding for an additional 5900-odd places from job seekers and from existing workers - approximately \$14m over the last three years and into this year.

Mr TOLLNER: Minister, in regard to successful training completions, is the overall target of 75% being achieved?

Ms LAWRIE: We are on par with the national average for completion rates. Mr Jenkinson.

Mr JENKINSON: The 75% completion rate refers to module completions. It is an NCVER figure, which is a national figure we are audited against, and it is for the completions of - it is called the pass rate load. It is the completions plus RPL divided by the completions plus RPL non-completions and withdrawals. So, 75% is about the ...

Mr TOLLNER: It is not completions of the total program, it is completions of aspects within the program, is that correct?

Mr JENKINSON: That is correct. It is completions of modules, which is an NCVER figure.

Mr TOLLNER: What is the overall completion rate?

Mr JENKINSON: For apprentices and trainees?

Mr TOLLNER: Yes.

Mr JENKINSON: It is about 47%, which is similar to other jurisdictions.

Mr TOLLNER: When you say it is similar to other jurisdictions, can you tell me what the rates are in other jurisdictions?

Mr JENKINSON: The national average is around 50%. Other jurisdictions spread across that - not very far across that - and completion rates vary from the different occupations. That is a general figure across all apprentices and trainees. Completion rates in the electrical area are higher than the completion rates in food trades or hairdressing. The main reason for people not completing apprenticeships and traineeships is either moving interstate or gaining employment. We find apprenticeships are not completed because people move directly into employment.

Ms LAWRIE: The 2010 biennial student destination survey conducted by the NCVET showed 89.9% of Northern Territory apprentices and trainees who completed training were in employment, and 73.8% of non-completing NT apprentices and trainees were employed following the cancellation of their training contract. They are going to jobs - 73.8% are going to jobs.

Mr TOLLNER: That is 73.8% of the 53% that do not complete the overall course?

Ms LAWRIE: Yes.

Mr JENKINSON: The other significant factor is moving interstate.

Mr TOLLNER: How many people are we talking about?

Ms LAWRIE: Mr Jenkinson.

Mr JENKINSON: Approximately 4500 to 5000. It depends on what time of the year you are looking at. That is the in-training figures for apprentices and trainees. We are at record numbers of apprentices and trainees in training - we were at the end of 2011. As you can appreciate, at the end of each year people graduate so the number drops down and builds up through this year.

Mr TOLLNER: No more questions for me, Madam Deputy Chair.

Madam DEPUTY CHAIR: Member for Nelson.

Ms LAWRIE: Madam Deputy Chair, after the member for Nelson when we complete this output, can we have a short break?

Mr WOOD: If I was to read key deliverables under training where it says: 'successful training completions', one would think we had 75% successful apprentices. Is there a good explanation? I am not knocking the explanation, but why do we not have 47% successful training of apprentices instead of successful training completions which is a higher figure but does not mean anything?

Ms LAWRIE: Mr Jenkinson.

Mr JENKINSON: It is a very good question but the answer is: there are 24 442 students ...

Mr WOOD: Exactly!

Mr JENKINSON: ... in the Northern Territory, of which about 4500 are apprentices and trainees. What we find is, of the 24 000-odd students, 15 000 are in employment. They are taking up training for not always full qualifications. Some are upskilling in gaining a welding qualification - they do not do a full qualification. That is why NCVET uses the pass load rate, which is the 75% completion, because it is of all students.

Mr WOOD: I remember for many years listening to the other Treasurer mention 10 000 apprentices every year. We know it did not mean that; it meant 10 000 students will be starting off. We really wanted to

know how many finished the course. It would be good to have a line figure because the number of apprentices, in relation to INPEX, is an important figure to have.

This is accrual accounting and meant to be about outcomes. Does anyone track how many people who have completed their apprenticeships are still working in that industry after six months and after 12 months? Do we see long-term outcomes?

Ms LAWRIE: Gareth James.

Mr JAMES: Could you repeat the question?

Mr WOOD: Many apprentices pass their exams, but the real outcome is whether they move into the industry and stay in the industry. Do we have any way of tracking whether apprentices who have completed their course are still in the job after six months or 12 months?

Mr JAMES: Not precisely. We have anecdotal evidence there is a great demand for people to fill positions. At the moment, people concerned with growing the industry would be quite aware there are many businesses trying to fill positions, and would be growing into the future as work from major projects unfolds.

Mr WOOD: Do we have a shortage of apprentices, especially when you talk about INPEX and JKC?

Mr JAMES: My observation in working with the various industry associations associated with the Gearing Up of Local Business for Major Projects Taskforce, which comprises DBE, industry associations, the union, Charles Darwin University and other people, is we are at the front end of the flow-on of contracts and projects associated with INPEX and other major projects. It will take some time to get a real understanding of how the benefits will flow through the community. I anticipate there will be a demand for people to fill jobs as we move through this year.

Mr WOOD: Can apprentices go from a particular job, say, at Winnellie, and have INPEX or JKC offer that apprentice more money, or are they locked into finishing their apprenticeship with a particular employer?

Mr JAMES: It is important to understand the structure of the INPEX project. INPEX is the owner of the project, of course, and has engaged an EPC which is JKC. JKC, in turn, is contracting to Tier 1 contractors, and, thereafter, those Tier 1 contractors will be contracting subcontractors, and the tiers could extend down four or five levels. INPEX is not directly the employer; it is the contractor of the EPC and the EPC, in turn, is contracting subcontracts in different parcels of work offshore and onshore.

Mr WOOD: There has been much discussion and I know ...

Ms LAWRIE: On that, Mr Wood, short and simple – sorry, you asked a direct question – yes, the apprentice can move from employer to employer.

Mr WOOD: INPEX could have a down side for smaller employers in Darwin because some of the subcontractors for JKC could offer higher rates for those apprentices?

Ms LAWRIE: In answering that, the government is working very closely with the prime contractor, JKC, to avoid apprentice poaching out of our SMEs.

Mr WOOD: That is what I was concerned about.

The member for Fong Lim was talking about RTOs. What is the government's contribution to registered training organisations in the Territory? Do you have a list of those RTOs?

Ms LAWRIE: Mr Jenkinson.

Mr JENKINSON: Kim Jenkinson, Executive Director, Employment and Training.

We have a list of RTOs. It is hard to understand whether they are ours or not anymore because the regulation of RTOs has been taken over by the national regulator. We do not register them, the national regulator does. In relation to private providers – four private providers access a general recurrent vocational education and training area. We have 52 that access the apprenticeship training area, and we

have 34 which access the Productivity Places Program, although many of those are possibly interstate RTOs rather than our locals, and 10 in the VET in Schools area, which are private providers, and two public providers.

Mr WOOD: Do you look at what programs are being provided? I will give you an example. I was at a community recently when a festival was on and was talking to a lady who is from Cairns. An RTO - I do not know whether it is an interstate RTO or Territory RTO - was employing her to work at one of the communities further west of the Daly River to provide training in, I believe, food handling. I asked how many people were in the training course and she said 24.

Does there have to be some logic to the training, or do we have training and we hope it will benefit people to know how to handle goods? Is it linked with employment, or is it just improving people's skills in handling food, for instance, at home? Does someone look at these things to see if it is a waste of money or is something achieved?

I am not saying this particular course is bad, but are people assessed to ensure we have not created an industry of certificates?

Mr JENKINSON: There are a couple of things to keep in mind. There are many people in the training area. The Northern Territory government purchases training from private providers and from both our public providers. The Australian government is also in this area purchasing training, and so are the job service Australia providers who are dealing with unemployed people. There is a range of purchasers of training that occur in the Northern Territory. In the Northern Territory government purchase of training, we link the purchase of training as close as possible to the occupational skills shortage list generated each year. In our specific community program for the Indigenous Responsive Program - \$2.4m that is run every year - the field officers in each of our regions assess, collectively, the training and how it leads to employment opportunity. So, each one of those programs is individually assessed for its potential to either upskill a person in an existing job or lead to an employment opportunity.

Mr WOOD: Do you have links with the other RTO systems? Is there a danger - members who live in those communities would know better than I do - a chance we have three RTOs from different governments operating in a one community? Does this confuse people who live out there? Is there one person in a community of say 500 people, or do we have one from the Commonwealth, one from the Territory and one from somewhere else? Is there some coordination to ensure we do not have duplication and wastage?

Mr JENKINSON: Kim Jenkinson, Executive Director, Employment and Training. That coordination has grown in the last few years, particularly with the local implementation plans which have been put into place. There is now a collective group of Australian and Northern Territory government agencies collectively looking at the training and employment efforts under our local implementation plans. They meet every six weeks to try to stop any overlap. The national partnership for VET reform coming in over the next few years, specifically has an action that the Northern Territory government is undertaking around connecting up the job service Australia providers with the registered training organisations to ensure we are not overlapping in any of that preparatory work, particularly with people who are unemployed because that is the space where we can potentially can trip over each other. That is a particular agenda on the VET reform agenda coming forward in the next three years.

Mr WOOD: That is all the questions I have on that section.

Mr ELFERINK: I have several follow-up questions.

Madam DEPUTY CHAIR: Is that all right, minister? You were seeking a break?

Ms LAWRIE: Yes, I would like a short break.

Mr ELFERINK: This will be 3 or 4 minutes

Ms LAWRIE: If it is 3 or 4 minutes, sure.

Mr ELFERINK: Yes, it is just an inquiry. It was the exchange between Ms Scrymgour and Mr Tollner that sparked my interest. The member for Arafura said the property was being held in escrow, is that correct? Did I hear it correctly?

Ms LAWRIE: I did not hear the exchange across members of the committee.

Mr ELFERINK: That is fine. Is the title of the land for the school at Maningrida being held in escrow?

Ms LAWRIE: That is not a question for us. You would have to ask that question of the Department of Lands and Planning in relation to the title of the land.

Mr ELFERINK: You are building a school. I thought you would like to know the title arrangement.

Ms LAWRIE: I thought you were referring to the school facility. Are you referring to the training site?

Mr ELFERINK: I could stand corrected on the training site. I came in halfway on that. I am curious as to the use of escrow as a vehicle.

Ms LAWRIE: In relation to the negotiations on land lease, it is not within DBE so it is not the relevant area.

Mr ELFERINK: I will probably ask the questions later. Thank you for your time. Perhaps I should ask Marion; she seems to be full bottle on it.

Madam DEPUTY CHAIR: Thanks very much. That concludes consideration of Output 9.2 and Output Group 9. We will take a short break and return to Output Group 10 - Shared Services.

The committee suspended.

OUTPUT GROUP 10.0 – SHARED SERVICES **Output 10.1 – Finance Services**

Madam DEPUTY CHAIR: Let us resume. We are on to Output Group 10.0, Shared Services, beginning with Output 10.1, Finance Services. Are there any questions?

Mr TOLLNER: No, I do not have any specific questions on Finance Services. John has some.

Madam DEPUTY CHAIR: We will go to the member for Nelson and then the member for Port Darwin.

Mr WOOD: Minister, your annual report talks about delivering finance services to government agencies, including payment of accounts, receivable management ledgers, asset records, corporate tax returns and banking services. Is it your job to coordinate travel? Is the coordination of travel done through business?

Ms LAWRIE: No.

Mr WOOD: Who, then I will know where to go next time?

Ms LAWRIE: Each agency.

Mr WOOD: Each agency, but you do not coordinate it together?

Ms LAWRIE: No.

Mr WOOD: I thought that is what Finance Services did. When I want answers on how many trips were taken by a department, either interstate or international, or ...

Ms LAWRIE: Each agency could answer that.

Mr WOOD: If the whole-of-government wanted to get that information it has to go to each department. It cannot say: 'We can pull that information up and we know the whole-of-government spent \$35m on airfares this year'? Your department is not able to do that? It relies on going to each separate department?

Ms LAWRIE: The Department of Business and Employment, through Shared Services, has the TRIPS system, but each agency is responsible for its own budget for travel.

Mr WOOD: According to my note, we sent out a question to the Department of Business and Employment about airfares and have not received a response.

Ms LAWRIE: I was prepared to answer that in the whole-of-agency questions but no one asked. I have it.

Mr WOOD: Okay. Perhaps you could pass that on. The appendices on the last page of your annual report has the heading 'Accommodation Costs for Non-Government Organisations for Year Ending 30 June 2011' ...

Ms LAWRIE: Mr Wood, that is under item 10.5 - Office Leasing Management.

Mr WOOD: I am getting there. Okay. I will wait.

Ms LAWRIE: We are on 10.1; that is 10.5.

Mr WOOD: I am getting closer. It is like playing the game - getting warmer. I will leave it to office leasing. I was trying to clarify what people pay you. It says accommodation costs. For instance, the Australian Association of Young People in Care - are they paying you \$9600 or are you paying them \$9600?

Ms LAWRIE: It is what the Northern Territory government pays for accommodation for non-government organisations. They do not pay us in that example under 10.5.

Mr WOOD: That is all the questions I have in that section.

Madam DEPUTY CHAIR: Member for Port Darwin, do you have questions?

Mr ELFERINK: Yes, a couple in relation to Finance Services. Normally, we deal with accounts payable by government departments through the GAS system – is that correct? Is there any other system we use for accounts payable - an AMS system perhaps?

Ms LAWRIE: The Department of Construction and Infrastructure has the new asset management system.

Mr ELFERINK: Are there any problems with that system?

Ms LAWRIE: I will refer to Kathleen Robinson in relation to the accounts.

Ms ROBINSON: Kathleen Robinson, Executive Director, Shared Services. That project is being managed by the Department of Construction and Infrastructure. There have been some issues to do with the implementation of that system around getting payment files to progress through the banking services arrangements fully. We have assisted in a couple of instances to ensure payments have been made to people on time.

Mr ELFERINK: How many payments are not making it through?

Ms ROBINSON: I am sorry, I do not have that information.

Ms LAWRIE: You will have to ask the Department of Construction and Infrastructure.

Mr ELFERINK: Why were you called in to assist with this?

Ms ROBINSON: Because, as part of being DBE, we have access to a particular banking arrangement facility that allows us to look through the banking system where the Reserve Bank can get the money through quickly.

Mr ELFERINK: You have to use your banking system to pay the bills of another government department because their system is not effectively working? Do I understand that correctly?

Ms ROBINSON: Yes, that was a one-off instance in the transition across to the asset management system.

Mr ELFERINK: A one-off instance? How often and how much was involved in this one-off? How many bills were log-jammed?

Ms LAWRIE: I am advised four manual payments occurred.

Mr ELFERINK: Four manual payments? How much were those manual payments worth in total and how late were they?

Ms LAWRIE: Again, you will have to ask the Department of Construction and Infrastructure of the time for the payments. Payments were made to Cool Lock for \$46 560, Quality Plumbing of \$332 969, Paradise Landscaping of \$3078, and System Homes of \$306 148.

Mr ELFERINK: Why did they come to this department? Why not somewhere else?

Ms LAWRIE: The Department of Construction and Infrastructure asked for the expedited payments and we had the system in place to do it.

Mr ELFERINK: You had the system in place to do it. Has the AMS system caused you to require any other payments be made through your department at all or just those four?

Ms LAWRIE: Just the four I listed.

Mr ELFERINK: Are you aware if any further payments have had to have been made or are log-jammed in the AMS system?

Ms LAWRIE: You would have to ask the Department of Construction and Infrastructure.

Mr ELFERINK: One of your hats, minister, is as Treasurer. Would you not be concerned, as Treasurer, that payments were being log-jammed through a system which is supposed to work?

Ms LAWRIE: Not appropriate to this output.

Mr ELFERINK: Yes, I know, but ...

Mr TOLLNER: You are odd.

Ms LAWRIE: Estimates has procedures. I am following the procedures.

Mr ELFERINK: Yes, and avoiding answering questions in relation to ...

Mr TOLLNER: Yes, Dodgy Delia.

Ms LAWRIE: Not at all.

Mr ELFERINK: It is a pretty straightforward question. All you have to do is say yes and that is the answer. Are you concerned?

Ms LAWRIE: Again, not appropriate to this output.

Mr ELFERINK: There you go. That is the quality of governance in the Northern Territory.

Ms LAWRIE: You had hours to ask me questions as Treasurer. If you missed out on asking me, that is your problem.

Mr ELFERINK: I am concerned people out there in payment-land are not getting paid to the tune of \$300 000 and you have to ask one department to do it on behalf of another.

Ms LAWRIE: As specified in the answer, four companies have received payments and you were given the amounts.

Mr ELFERINK: One of them was over \$300 000.

Ms LAWRIE: And they have received the payment.

Mr ELFERINK: Yes, how late?

Ms LAWRIE: Again, you have to ask DCI.

Mr ELFERINK: Why, did you not?

Ms LAWRIE: What I ask as Treasurer is not pertinent to the Department of Business and Employment output.

Mr ELFERINK: What about the minister? Somebody is asking you to pay their bills through your system and you do not inquire how late the payment is?

Ms LAWRIE: I am satisfied the Department of Business and Employment made the payments at the request of DCI.

Mr ELFERINK: Yes, and I imagine the plumber that missed the \$300 000, or was late receiving the payment, would take great heart in the fact the question is not in the right output group. I wonder what the cash flow problem for that plumbing firm was and you are saying: 'Not the right output group'.

Ms LAWRIE: Payment has been made.

Mr ELFERINK: Yes, how late?

Ms LAWRIE: Ask DCI.

Mr ELFERINK: Did you care to find out? Did you ask?

Ms LAWRIE: I am very across the issue.

Mr ELFERINK: Okay, so did you ask?

Ms LAWRIE: Again, I am not going to answer questions as Treasurer in the Department of Business and Employment.

Mr ELFERINK: Cold comfort for the businesses out there that run themselves according to your payment system ...

Ms LAWRIE: The businesses would be closing their doors if you had your way.

Mr ELFERINK: Your churlishness will give no comfort to businesses who are not getting paid because of problems with an AMS system.

Madam DEPUTY CHAIR: Member for Port Darwin, do you have a question or have you concluded with this output?

Mr ELFERINK: Well, there is no point in asking questions; you just get a stone wall.

Mr TOLLNER: Would not answer. No intention of answering anything.

Madam DEPUTY CHAIR: The minister made is clear what output she is responsible for and what she is not. Do you have further questions in Output 10.1?

Mr ELFERINK: No, because they will not be answered so what is the point.

Madam DEPUTY CHAIR: That concludes consideration of 10.1.

Output 10.2 – Human Resource Services

Madam DEPUTY CHAIR: We now move to consideration of Output 10.2 - Human Resource Services.

Mr TOLLNER: Minister, how many apprentices does the government employ?

Ms LAWRIE: The government had 182 apprentices employed as at 31 March 2012.

Mr TOLLNER: How many are Indigenous?

Ms LAWRIE: I have the breakdown of Indigenous apprentices employed in DBE-managed programs: 33 Indigenous apprentices in 2012.

Mr TOLLNER: How many apprentices employed outside Darwin?

Ms LAWRIE: We will take that as a question on notice.

Mr TOLLNER: Yes. How many apprentices employed ...

Ms LAWRIE: Can we go through the question on notice process for the records.

Question on Notice No 1.02

Madam DEPUTY CHAIR: Can you clarify the question, member for Fong Lim.

Mr TOLLNER: How many apprentices government has employed are Indigenous?

Ms LAWRIE: We provided the Indigenous number. The question was how many are in remote.

Madam DEPUTY CHAIR: Outside of Darwin.

Ms LAWRIE: Outside of Darwin, was that not the question?

Mr TOLLNER: How many outside of Darwin, yes.

Madam DEPUTY CHAIR: That is question No 1.02.

Mr TOLLNER: How many of those apprentices live on Aboriginal land?

Ms LAWRIE: We do not break down data as to whether or not they are living on Aboriginal land. I am not able to take that element of the question on notice.

Mr TOLLNER: Perhaps you could make some inquiry into that.

Ms LAWRIE: I do not see the point.

Mr TOLLNER: You do not see the point of understanding how many people in remote communities you are, potentially, employing?

Ms LAWRIE: No, I take the question on notice in regard to remote.

Mr TOLLNER: I am curious about the Aboriginal land component of it, but you do not seem to have an interest in that regard?

Answer to Question on Notice No 1.02

Ms LAWRIE: The answer to that question on notice is 29 outside Darwin, which obviously includes Alice Springs.

Mr TOLLNER: Of those 29, how many live on remote communities?

Ms LAWRIE: The breakdown is: an apprentice in Coburg, Nguuu, Nitmiluk, Ramingining, two at Umbakumba and one at Yirrkala. The other locations for apprentices are six in Alice Springs, two in Bachelor, two at Fogg Dam and two at Katherine.

Mr TOLLNER: If I add that correctly, eight come from remote Aboriginal communities?

Ms LAWRIE: Do you have a question?

Mr TOLLNER: Is that correct?

Ms LAWRIE: Yes.

Mr TOLLNER: Do you believe it is an indictment on the Northern Territory government's efforts or capacity to train Indigenous people living in remote communities when you have eight apprentices for the entire Northern Territory?

Ms LAWRIE: No, that is Northern Territory government employee apprentices. Obviously, a significant effort has been provided in training through other programs which sit with other agencies - the alliance partnerships.

Mr TOLLNER: That would not even account for 5% of the original number you gave of your total apprentices employed?

Ms LAWRIE: Again, I have provided the answer.

Mr TOLLNER: No more questions from me.

Madam DEPUTY CHAIR: Member for Nelson, Output 10.2.

Mr WOOD: Page 12 of the annual report for 2010-11, under Human Resource Services, says it initiated the NTPS school-based apprenticeship program and achieved 23% of the identified target in the first year. Can you explain what that program is and why such a low target?

Ms LAWRIE: Yes, Kathleen Robinson.

Ms ROBINSON: Yes, we had a new school-based apprentice program as part of our overall Northern Territory government apprentice program which started last year. We have struggled to get sufficient numbers in that, both in nominations through agencies and finding people interested to participate in the program. It is something we are actively working on. We visit all the schools and talk to the high schools around this program - what is available to them looking for options for school-based apprentices to work in the NTPS, but it had been a slow start.

Mr WOOD: All right. Thank you.

Madam DEPUTY CHAIR: That concludes consideration of Output 10.2.

Output 10.3 – Procurement Policy and Services

Madam DEPUTY CHAIR: We will proceed to Output 10.3 - Procurement Policy and Services. Questions.

Mr TOLLNER: I will start on the track Mr Wood was going down. What is your definition of local?

Ms LAWRIE: Mr James, do you want to turn your mike on?

Mr JAMES: Yes, Minister. Mr Tollner, the best definition is the maximum amount of local content you can achieve by being local. What the government is trying to secure is maximum return into the economy, the maximum amount of engagement, the maximum amount of value adding and, naturally, that goes to, for instance, making comparisons between how many employees might be employed and what the return circle would be throughout the economy.

Mr TOLLNER: How is the application of weighting applied for local business?

Mr JAMES: Do you mean by comparison with, for instance, two tenders in competition, or are you talking about the application of the local – it is important to mention the local content is now mandated at 20% ...

Mr TOLLNER: Yes, as a weighting.

Mr JAMES: ... as a new initiative, whereas it had not been mandated at that level previously.

Mr TOLLNER: Yes, that is right. I want to know how you determine that weighting. For instance, how could somebody receive 17 out of 20, for instance?

Ms LAWRIE: In relation to the new process being announced, we will be applying best practice guidelines to the Territory government procurement processes which will have a checklist for the procurement officers to go through to ascertain the extent of that local weighting.

Mr JAMES: And, of course, every case on its merit. For instance, applying an LDVA rating in a one tender situation for a construction project might be different to a tender for a service.

Mr TOLLNER: It could be perceived as cut and dried - you are either local or not local. I am curious as to how that weighting works when it comes to assessing tenders.

Mr JAMES: The aim is to ensure you maximise the amount of local content, the local value adding and development. Each case might be different. For instance, one company might be employing many local employees. One company might not be employing many local employees but might subcontract many businesses to deliver on project. Every case is on its merits, and the importance of tender panels is to ensure they do the calculations so the best tender on the day will see the best return to the industry, the economy and employees.

Mr TOLLNER: I appreciate that. I am trying to get my head around this issue of local content and what that means in practice. For instance, would somebody tendering for a job in Darwin from Tennant Creek be considered a local business? All their employees work in Tennant Creek. Would they be excluded because they do not live in Darwin?

Mr JAMES: Well, the policy is a jurisdictional policy.

Mr TOLLNER: It is similar to the federal view, which is it does not really care as long as the business is located within Australia? Are you saying the same applies in the Northern Territory: provided the business is located within the Northern Territory it is deemed as local?

Ms LAWRIE: Yes.

Mr JAMES: Yes.

Mr TOLLNER: Would it apply equally the other way: that Darwin businesses tendering for contracts in Tennant Creek would be considered local?

Ms LAWRIE: Yes.

Mr JAMES: Within the jurisdiction.

Mr TOLLNER: You could understand there may well be noses out of joint in Tennant Creek based on the fact people are concerned all the work is going to Darwin businesses and not enough is being issued to Tennant Creek businesses?

Ms LAWRIE: It is a hypothetical.

Mr TOLLNER: It is a hypothetical, but a real instance as well. I know of several businesses in Tennant Creek which complain they are overlooked all the time for Darwin companies.

Ms LAWRIE: As you have had the explanation of the procurement policy, local is the jurisdiction of the Northern Territory.

Mr TOLLNER: Yes, I understand that. Getting back to Mr Wood's line of questioning about what is local, a fellow turning up with a head office in some other part of the country or the world, sets up an office in Darwin and calls himself a local, would that meet your requirements of local content if he was to tender for work simply by leasing office space, taking out a PO box, and having a local phone number?

Mr JAMES: Mr Tollner, it would be every case on its merits and, by comparison, in competition with the other tenders that may be lodged. There is local and local. In the same way the government tries to achieve in the application of its IPP policy to get the maximum amount of economic benefit, the maximum

amount of industry growth, etcetera, the same goes for the procurement policy. The aim, in looking at a tender put forward, is to try to maximise the return to local industry and the local economy. In your hypothetical case, if an interstate or international company just had a post box here as its presence, by comparison with and in competition with another tender that might be lodged and considered by a panel, where that other tender might have 300 employees working here and be a long-term company in the Northern Territory, be capable enough to do the work that has been sourced - I could go on - naturally you would hope the assessment would be the other local company which has been here for a long time would rate higher than another company that simply had a post box.

I should also add, the assessment of a tender is not simply in relation to the LDVA component, there are many other things that comprise the assessment components of the tender. Having all the employees located - you might not be as capable as another person who has half that number but far more qualified and efficient in reputation and delivery. It is not a precise science. That is the importance - as the minister said, we are trying to roll out best practice guidelines to help tender panels make good decisions.

Mr TOLLNER: I appreciate that. In relation to the example I used about Darwin companies taking work from Tennant Creek businesses, and the weighting for local does nothing to assist those Tennant Creek businesses, is there anything in procurement policy or services which encourages a warning word to businesses in the regions?

Mr JAMES: You would hope, again, in the government's ambitions to nurture and grow regional communities, regional economies and regional community development, that some concern would be given to nurture, wherever possible, regional capability and take that into account in the tendering processes.

Mr TOLLNER: That is a hope. Is there any direction from anywhere ...

Mr JAMES: As I said, we are intending to roll out some best practice guidelines to guide and help the assessment panels in making good decisions in each region.

Ms LAWRIE: Mr Sweet.

Mr SWEET: Amongst those things, past performance comes into this, so there is a distinct advantage if you have been encumbered in a contract before that. Also, an existing presence in the region. Obviously, these things would be considered an advantage, and one might consider things such as mobilisation - time to mobilise if you are a local provider with local content and local people working there. There are advantages that would all be part of an assessment criterion.

Mr TOLLNER: Clearly, that is not working in the case of some Tennant Creek businesses. When will these new guidelines be produced? When can we expect to see them?

Ms LAWRIE: Mr Tollner, we have put 1 July as the date for the implementation of the procurement reforms, including the best practice guidelines. We are rolling out information to industry and business organisations around the reform process, and that will include workshops and forums with business and industry.

Mr TOLLNER: There is specific mention about supporting local businesses in the context of 'local' being inside the Territory - not talking about they are all the same, we bundle them all up, but local businesses.

Ms LAWRIE: Yes, the new reforms in improved weightings on local content will be part of the debate at the forums and workshops.

Mr TOLLNER: Of course, when you are trying to develop regional economies, it is very difficult for those regional businesses to have the same track record as well-established Darwin businesses, for instance, or have access to the same accommodation facilities etcetera. Business costs are generally much higher in the bush. Is there a genuine focus to get more government work done in remote communities or regional parts of the Northern Territory?

Ms LAWRIE: The regional economic development work is driven out of the Department of Local Government, Housing and Regional Services. That being said, the Department of Business and Employment has been engaged in meetings with that department to promote regional economic development and setting a strong pathway forward. The government spend in the remote and regional areas is critical to the opportunity for tenders for business.

Mr TOLLNER: Absolutely. Perhaps, minister, you might be able to direct me to areas within the department that could help define those principles you have just mentioned.

Ms LAWRIE: In what specifically? I talked about the way the Department of Business and Employment works with the Department of Local Government, Housing and Regional Services, and the importance of the government spend in the bush.

Mr TOLLNER: I was after a few policy statements of your own you have mentioned in the past of things such as that.

Ms LAWRIE: Again, I am trying to get clarification from you, Mr Tollner.

Mr TOLLNER: Promoting business in the regions, promoting business in the bush, and how your government is assisting in that regard – or your department.

Ms LAWRIE: Right, well it is off the procurement reform. That is a broader body of work we are doing; it is not this specific output.

Mr TOLLNER: So, it is not in the procurement reform?

Ms LAWRIE: The procurement reform is specifically to improve local weightings.

Mr TOLLNER: Yes, it is not in there. All right, that is fine. That is enough for me.

Mr WOOD: Minister, can you give us the present weightings for a medium-sized government contract? What are the weightings, in percentages, please?

Ms LAWRIE: The weighting is currently 16%.

Mr WOOD: No, if someone is applying for a contract with the government, what is the weighting the Procurement Review Board looks at in percentage terms?

Ms LAWRIE: Well, it varies depending on the tender. They are tender-specific weightings. What the reforms do is say ...

Mr WOOD: Construction tenders.

Ms LAWRIE: Yes. They vary according to the tender. What the reform says is the weightings will be advised so companies are aware of where the weightings are when they are putting in their tender. That is a significant change in the reforms.

Mr WOOD: I know a builder who is putting off workers because he has never seen so much work being given to companies not based here, reside here, invest here, or spend money to train local people. Is it true pricing takes up 50% of the weighting?

Ms LAWRIE: No, price varies. It really does vary depending on the specifics of that tender. There is no generic level of weighting.

Mr WOOD: Does lowest price normally win the contract?

Ms LAWRIE: Not always.

Mr WOOD: How does it not win the contract?

Ms LAWRIE: It varies from contract to contract. For example, if you are procuring specialist legal expertise, price is not necessarily going to be the main driver on that contract; legal expertise and knowledge in that specific area is. That is an example.

Mr WOOD: Say, construction. The government puts out a tender for a hall at a school, is pricing the most important aspect of that tender?

Ms LAWRIE: I could not speak to that specific example, the Department of Construction and Infrastructure is the relevant agency for that example.

Mr WOOD: Well, your procurement policy is about putting weightings on those contracts.

Ms LAWRIE: It is about setting the parameters, not the specific weightings for each contract. What I said is previously the local development weighting was 16%, and we have upped that to 20%.

Mr WOOD: This company has had four apprentices in seven years. Two are finishing soon, and they are the last they will take on because the company is going to pull out of the business it is in.

Long-term businesses which may not have the lowest price but have families and have shown their long-term commitment to the Northern Territory, have put time and money into apprentices - is there no way that can be counted as a benefit to the Territory? If you just stick to price, of course the government will get the cheapest price, but from a human cost point of view these businesses will go broke; they will not have work.

I am talking about someone who has been in the business a long time in the Territory and is now pulling out of the work he used to do because he cannot get a job.

Ms LAWRIE: The lowest price is not always the preferred tenderer. A series of different tests are applied across the weightings to each tender. What we have done with the procurement reforms in this area is increase the local weighting value across the ...

Mr WOOD: That is only local content. If we want to keep families and businesses in the Territory and not pack up and go, or just go broke, somehow that long-term commitment to the Territory by living here, raising a family and putting time and effort into apprentices, even helping Indigenous people in remote communities - if that does not have any value then all we have ...

Ms LAWRIE: It does have value, Mr Wood; it does have value.

Mr WOOD: Where is that value, because this company does not have any work?

Mr JAMES: Gareth James, Executive Director, Business and Development.

It sounds like a practical example which should, perhaps, be put to the agency concerned. Irrespective, with regard to the procurement policy, the aim is to ensure the policy is well-defined. The current processes include assessment of a number of building blocks in making a decision, and the new process is, for instance, mandating 20% as the local content and explicit price being published.

However, because it is the lowest price - every case on its merits - it might not be the lowest risk, and past performance is one of the elements, supply specific criteria, capacity to perform, and there is a range of other assessment components an agency would consider when assessing one tender against another.

Mr WOOD: Minister, if that is the case, can the government say: 'Okay, the last 100 tenders will not specifically go on lowest price?' If that is the case, can we see examples where that is not the case? Can we see examples where the lowest price was not selected? I am being told the lowest price is being selected because the government wants the cheapest job possible. The trouble is, as I come back to this man here - his apprentices are going, he is putting off people, and he feels it is just all too hard.

Ms LAWRIE: Again, I would urge that particular company to contact directly - you say a construction firm - the Department of Construction and Infrastructure. I know the CE, Al Wagner, has been liaising directly with construction companies which have concerns over the hand they are being dealt with in bidding for government tenders and government work. I sincerely urge that particular business person to contact the CE of the Department of Construction and Infrastructure.

Often when that has occurred, government cops a fair amount of flak about that as well. However, there are debriefs put in place in the tender process. The point of the procurement reforms is to make clear the weighting on price. Part of the reforms is also to put in those best practice guidelines which are about applying rigor to the assessment panels going through the tender assessments. That is a critical improvement in the system. The other improvement coming through in the procurement reforms is the role of the Procurement Review Board to go back and conduct audits of government tenders.

Mr WOOD: Do you look to see whether a company is willing to do extra work, for instance, on contract, which would save money? Roseberry school is a classic example where it cost more money - whether that saved money, I do not know. If a company says: 'We can make a better design of this building and save you money', does that help towards getting the job?

Ms LAWRIE: Those factors can be dealt with in the work we are doing to improve training for the procurement panels. The application of best practice guidelines is part of what the procurement reforms do to put in place procurement specialists - particularly in the larger contracts you would deploy into the assessment panel. So, if you like, those additional value ads are taken into consideration.

Mr WOOD: Which company won the contract for the Alice Springs Hospital and how long was it in the Northern Territory?

Ms LAWRIE: Are you talking about the first set of work?

Mr WOOD: The work occurring now.

Ms LAWRIE: That is a DCI contract. You would have to ask DCI.

Mr WOOD: Did that company have CAL accreditation or was the contract waived until it received CAL accreditation?

Ms LAWRIE: You would have to ask DCI. It is a DCI contract.

Mr WOOD: Are you not responsible for the CAL accreditation?

Ms LAWRIE: No, not CAL.

Mr WOOD: Would you have looked at this particular company before the contract was awarded?

Ms LAWRIE: Mr James.

Mr JAMES: Mr Wood, there is a delineation between DBE's role in setting the policy, the legislative framework, issuing the guidelines, establishing the regulations and the directions that come from DBE to the different agencies. The responsibility rests with accountable officers within the variety of agencies that are the procurers of the types of contracts you are referring to.

Mr WOOD: If I need to ask a question about a company which has been awarded the job for the emergency department at Alice Springs Hospital, you do not have any role in that at all?

Mr JAMES: DBE would have established the procurement policy. It would best be directed to the Department of Health.

Mr WOOD: Would it be the Department of Health or the department of Infrastructure?

Ms LAWRIE: DCI. It is a DCI contract. Health is their client.

Mr WOOD: If I have some concerns about whether they were local I have to ask them?

Ms LAWRIE: Yes.

Mr WOOD: It has to fit within the guidelines you have mentioned. Is that going to change by 1 July - what is local now and what was local then?

Ms LAWRIE: The weightings will change on 1 July. It is currently 16% and they will be 20% from 1 July.

Mr WOOD: What weightings will you have for pricing in the new ...

Ms LAWRIE: They will vary from tender to tender. What we are specifying is the explicit price factor will need to be published so companies deciding whether or not to tender, do so with eyes wide open regarding the price factor.

Mr WOOD: What weighting will you have on training?

Ms LAWRIE: We are not specifying the weighting on training. That would vary from tender to tender, depending on the type of tender. You have to understand, in setting procurement policy we have to set policy which caters to a variety of procurement scenarios. I gave the example of expert legal services. The policy parameters have to cater for that type of specialist procurement, equally, the mainstream procurement that is undertaken by the Department of Construction and Infrastructure.

The drilling down into the way they apply that policy is the reason the government has announced best practice guidelines to cater for a greater consistency in the application of the procurement policy.

Mr WOOD: Who do I ask about CAL accreditation?

Mr JAMES: DCI in relation to the contract you are alluding to.

Mr WOOD: Just the CAL accreditation, in general?

Mr JAMES: CAL accreditation is our department and delivers financial support for CAL accreditation services and is delivered as part of the procurement process.

Mr WOOD: Do you know how many construction contracts let in the last 12 months have had the CAL accreditation requirement waived?

Ms LAWRIE: I will bring Julie Jenkins to the table.

Ms JENKINS: We provide financial support for CAL - Contractor Accreditation Limited - which is run by industry for industry. To have CAL waived requires Procurement Review Board approval. We could get some information to confirm those numbers, but it is applied for infrequently. I could get you the specific numbers of how often CAL is waived in procurement.

Mr WOOD: Could I put that question on notice, please?

Ms LAWRIE: Yes.

Question on Notice No 1.03

Mr WOOD: Minister, could you tell me how many construction contracts let in the past 12 months have had the CAL accreditation requirement waived, and could you give reasons why it was waived?

Madam DEPUTY CHAIR: For the purpose of *Hansard*, that is Question 1.03.

Mr WOOD: I will follow on from a question the member for Fong Lim asked, important question about regional development? Does the department look at working with local government to encourage, for instance, road maintenance contracts to be done by local councils?

Ms LAWRIE: In a broad sense - very broad - the answer is yes, because the Department of Business and Employment is currently engaged in a project with the Department of Local Government, Housing and Regional Services on strengthening regional economic development because it is the lead agency in relation to the Administrative Arrangements Orders split. In a big picture sense, yes, we are; however, there are broader policy settings across government which deal with encouraging the use of government contracts and the opportunities in there for shires and the flow-on effect to local employment, but the lead agency for that is Local Government, Housing and Regional Services. Does DBE sit at the table in discussions with that agency regarding how to strengthen it? Yes, we do.

Mr WOOD: That is all the questions I have in that area.

Madam DEPUTY CHAIR: Member for Port Darwin.

Mr ELFERINK: Thank you, Madam Deputy Chair. Minister, once you have a procurement policy in place across government how do you ensure that policy is being applied by various departments?

Ms LAWRIE: An important question, and a key element of the reforms announced is a refocus of the Procurement Review Board to ensure it provides strategic advice, but also, critically, it performs a review and audit function. The PRB in the future will oversee government procurement objectives, including the objectives around training, employment and local development value, and will undertake audits. That review role is a change to the PRB and a critical new way forward.

Mr ELFERINK: Are you saying there has been no review role, essentially, in the past?

Ms LAWRIE: As you would be aware, where there have been references around particular tenders, the Auditor-General, of course, has looked at those.

Mr ELFERINK: Yes, as long as he becomes aware of it. The reason I ask is you have the policies in place, but I am concerned those policies are not pursued. A classic example is one I raised through the Public Accounts Committee in relation to cleaning contracts in the department of Business itself. It would have been a breach of procurement policy guidelines to have 10 years worth of rolling cleaning contracts on a three month renewal basis, I suspect. Would it not be the case?

Ms LAWRIE: I will take the first part of the question first. The Auditor-General, of course, can set his own work program with the work of auditing government tenders and has shown he does that. In relation to government cleaning contracts, the Department of Business and Employment has fully responded to the Public Accounts Committee.

Mr ELFERINK: Yes, and the second part of the question? You said you were going to take the two parts of the question. You have dealt with the first.

Ms LAWRIE: I pointed out the Department of Business and Employment provided a report to the Public Accounts Committee on government cleaning contracts.

Mr ELFERINK: Yes, that is right, but there was a problem with that cleaning contract, was there not?

Ms LAWRIE: Mr Sweet, if you want to take them through the cleaning contracts?

Mr ELFERINK: Without going through the cleaning contracts, Mr Sweet, just précis it for the sake of brevity.

Mr SWEET: Yes, there was, but we determined the DBE component of cleaning contracts forms a very small part of overall Territory government cleaning. A number of contracts had expired and short-term arrangements were put in place to get those contracts whilst a fuller process, including consultation, was taking place.

Mr ELFERINK: This has been going on for about 10 years, has it not?

Mr SWEET: I do not believe it was that long; however, we had a number of contracts which had expired over a period of a few years.

Mr ELFERINK: How many years had it been going on?

Mr SWEET: From my data, it was since 2008.

Mr ELFERINK: It was only four years, for the sake of argument.

Mr SWEET: I believe so.

Mr ELFERINK: That is a breach of procurement policy, is it not, to do it in that fashion?

Mr SWEET: Certainly, we have scope to let tenders like that and contracts like that at that value, but it had been an oversight whilst other things were being focused on. It has since been rectified.

Mr ELFERINK: Yes, and I appreciate that; however, what has now been done across government departments? As you quite rightly point out, DBE is only one department with cleaning contracts. Have we sought to audit all departmental cleaning contracts, for argument's sake, to ensure the same thing is not happening across government?

Mr SWEET: At the departmental level, no. We have done an audit of our own cleaning contracts we are accountable for and have put the appropriate steps, as mentioned before, in place.

Mr ELFERINK: You can well understand, from a government perspective, if you are aware of it in one department - your own department - and you have procurement policy as part of your own makeup, you would be asking: 'Is this happening in other places?', and you have said you have not looked at other government departments' cleaning contracts. It is not just cleaning contracts; there are a number of period and panel contracts across government departments. What has happened in DBE would probably indicate the requirement for an audit of all these contracts across government, would it not?

Ms LAWRIE: As I have said, it is well within the remit of the Auditor-General to undertake such audits. Equally, through the reforms of procurement, the Procurement Review Board going forward will have the capacity to undertake such audits.

Mr ELFERINK: The only reason the Auditor-General looked is because I asked him to. Surely, minister, from a position of government, if the department with oversight over the procurement policy is renewing cleaning contracts year in, year out on a three-month basis without going back to tender, you would say: 'Wow, if it is happening in the department with procurement policy, would I not be asking the question of other government departments?' Have you asked the question of other government departments?

Ms LAWRIE: No, we have been focused on ensuring the procurement practices are sorted out within the cleaning contracts in the Department of Business and Employment.

Mr ELFERINK: Why have you not looked in other departments, because procurement policy sits in DBE - it is a policy issue?

Ms LAWRIE: As I have said, we periodically remind departments of procurement policy and, through the procurement network, we are able to look at improving and strengthening the standards there.

Mr ELFERINK: No, you are not. You have not even been able to even review a simple cleaning contract across government from a policy point of view. You have the policy in place and no auditing system ...

Ms LAWRIE: There is an auditing system through the Auditor-General and, as I have said, the procurement reforms ...

Mr ELFERINK: Not until somebody from the opposition asks the question of the PAC.

Ms LAWRIE: Well, no ...

Mr ELFERINK: What are you doing?

Ms LAWRIE: ... not strictly speaking, because the Auditor-General can set his own tasks. I take issue with that statement.

Mr ELFERINK: Yes, and what are you doing?

Ms LAWRIE: We have a procurement network. These discussions often occur at procurement network level to alert other agencies.

Mr ELFERINK: It escaped the attention of you, in your own department, for four years.

Ms LAWRIE: The department has looked and done the work necessary to rectify it.

Mr ELFERINK: What other systems are in place in relation to other contracts to audit whether or not contracts are being complied with, from a policy perspective, in other areas?

Ms LAWRIE: As stated, we have the critical role of the Auditor-General who undertakes audits and sets his own tasks for audits and ...

Mr ELFERINK: What do you do in all of this?

Ms LAWRIE: ... if you let me finish, the procurement reforms announced provide a new and enhanced role for the Procurement Review Board in providing audits.

Mr ELFERINK: After 10 years of government, you do not have an audit system in place to review the results of your procurement system and you are only introducing one now?

Ms LAWRIE: It is not a true comment to make. Obviously, departments undertake their own audits of their own contract systems. What we have done in procurement reform policy setting is make that systemic in the role of the Procurement Review Board. There are Business Review Committees within each department which undertake their own audits.

Mr ELFERINK: You have the quarterly audit committee meetings across departments, which are required, and the departments investigate and report to themselves in relation to procurement policy, and the department with procurement policy responsibility asks no questions?

Ms LAWRIE: No, that is your interpretation of it.

Mr ELFERINK: I have not seen any evidence to the contrary. I am happy to be corrected on this.

Ms LAWRIE: I pointed out we had a procurement network where those discussions occur.

Mr ELFERINK: How does the procurement network deal with things? I heard the member for Nelson saying it is all basically down to money only. There are examples for and against. An example against is, for argument sake - and I have raised the issue in parliament - the contract number, off the top of my head, was DT1901. It is the one where Traffic King was the company that missed out - a contract to clean up roadside stops. What concerns me is Traffic King, the company that missed out, put in an \$800 000 bid. The successful company put in a \$1.8m bid.

Mr King, who runs Traffic King, had a conversation with me and is quite happy for me to talk about these things publically, as you are probably aware. He said: 'I went into the department and asked why I missed out. The discussion of the weightings went on, and the inability to show proper references' - there was not a comprehensive reference.

What concerns me about that is you then contrast that with something like the Mandorah Ferry contract where, in one contract, the bidder is told: 'You did not fill out the paperwork properly and it is going to cost the taxpayer \$1m extra for the same job to be done'. For the other Mandorah Ferry contract, you are prepared to put three public servants on an aircraft and fly them to Sydney to spend several days working with one of the bidding parties.

Do you find that would represent an inconstancy in approach, from a policy level, in relation to how you go about securing these contracts?

Ms LAWRIE: What we have done in procurement policy is not just looked at the local weighting, which we talked about, and putting in a new tier 4. We have also said we will look at increased competency within the enhanced standards to guide Territory government staff on their interactions with all tenderers. That will include response time frames from government, an improved complaints management system, applying best practice guidelines to the process, providing accredited procurement panel chairs to ensure consistency and improved competency across government, and a refocus of the PRB to provide for audits.

Mr ELFERINK: That is everything you are going to do. What concerns me is everything that has been done in the past in relation to this. The question was, basically, how do you reconcile the two substantially different approaches? If it had been merely an issue of incomplete paperwork in the case of Traffic King, and it, essentially, provided the same service, surely the support given to the successful bidder in the Mandorah Ferry case would have been sufficient to save the taxpayer \$1m?

Ms LAWRIE: You are going to a specific tender ...

Mr ELFERINK: Yes, I am.

Ms LAWRIE: ... which will need to be answered by the specific agency that oversighted that tender process. We set the policy. If you want to go to specifics on individual tenders, then you need to ask the relevant agency.

Mr ELFERINK: You are fully aware I am citing examples for the sake of demonstrating what strikes me as being a fundamentally inconsistent approach from two different departments.

Ms LAWRIE: You, equally, should be aware I have given you robust information around the procurement reforms, how to put consistencies in there through best practice guidelines, how to have expert panel chairs, particularly across conflicts tender assessments, and how to ensure an audit process by the Procurement Review Board.

Mr ELFERINK: How many external audits have you engaged to review procurement policy in the last 10 years other than the Auditor-General?

Ms LAWRIE: In relation to the review of policy, we are guided on procurement policy by the Procurement Advisory Council chaired by Michael Lynagh, which sets advice to government on procurement policy reforms.

Mr ELFERINK: The question was: how many external audits of your procurement policy and how many auditors have been engaged in the last 10 years?

Ms LAWRIE: We have not sought to audit the policy because we have the Procurement Advisory Council in the policy advice function. The critical issue, of course, you have been going to is whether or not audits of specific tender outcomes occur. Yes, they do, the Auditor-General performs that function.

Mr ELFERINK: The issue of auditing specific tenders - what is the compulsory threshold for the introduction of a probity auditor on any tender?

Ms LAWRIE: Julie Jenkins.

Ms JENKINS: Julie Jenkins, Director, Procurement Policy. The engagement of an auditor is really based on the risk of the procurement. It is a decision the agency will make in relation to the need and is not necessarily value-based; it is more to do with the risk profile of the procurement.

Mr ELFERINK: How would you determine risk in the absence of a probity audit?

Ms JENKINS: There would be things, for example, where it is felt there needs to be some external advice and guidance on the procurement process. Often, complex procurements are supported by a procurement facilitator, which would be the procurement expert from that agency. It is only if an additional layer of rigour is required that a probity advisor would be needed. However, much information a probity advisor can provide on some of the lower risk procurements can be provided by procurement facilitators.

Mr ELFERINK: Please help me and bear with me, I am not as familiar with procurement as you are so guide me through this. You talk about a risk assessment - you determine risk then you determine whether or not you have a probity audit as a result of that risk. In the absence of a probity auditor - probity auditors basically are there to tell you what your risk is - how do you determine risk?

Ms JENKINS: There is a probity advisor and a probity auditor. A probity auditor will look at the process once it is completed and a probity advisor will provide advice throughout a process. They are usually different people in different functions.

Mr ELFERINK: The probity advisor helps at the front end of the contract.

Ms JENKINS: Yes.

Mr ELFERINK: Why would you not do a probity audit at that stage? What is the difference?

Ms JENKINS: The audit is looking backwards, as an audit does, on the procurement after it has occurred.

Mr ELFERINK: What is the level of scrutiny a probity advisor gives? Is it the same as the level of scrutiny a probity auditor will give at the end of the process?

Ms JENKINS: Yes, it would be and the probity advisor's role is usually to be there throughout the process. They will view documents before they go out, look at the procurement plan, the assessment plan,

sit through the assessment, and sit through any clarification or negotiation processes. They see the beginning and the end of the process.

Mr ELFERINK: What qualification do you need to become a probity advisor?

Ms JENKINS: I could not answer that question.

Mr ELFERINK: Where would you ...

Ms JENKINS: Authorised organisations are used for that. I would have to get you that information on the ...

Mr ELFERINK: So, we do this externally, do we? We do not do this in-house?

Ms JENKINS: Yes, a probity advisor is engaged externally.

Mr ELFERINK: So, it is a contract where you go out and bring somebody in?

Ms JENKINS: Yes, that is correct.

Mr ELFERINK: What determines the decision to bring a probity advisor in?

Ms JENKINS: That would be an agency-based decision made by the delegate and accountable officer in relation to the risk of the procurement.

Mr ELFERINK: What benchmarks would that delegated officer use to determine whether or not a probity advisor was necessary? Is it like a gut feeling there might be some risk or something like that?

Ms JENKINS: Yes, a risk matrix is undertaken when procurement planning is undertaken, which forms a procurement planning process. In that risk matrix, depending on the risk profile, it may be that one of the steps an agency would wish to take is to engage a probity advisor.

Mr ELFERINK: How many probity advisors have we used in the last five years, as a government?

Ms LAWRIE: That information is not collated centrally; that would be across each agency.

Mr ELFERINK: You do not know, as the minister for procurement policy, how many probity advisors have been used?

Ms LAWRIE: Because the agencies are responsible for the tenders. We set the procurement policy.

Mr ELFERINK: Minister, you do understand, of course, that answer would not give a great deal of comfort to people who are unsuccessful tenderers, particularly for larger contracts?

Ms LAWRIE: I understand, if someone has not been successful in a tender for a large contract, pretty well nothing I say is going to give them comfort. What I will say is: we have absolutely listened to industry, we have taken on board all of the ideas and suggestions of the Procurement Advisory Council, we have come forward with a series of robust procurement reforms, we have articulated those reforms, and we have set the time frame at 1 July for them.

Mr ELFERINK: If I was to ask questions about the performance of a specific contract, I would have to go to each department which has carriage of that contract to ask those questions, is that correct?

Ms LAWRIE: That is a very broad question you are asking me, member for Port Darwin. Could you be more specific?

Mr ELFERINK: Okay. For the Mandorah Ferry contract, if I was to ask you whether or not all of the contractual requirements by Fast Ferries had been met, would you be able to answer that question?

Ms LAWRIE: The Department of Lands and Planning has responsibility for that.

Mr ELFERINK: So, I have to go back to the agency and ask the question. Can you understand how frustrating this gets for punters out there who try to work with your procurement process?

Ms LAWRIE: That was a statement, not a question. Was it a question?

Mr ELFERINK: No, I said: 'can you' - question.

Ms LAWRIE: I understand the competitive nature operating in the environment in the Territory at the moment. I understand the importance of ensuring a more robust procurement process regarding transparency.

Our government put in the debrief system which did not exist previously under the CLP. We have taken it a step further in the procurement reforms we have announced. We have taken on the advice of the Procurement Advisory Council in tailoring the reforms. We have also road tested the reforms with the key industry stakeholders.

Mr ELFERINK: Minister, without labouring the point too much, the department with the responsibility for managing procurement policy is in breach of its procurement guidelines, demonstrated by the way the cleaning contracts were done. The department responsible - that is you - with oversight of procurement policy, despite the fact it had problems with its own cleaning contracts, has not made any inquiries of any other departments as to how they are going with their cleaning contracts or other panel and period contracts.

You are unable to answer how a high-level contract like the Mandorah Ferry contract is proceeding. You cannot answer questions about Traffic King because it is not within your department. The AMS system is ...

Ms LAWRIE: Madam Deputy Chair, this is just ridiculous.

Mr ELFERINK: ... failing to pay the bills ...

Ms LAWRIE: This is just a ridiculous recap of ...

Madam DEPUTY CHAIR: Member for Port Darwin,

Mr ELFERINK: I am going to ask a question.

Madam DEPUTY CHAIR: Could we get to that, please?

Mr ELFERINK: I will, but I will ...

Ms LAWRIE: You have been given answers to each of those specific concerns you have.

Mr ELFERINK: It is the absence of answers that concerns me, minister.

Ms LAWRIE: Where they are appropriate agencies ...

Mr ELFERINK: You would agree the dissatisfaction with the procurement system has some substance in the public imagination, would you not?

Ms LAWRIE: I have ensured, as minister responsible for procurement policy, I have set in place a series of robust reforms. I have announced those reforms and, before announcing them, ensured we road tested the proposed reforms with the appropriate industry organisations as well as the Procurement Advisory Council capturing the issues that have been raised.

Mr ELFERINK: Minister, thank you ever so much. No further questions, Madam Deputy Chair.

Madam DEPUTY CHAIR: That concludes consideration of Output 10.3. We will now proceed to 10.4 - Information and Communication Technology Services.

Ms LAWRIE: That is the responsibility of Minister Hampton.

Madam DEPUTY CHAIR: I have noted here you will answer questions on Information and Communication Technology Services.

Ms LAWRIE: The Shared Services section, sorry. Yes.

Madam DEPUTY CHAIR: However, policy matters will be dealt with by the minister next Tuesday.

Ms LAWRIE: Exactly. Yes.

Output 10.4 – Information and Communication Technology Services

Madam DEPUTY CHAIR: Are there questions?

Mr WOOD: Yes.

Mr TOLLNER: Hang on. Are we talking about ICT?

Madam DEPUTY CHAIR: We are. ICT services, not policy.

Mr TOLLNER: What is the total value of the ICT outsourcing undertaken across government?

Ms ROBINSON: It is around \$90m per annum.

Mr TOLLNER: What are the estimated savings since major outsourcing began?

Ms ROBINSON: I do not have the numbers going all the way back. Since we changed the contract arrangements at the start of 2010-11 it is around \$10m a year.

Mr TOLLNER: Can you get me some more detailed information on that?

Ms LAWRIE: We provided the answer on the existing ICT contracted services.

Mr TOLLNER: Somewhere around \$10m.

Ms LAWRIE: Yes, per year.

Mr TOLLNER: I have asked for more detailed information than somewhere around \$10m.

Madam DEPUTY CHAIR: Is this a question on notice?

Mr TOLLNER: That would be good, thank you.

Question on Notice No 1.04

Madam DEPUTY CHAIR: Could you repeat that question, please.

Mr TOLLNER: What are the estimated savings since major outsourcing began?

Ms LAWRIE: I will take it from the current ICT contracts.

Mr TOLLNER: Yes.

Madam DEPUTY CHAIR: That is question 1.04.

Mr TOLLNER: What peripheral commitments, such as industry development support, have been achieved since major outsourcing began?

Ms LAWRIE: I will refer that question to Kathleen Robinson for the element captured by us. The broader debate goes into policy, though, which is Mr Hampton, but for the aspects we capture, Kathleen Robinson.

Ms ROBINSON: Would you mind repeating the question so I can be clear?

Mr TOLLNER: What peripheral commitments, such as industry development support, have been achieved?

Ms ROBINSON: There has been a range of industry development initiatives with the contracts going out through the private sector. They have been able to grow the private sector businesses and provide support there. We also have arrangements through the ICT Industry Association. We have been working with them for an industry development plan and an ICT strategy across with the industry. That is more in Gareth's area. Gareth will be able to provide some detailed facts on that. The other arrangements are much more around the establishment of a series of small businesses, niche businesses, around particular ICT requirements to provide the programming and business analysis services.

Ms LAWRIE: Mr James.

Mr JAMES: The department has worked with the ICT industry to help it form an industry association. It is now helping that association grow an industry development strategy to ensure it delivers the capability necessary for the future to net opportunities for its members.

Mr TOLLNER: What say do departments get in the ICT services they receive?

Ms LAWRIE: Could you repeat the question?

Mr TOLLNER: What say do other departments have in the ICT services you negotiate for them?

Ms LAWRIE: Kathleen Robinson.

Ms ROBINSON: The departments procure services - not procure - receive services from us through those contracts. They have a choice in deciding which areas they want to engage with us on, but they do not have much choice to go outside of those arrangements. They have a significant say in the development of the contracts when we first were going to market. We did a whole raft of stakeholder consultations with the agencies and with industry, and they had a very strong input in the development of the tender documents and how we structured those contracts.

Mr TOLLNER: At the end of the process, they do not get a real say in who delivers the process or how it is done? It is, basically, negotiated by you guys and put to them?

Ms ROBINSON: That is right.

Mr TOLLNER: What say do they have in the costs of those services you provide?

Ms ROBINSON: The cost is set for across government based on the contract prices. Everyone pays at the same rate.

Mr TOLLNER: They all pay at the same rate and they have no ability to find a better price for a better service. They are forced into that particular - all right. How do you calculate those costs?

Ms ROBINSON: We calculate those costs based on the contract price, taking into account a number of things such as devices we provide services for, the number of laptops, desktop, servers, routers, all those sort of things, agency demand, websites, a range of other factors depending on which particular area it is that we are - which particular contract it is means it is driven by a different cost driver.

Mr TOLLNER: Does your department make or lose money on those contracts?

Ms ROBINSON: Our department does not make or lose money on the contracts.

Mr TOLLNER: It is done in a cost-neutral way?

Ms ROBINSON: Yes.

Mr TOLLNER: How do you determine the costs paid by each department to ensure it is cost-neutral?

Ms ROBINSON: A detailed spreadsheet analysis is done based on the number of devices, the number of handsets, the number of people and everything like that, divided out across the contracts. That was all set at the time the new contracts were set up and applies based on those.

Mr TOLLNER: When it is all boiled down, how competitive is the service you provide with the service that could be obtained from other parts of the private sector?

Ms LAWRIE: Mr Tollner, we went through an open tender process. It was a highly competitive tender process for the ICT contracts across government. Obviously, you get economies of scale in buying power when it is such a large contract.

Mr TOLLNER: What are you saying?

Ms LAWRIE: That with large contracts on ICT services you get economies of scale, and it was a highly competitive tender process.

Mr TOLLNER: Are you suggesting another department could not go to the private sector and get something better and cheaper?

Ms LAWRIE: I am saying there is no ability for them to do it. We tender on a whole-of-government ICT basis. Are you saying the CLP has a different policy?

Mr TOLLNER: I am not saying anything; I am asking you a question.

Ms LAWRIE: Well, I am ...

Mr TOLLNER: Stop making assertions. You have been doing it all day ...

Ms LAWRIE: ... it is irrelevant.

Mr TOLLNER: ... about what the CLP might or might not do. Just answer the questions ...

Madam DEPUTY CHAIR: Order!

Ms LAWRIE: We have been.

Mr TOLLNER: ... rather than having a little blurt about what your opponents might be up to.

Madam DEPUTY CHAIR: Member for Fong Lim!

Ms LAWRIE: Keep your cool, Dave. Keep your cool.

Mr TOLLNER: Yes, all right. Off you go, Gerry.

Ms LAWRIE: Calm down.

Mr WOOD: The Treasurer's Annual Financial Report, under Education and Training, said \$6.154m funding was brought forward from 2011-12 to purchase rather than lease computers. Could the department explain why?

Ms LAWRIE: It is within the Department of Education budget, Mr Wood.

Mr WOOD: Whole-of-government, computers, is that not your department?

Ms LAWRIE: We will give you an overhead explanation, but not the detail you are looking for because it is not us. Kathleen.

Ms ROBINSON: The Department of Education and Training has specific arrangements. It is entitled to different arrangements within the federal government to do with building an educational institution which allows it to get computers at a cheaper price than the rest of us can. It has a particular set arrangement it manages. It links into our contracts for those purchases, but they do them separately.

Mr WOOD: It is not part of the normal lease arrangements for departments? It has an exemption because the Commonwealth gives it some funding for purchasing?

Ms ROBINSON: I think it is tax benefits. They buy from our contracts, so they link up through the same contract, but they buy on their own special order.

Mr WOOD: Do they have to buy through the contracts, or can they go to the computer company?

Ms ROBINSON: I am not sure they have to buy through the contracts, but they chose to because that is a good price for them.

Mr WOOD: I will need to ask them some more questions.

Ms ROBINSON: It has to do with their different status as an educational institution. They get them at a different rate.

Mr WOOD: On one of our committees we were told, in relation to gathering information, especially in relation to child protection, even youth suicide, there were some gaps in the collection of data, especially for keeping records of children who have been sent to remote areas. We were told the systems were not capable of providing that information. Are you part of the systems? Is that the department's job?

Ms LAWRIE: Department of Children and Families.

Mr WOOD: That is all on that section, Madam Deputy Chair.

Madam DEPUTY CHAIR: That concludes consideration of Output 10.4.

Output 10.5 – Office Leasing Management

Madam DEPUTY CHAIR: We will now proceed to Output 10.5 - Office Leasing Management. Member for Fong Lim?

Mr TOLLNER: I will not ask any questions there.

Madam DEPUTY CHAIR: Member for Nelson.

Ms LAWRIE: Yes, he has one or two.

Mr WOOD: He has one for sure. My question is about these appendices, as everyone knows by now. It is quite a bit of money. There is \$1.277m in accommodation costs for non-government organisations. The government is paying that to the owners of the accommodation - is that correct?

Ms LAWRIE: Yes.

Mr WOOD: Why is the cost of that accommodation not in the grants the government gives these organisations?

Ms LAWRIE: It could be done that way but, historically, it has been direct lease payments. You are right; it could be bundled up into grants. However, historically, it has been direct lease payments. My understanding from the non-government sector is they are happy with the existing arrangement. It removes the administration and negotiating burden from them.

Mr WOOD: Is there any criteria for the government to say whether you can or cannot have accommodation costs covered by your department? I will give you an example, Lhere Artepe Aboriginal Corporation, would have its own money. There was another one here – Gagudju Association. The Gagudju Association is in the Government Centre, Jabiru, and the government pays \$15 402 for accommodation costs. Why? Do they not fund themselves?

Ms LAWRIE: Yes, in the non-government sector, the relevant service agreement agency makes the request to the Department of Business and Employment. They would need to show they have the budget coverage for it.

Mr WOOD: Gagudju Association is a private body, is it not?

Ms LAWRIE: As I said, each agency with a service agreement makes a decision, a recommendation, and they would have to have the funding.

Mr WOOD: Who would I question about why - I am not picking on Gagudju; however, this \$1.27m is for more or less voluntary bodies that normally could not pay for accommodation costs. Then I see a few places I would not regard as voluntary – Gagudju ...

Ms LAWRIE: My understanding is that sits within a government facility in Jabiru. It has probably been a historic arrangement.

Mr WOOD: Where Artepe in the Leichhardt Building - \$31 000?

Ms LAWRIE: Again, I would have to check the detail of each of the specific ones. Mr Wood, if you want a separate briefing on that I am happy to provide you with one.

Mr WOOD: I will not delay too much longer on that, but I will follow it up.

In relation to government office accommodation, minister, can you tell us how many departments moved to different office accommodation in 2011-12 and the costs associated with the moves? Also, why did they move? Are we keeping new furniture removal companies in business, or is there a good reason for changing?

Ms LAWRIE: I refer to Kathleen Robinson.

Ms ROBINSON: For the 2011-12 year to 31 March, we acquired leases in the amount of 90 620 m² and relinquished leases in the amount of 1124 m². I do not have the specific departments in detail, but I can tell you some of the significant ones were setting up the SMART Courts for the Department of Justice in Casuarina and Alice Springs - that was 1450. We set up a car park near the Alice Springs Hospital related to the construction works for the emergency department at the Alice Springs Hospital. There was the move of DLP functions to Arnhemica House, and the others were around expanded accommodation facilities for the Department of Children and Families, primarily in Palmerston, Casuarina and some in Alice Springs as well.

Mr WOOD: When a department moves, how do I find why it is shifting and what it costs to shift? Obviously, these costs you have given me are quite small, but if the Health department shifts, the department of Education has made a few shifts - where do I find how much that has cost? I presume you are using government-leased buildings for that? Again, I get back to the issue of efficiencies and wastage. I hear stories from people outside the department that: 'We have new desks in this department because we moved to this new building'. Then the telephones are not in the right place and the connections for the computer are in the wrong place so they rewire the building for upgrades. How does one find out if that was really needed? What was the cost etcetera?

Ms ROBINSON: Generally, wherever possible, we try to move agencies within the existing portfolio if they have a need to move. Fit-out projects specifically around those moves for changing workstation configuration and things like that are managed by the agency. If it is a significant project they run it through DCI, usually through a tender process. I do not have the specifics on that; that would be the individual agencies. I have not known of examples where we have re-cabled entire buildings because they are in the wrong place; however, they sometimes do have to run additional cables if they are putting more people in.

Mr WOOD: Things like office furniture - I would have to go to the department and ask if it threw all the office furniture out, where it went, and how much it cost to replace?

Ms ROBINSON: Yes, that is correct.

Mr WOOD: That is all my questions; we are short of time.

Madam DEPUTY CHAIR: That concludes consideration of Output 10.5 and Output Group 10.

DEFENCE SUPPORT

Madam DEPUTY CHAIR: Next is Defence Support. Questions regarding Defence Support will be answered by the minister today but there are no specific outputs. Questions regarding Defence Liaison will be answered by the Chief Minister when he appears tomorrow. Do members have any questions around Defence Support?

Mr TOLLNER: I certainly do. Minister, can you tell me how many businesses you have attracted to the Northern Territory to provide support to Defence?

Mr JAMES: Mr Tollner, I cannot tell you that directly as our engagement with the Defence industry, both with people in Australia and overseas, is quite broad. However, the AIDN - the Australian Industry Defence

Network - over the years we have been working with them, has steadily grown and the number of Defence companies here has grown commensurate with the size of the Defence presence, which has grown by about 11% expenditure per year over the last decade. The size of the Defence presence has grown also.

Mr TOLLNER: What have you done to strengthen the Territory's regional economies through pursuing Defence-related activities?

Mr JAMES: The Defence support function of the department has worked closely with AIDN. It provides funding to that industry association to help it do its job, which is to attract members and nurture their development. The department and AIDN co-own an industry development strategy, which is mid-period and subject to a current review.

Mr TOLLNER: Can you explain how you can support AIDN with no allocation of funds next to this output item?

Ms LAWRIE: The funding comes from the industry development grants.

Mr TOLLNER: Can you tell me how many businesses have set up at the Defence Support Hub since 2010?

Ms LAWRIE: You know the answer to that.

Mr TOLLNER: How many is it, minister?

Ms LAWRIE: You know the Defence Support Hub is currently serviced land which is vacant.

Mr TOLLNER: Is the answer none?

Ms LAWRIE: You know the answer; you are just being smart.

Mr TOLLNER: None since 2010! Come on minister, we have had a couple years now.

Ms LAWRIE: Mr James, do you want to add to that?

Mr JAMES: You are correct Mr Tollner; we have had a couple of years to attract industry capability for the Defence Support Hub. The department and the Land Development Corporation are currently engaged in commercial-in-confidence negotiations with a company that will soon become a key player in supporting land systems based at Robertson Barracks with the intention it becomes the anchor tenant. There are some strategic principles that underpin what the government did in allowing that land to be made available to the Defence industry in a similar fashion to what government has done to ensure there is land available close to East Arm Port to support trading activities and intermodal activities.

It is a little more difficult working in the Defence environment. I suspect you know Defence is engaged in long-term planning and long-term decision-making. We are trying to help Defence as best we can, and the large Defence industry, see the relevance of the aligning its capability as close as possible to where the Defence equipment is based.

Mr TOLLNER: A couple of years ago I asked the same question and was told by the minister at the time - I believe it was Mr Rob Knight - there was a range of businesses lining up for the park. He referred to trailer manufacturers, people who would maintain Abrams tanks, and a range of other services. Can you tell me what happened with that very strong desire to set up out there? Why has it not eventuated?

Mr JAMES: I can do that, Mr Tollner. As you also are probably aware, Defence changes its decisions on how it packages the various projects and goes to market to procure the support it wishes to procure in relation to through-life support for various equipment. What you say is quite correct; some years ago there were agreements with a number of companies engaged in the bidding proposals to establish a presence at the Defence Support Hub. They saw the strategic relevance of what the government was trying to do. Unfortunately, the changes to the Defence projects, of which there are many associated with the land equipment at Robertson Barracks, resulted in a change in direction for those companies.

Mr TOLLNER: Can you give me an idea, minister, on how often and how many people you have walking the halls of Canberra talking to bureaucrats in Defence, how many people you have going to Defence headquarters constantly engaging with Defence, and perhaps point to somewhere in the budget

the expenditure your government has made in sending people interstate or overseas dealing with defence-related businesses and the chiefs of Defence?

Ms LAWRIE: It has been a very active period since I took over portfolio responsibility in November last year. We have seen a submission on the Defence Force Posture Review. We have had a series of high level meetings. I met with the Minister for Defence Materiel, Minister Clare. The Chief Minister has had discussions with Defence Minister Smith. We have undertaken some economic work which argues the Northern Territory government point in having Defence service and supply contractors close to where your Defence equipment is located. We provided that work to both ministers, and we have also had meetings with the Chief of Army who is obviously critical in that decision-making and provided him with that.

We have just recently held a Defence Industry Forum here with the key Defence Materiel personnel involved in that forum as well as the aid and network. Mr James has spearheaded a very active period in the past six months, particularly where we have seen opportunity in the positioning of Defence and the potential of the new posture review. Obviously, the opportunity arising out of the announcement by President Obama and the Prime Minister is a very real opportunity for us to leverage a change in potential Defence procurement policy. If there are to be service and supply logistics here for the US, why would the federal government not piggyback off that?

Mr James, do you want to outline some of the activities you have undertaken?

Mr JAMES: Yes. Each year we have worked with also - to elaborate on what the minister said, we also work quite closely with industry to ensure we take members of the industry with us to the Land Warfare Conference and the Defence and Industry Conference to exhibit the local capability at those locations, trying to ensure industry has an opportunity, as we do, to engage with Defence decision-makers and also Defence industry decision-makers. We have made a number of submissions, as the minister said, to the ADF posture review, and we are regularly discussing with Defence trying to net economic and industry opportunities associated with Defence basing in the Territory, including the recent announcement of the Marine space in the Territory as well.

Mr TOLLNER: Madam Deputy Chair, if I do not move from here I will cop a punch in the head from my colleagues. No further questions. Thank you.

Madam DEPUTY CHAIR: Any further questions on Defence Support?

Mr WOOD: The member for Fong Lim has asked the most important question about the Defence Hub. After about 20 years of trying, we look like we will get a second entrance to Robertson Barracks. For anyone listening out there, there will be some information about Knuckey Lagoon, I believe, on Thursday. For all those people who have been crying out loud for a new entrance, it looks like it may happen. That is all I have, Madam Deputy Chair.

Madam DEPUTY CHAIR: Thank you. Are there any non-output specific budget-related questions? No? I thank the officials who have accompanied the minister today.

Ms LAWRIE: I would like to clarify Data Centre Services, GPO, and NT Fleet.

Mr WOOD: I have some questions on those.

Madam DEPUTY CHAIR: Do you want Data Centre Services, member for Nelson?

Mr WOOD: No, no.

Madam DEPUTY CHAIR: No questions on Data Centre Services.

OUTPUT GROUP 12.0 – GOVERNMENT PRINTING OFFICE

Madam DEPUTY CHAIR: Questions on the Government Printing Office.

Mr WOOD: Treasurer, if we are operating in a paper-free and sustainable environment, why is the number of print jobs not being reduced?

Ms LAWRIE: I am not going to answer it as Treasurer. I have jurisdiction as the Minister for Business and Employment of those GBDs. In relation to the number of print jobs, it is a client/service provider relationship. We are driven by agency demand.

Mr WOOD: Minister, how many greenhouse gas emissions have you reduced through more energy-efficient printing practices?

Ms LAWRIE: We will have to take that as a question on notice.

Question on Notice No 1.05

Mr WOOD: How many greenhouse gas emissions have you reduced through more energy-efficient printing practices?

Madam DEPUTY CHAIR: Minister, do you accept that question.

Ms LAWRIE: Yes.

Madam DEPUTY CHAIR: For Hansard, the question is 1.05.

Madam DEPUTY CHAIR: No further questions, member for Nelson, on the Government Printing Office?

Mr WOOD: No.

OUTPUT GOUP 13.0 – NT FLEET

Madam DEPUTY CHAIR: We move to the Output 13.0 - NT Fleet. Do members have questions for this particular output group?

Mr WOOD: Minister, can you tell us what the total fuel consumption for Northern Territory government vehicles was for 2011-12 and 2010-12, please?

Ms LAWRIE: Mr Hosking.

Mr HOSKING: Mr Wood, I cannot give you an exact figure on that. We have a contract with a fuel supplier which captures a large proportion of the spend, but much our fuel is purchased in remote and regional centres where we do not have access to a contract outlet. We have a large proportion that is off-contract. I could not give you an accurate number.

Mr WOOD: Would I be able to put that on notice, because obviously somebody gets the receipts for fuel. I am trying to see how you compare whether you are reducing fuel consumption, therefore carbon ...

Mr HOSKING: I understand the question, and it would be an estimate at best. Much of the fuel purchased in remote regions is not done through standard procurement. It could be bought at the local store or on a fuel purchase order. Any number we provided would have to have a careful qualification on it. We have a process in place to move to a new fuel procurement arrangement where we hope to get a far better on-contract spend of fuel, but I do not have that total visibility of the fuel spend at this point in time.

Ms LAWRIE: Looking at the greening aspect of the fleet, we have had a growth in hybrid cars of five additional hybrids.

Mr WOOD: I know we are running out of ...

Ms LAWRIE: Do you want a separate briefing period on this?

Mr WOOD: No, I should still publicly ask questions. NT Fleet says it is going to reduce average fuel consumption and have a reduction in greenhouse gas emissions. Can you show us the average fuel consumption per government vehicle over the past five years? Can you show us a reduction in greenhouse gas emissions over the past five years?

Ms LAWRIE: I am advised, as at 31 March 2012, fleet emissions have reduced by 12% to 225 grams per kilometre of carbon dioxide. If you compare that to 31 March, it was a reduction of 7%, some 237 grams per kilometre of carbon dioxide. We have 896, that is, 72% of our passenger vehicles, which includes executive officers, have a greenhouse rating of 6.5 or higher. Some 214, or 47% of our light commercial two-wheel drive vehicles have a greenhouse rating of 5.5 or higher, and 340 vehicles are currently on order which will further provide the total emissions reduction to 13%.

Mr WOOD: If you do not know the total fuel consumption from one year to the next, how can you, except guess, tell you have reduced greenhouse gas emissions?

Ms LAWRIE: We have the status of the fleet by fuel type, for example, so we have 35% on petrol, 59% on diesel, 5% on hybrid and 0.01% on LPG/electric.

Mr WOOD: I would love to have more time to talk, minister, but we know some of the diesels today are more greenhouse gas friendly than they are hybrids.

Ms LAWRIE: This is data provided by NT Fleet.

Mr WOOD: I would like the department to show how it came up with the figure of a 7% reduction.

Ms LAWRIE: Yes, we will provide that.

Mr WOOD: What is the real data? I know the member for Sanderson is waiting. Can you show us the average fuel consumption per government vehicle over the past five years? Can you show us a reduction in greenhouse gas emissions over the last five years? Can you show us how you made those changes? In the budget, you state there was a 7% reduction in greenhouse gas emissions. Can you please show me, in detail, how you came up with that figure?

Ms LAWRIE: Mr Hosking.

Mr HOCKING: Mr Wood, the calculation of the reduction in greenhouse footprint by our fleet - because of the challenges I explained previously around capturing our total fuel spend, the efficiencies in the fleet have been driven by setting policies for the acquisition of cleaner, greener vehicles. When we look at a reduction in our carbon footprint of 12%, it is measuring we have a 12% greater efficiency in the vehicle selection - people are choosing cars that use less fuel. It is a different metric for measuring the greenhouse footprint of the fleet. What we hope to do through our next round of fuel procurement is to supplement that with the total fuel spend as well to give us several different metrics, to give us a very clear picture of our vehicle carbon footprint.

Mr WOOD: What worries me is those figures are here because part of the 2030 arrangement is to reduce the amount of carbon emissions. However, you could have 20 cars with four cylinders that, theoretically, will reduce carbon emissions, but they have done 5000 km more than they did the previous year. Therefore, they have not reduced the carbon emission. These figures, to me - I am not saying rubbery in the sense someone is trying to cook the books - they are not figures which really show a reduction in carbon emissions. Would it be fair enough to say that?

Mr HOCKING: They are figures that represent an increase in the efficiency of the fleet. I accept they are not representative of total fuel utilisation, yes.

Mr WOOD: Is there any way ...

Ms LAWRIE: We do not have the data to provide you, Mr Wood, in what you are asking around fuel consumption. As Mr Hosking has said, we are going through a process in the fuel contract.

Mr WOOD: In that case, those figures should not be put in there without some major proviso as to what they mean. You should not tell people you are doing something when you have no proof it is happening.

Ms LAWRIE: There is a significant effort in the ratings across the fleet.

Mr WOOD: There might be an effort, but we do not have the data to make the figure stick. I will leave it at that. Obviously, we cannot get those figures at the moment, but at least I have made the point.

Answer to Question on Notice No 1.04

Ms LAWRIE: Madam Deputy Chair, I have the answer to Question on Notice No 1.04 to table.

Madam DEPUTY CHAIR: Thank you, minister.

Madam DEPUTY CHAIR: That concludes consideration of the NT Fleet Business Line. In fact, that concludes consideration of outputs from Business and Employment.

On behalf of the committee, I thank the minister and the officers from the Department of Business and Employment.

We are going to take a five-minute break before we move on to the next output group, which is Licensing, Regulation and Alcohol Strategy.

Ms LAWRIE: I thank officers of the Department of Business and Employment for their appearance before the Estimates Committee today.

The committee suspended

ALCOHOL POLICY

Madam DEPUTY CHAIR: Minister, welcome back. I note Output Group 14.0, Licensing, Regulation and Alcohol Strategy and Output 15.1, Community Benefit Fund sits within the Department of Justice. However, as Minister for Racing, Gaming and Licensing and Minister for Alcohol Policy, Output Groups 14 and 15 will be answered within this portfolio. Minister, I invite you to introduce the officials accompanying you and, if you wish, make a brief opening statement.

Ms LAWRIE: Madam Deputy Chair, at the table with me I have the Chief Executive of the Department of Justice, Mr Greg Shanahan; the Deputy Chief Executive Officer, Business Strategy and Performance, Mrs Anne Bradford; Deputy Chief Executive Officer, Policy Coordination and Legal Services, Alastair Shields; and Executive Director, Licensing, Regulation and Alcohol Strategy Micheil Brodie. The Department of Justice Licensing, Regulation and Alcohol Strategy output group falls within my portfolio responsibilities. As Minister for Racing, Gaming and Licensing and Minister for Alcohol Policy, this output group administers legislation and develops policy which minimises harm related to liquor, gaming, wagering, racing, kava, private security, escorts and tobacco activities. This includes the provision of policy advice to the licensing authority, grants administration, conducting inspections and audit programs, development and implementation of management processes for licensing, and compliance of licensed premises.

The Licensing, Regulation and Alcohol Policy output group is also responsible for strategic policy settings and operational elements under the Enough is Enough alcohol reforms. The Enough is Enough alcohol reforms target people who commit alcohol-related crime and antisocial behaviour by turning problem drinkers off tap and providing pathways to treatment. The reforms provide a range of tools and services across the Territory to reduce the personal, social, and economic cost the misuse of alcohol brings to the Territory. The five-point plan includes new and amended legislation to support the reforms, introduction of the Banned Drinker Register, alcohol court reform, and the establishment of the Alcohol and Other Drugs Tribunal, training and resource provision for healthcare providers across the Territory, and community and educational awareness campaigns.

Madam DEPUTY CHAIR: Are there any questions relating to the statement?

Mr STYLES: Minister, can you tell us about the 12 new licensing inspectors who have been funded by the Commonwealth? What is their specific role and how will they fit within the current regime of licensing inspectors?

Ms LAWRIE: That is a specific output area.

Madam DEPUTY CHAIR: That is Output 14.2. If you do not have questions directly related to the statement but rather the outputs, Mr Styles, we can move to the outputs.

Mr STYLES: We can if you ...

Madam DEPUTY CHAIR: Do you have broader questions?

Mr STYLES: No, most of mine fit within 14.1, 2 and 3.

Output 14.1 – Licensing, Regulation and Alcohol Strategy

Madam DEPUTY CHAIR: We will move to 14.1 – Licensing, Regulation and Alcohol Strategy. Would you like to ask questions in that output?

Mr STYLES: Minister, can you tell us about the 12 new licensing inspectors who are being funded by the Commonwealth? What will be their specific role, and how will they fit in with current regime of licensing inspectors?

Ms LAWRIE: Thank you for the question, member for Sanderson. The licensing inspectors referred to as the 12 already exist as positions within Racing, Gaming and Licensing. They were funded under previous arrangements with the Commonwealth and the Stronger Futures announcement continues their funding. They exist now. They are being funded going forward by the Commonwealth.

Mr STYLES: Are you saying they have always existed?

Ms LAWRIE: They have existed since the 2007 intervention by the Howard government.

Mr STYLES: When we say we have 12 new licensing inspectors, are they new licensing inspectors or are they continuing licensing inspectors, and who is funding it?

Ms LAWRIE: They are existing staff; they are not additional. They are not an additional 12; they are existing licensing inspectors. The funding split is four are funded by the Northern Territory government and eight are funded by the Australian government.

Mr STYLES: Was there any negotiation in relation to continuing funding for those positions by the Commonwealth?

Ms LAWRIE: Yes, that was the announcement made by Minister Macklin. The eight existing positions will be funded going forward under the Stronger Futures implementation.

Mr STYLES: Was that an initiative of the NT government or Minister Macklin?

Ms LAWRIE: We have been negotiating. We had the 12 in place. We wanted to see a continuation of funding.

Mr STYLES: Where are those inspectors currently located?

Ms LAWRIE: Mr Brodie.

Mr BRODIE: Those additional inspectors provide us with a capacity to run services out of Tennant Creek and Katherine. They also provide additional inspectors in Alice Springs, and capacity to work in inspectorate programs out of Nhulunbuy.

Mr STYLES: You just said they are additional inspectors, the minister just said they are existing inspectors.

Mr BRODIE: The additional inspectors provided in 2007 as part of the intervention and *Closing the Gap* program are part-funded by the Australian government and part funded by the NT government.

Mr STYLES: You say they are located at the moment?

Mr BRODIE: Yes, they are located at the moment.

Mr STYLES: Where are they located at this point in time?

Mr BRODIE: There are inspectors located in Darwin, there are inspectors located in Katherine, Alice Springs, Tennant Creek and there are rotating inspectors who work out of Nhulunbuy.

Mr STYLES: Have you any idea of the breakup of those numbers at the moment?

Mr BRODIE: There is one inspector in Tennant Creek and two inspectors in Katherine. There are two here Darwin, and the remainder are based in Alice Springs or based in Darwin and rotate out to Nhulunbuy.

Mr STYLES: According to the Commonwealth budget papers, the government will provide funding over 10 years to tackle alcohol abuse in Aboriginal communities in the Northern Territory. As part of this initiative, it provides funding to support communities by employing 12 alcohol licensing inspectors. If they already exist, why is everyone saying we have 12 new licensing inspectors?

Ms LAWRIE: Not everyone is saying it. If my recollection is correct, the Leader of the Opposition made that statement and he was wrong.

Mr STYLES: Thanks, minister.

Ms LAWRIE: My pleasure.

Mr STYLES: How many licensed premises are there currently on Aboriginal communities in the Northern Territory?

Ms LAWRIE: Mr Brodie.

Mr BRODIE: There are eight community clubs based in areas affected by the Commonwealth intervention. It is arguable there are a number of licences, such as Wycliffe Well – which is in a very remote part of the Northern Territory located near Indigenous lands, but they are not necessarily located there. There are two licensees in Elliott, which are quite close to town camps and Indigenous areas. It is a bit more complex than just how many are in areas declared under the Aboriginal Land Rights Act. If you took it at that narrow basis, there are eight community clubs in those areas.

Mr STYLES: Will the existing licensing inspectors be employed specifically to police alcohol consumption in Aboriginal communities, or will their tasks be broader?

Mr BRODIE: It depends a little on the nature of the challenges we confront in those communities at the time. They certainly assist in kava operations we conduct. They certainly assist in tobacco regulation, and the bulk of their work is liquor-related activity engaging in both compliance auditing and work around licensed premises, but they also participate in road blocks with police trying to interdict illegal supplies of alcohol.

Mr STYLES: In the future, do you see this ratio and the breakup of inspectors changing? We have two in Darwin, two in Katherine, one in Tennant Creek and two rotating - that is seven. There are another five somewhere.

Mr BRODIE: Alice Springs.

Mr STYLES: Five in Alice Springs?

Mr BRODIE: Yes, and there is an additional officer in Alice Springs who moves up and down between Tennant Creek and other parts of the southern region in order to support activity in that part of the world.

Mr STYLES: You do not see that changing?

Mr BRODIE: The current balance of licensee spread and demand would indicate that is about the optimum positioning of resources.

Mr STYLES: Under the Stronger Futures legislation, section 15(1)(a) says if a minister reasonably believes that the sale or consumption of liquor at or from the premises is causing substantial alcohol-related harm to Aboriginal people - would the federal government minister be making requests of the Northern Territory minister regarding particular licensed premises in the Northern Territory?

Ms LAWRIE: That legislation has not passed the federal parliament yet.

Mr STYLES: Are you encouraging that legislation, minister? Is it supported?

Ms LAWRIE: It is Commonwealth legislation. I am aware CLP Senator Nigel Scullion is on the record supporting the legislation, as are the federal Labor representatives. My understanding is the legislation has what we refer to as bipartisan support in the Commonwealth parliament.

Mr STYLES: Given there are a number of reasons why that may be occurring, do you believe it is an indication the federal government does not have confidence in your government to do the job?

Ms LAWRIE: Not at all.

Mr STYLES: Minister, exactly how will these licensing inspectors determine whether a sale, or consumption of liquor at or from a particular premise, is causing substantial alcohol-related harm to Aboriginal people?

Ms LAWRIE: That is not a role for the inspectors. If, in the event an assessor was appointed, the assessor would undertake a full and thorough assessment. However, at this stage it is not in play.

Mr STYLES: Where does that start? What do the alcohol inspectors do? Do they do nothing? Would they be examining premises and making reports through the department for follow-up?

Mr BRODIE: We run a compliance program based on a combination of risk assessments: known experience with the performance of licensees, an understanding of the quality and skill sets of the nominee and licensees and staff involved in a particular premises; as well as broader risk factors in the determinants of alcohol-related harm. We use a matrix of reasons about why we would be focusing inspection and audit effort around a particular premises, and then we will use a combination of both covert and overt inspection programs to create compliance activity around a particular premises. If, in some circumstances where a licensee is found to be not compliant with NT liquor law in relation to one of those inspections, then a detailed inspection of the premises will occur to determine what the evidence base for that failure is. We will engage with the licensee to try to understand the nature and the circumstances of that failure of compliance, and then make a decision about the appropriate compliance response based on our enforcement policy, which is a public document which was released last year.

Mr STYLES: My understanding is the federal minister can make a request to the Northern Territory government to make inquiries?

Ms LAWRIE: No, the legislation has not passed. It is legislation currently before the House.

Mr STYLES: Yes, but do you support the intent of that legislation, minister?

Ms LAWRIE: As I have clearly stated, the legislation has the bipartisan support of both Labor and CLP members of federal parliament.

Mr STYLES: Do you support the legislation?

Ms LAWRIE: Member for Sanderson, it is not legislation before the NT parliament; it is before the Commonwealth parliament.

Mr STYLES: The issue is there are many people out there trying to figure out which way they have to go, what they have to do and how they are going to comply with this legislation. If, as the minister says, it has support and is going to pass and become law we are going to have to deal with here. I am interested in the mechanics of this, minister. Do you believe individuals will be tracked upon leaving licensed premises to determine what possible harm might come to them?

Ms LAWRIE: Member for Sanderson, as I said, the legislation is currently before the Commonwealth parliament. It has not passed. It has CLP support and Labor support from federal members. I need to know whether to give fulsome advice on the extent of the legislation when it passes, because I understand CLP Senator Nigel Scullion is proposing amendments to the legislation which would broaden the remit of the request from just 'Indigenous harm' to a broader remit of 'harm'. I genuinely have to see whether or not Senator Nigel Scullion's amendments get up to be able to give you the advice on the scope of that legislation.

Mr STYLES: Has any planning been done in relation to how to deal with that?

Ms LAWRIE: Ultimately, the work will be done within the Licensing Unit regarding any further considerations and, obviously, in discussions with me as Licensing minister. As I said, without the legislation being passed, we, at this stage, do not know the full remit of the scope of the legislation. We know the legislation proposed by the sponsoring minister goes to 'Indigenous harm', but CLP Senator Nigel Scullion is going to put forward an amendment to the legislation which broadens it out beyond 'Indigenous harm' to the broader 'social harm'. Until I see what passes through federal parliament, the scope is not fully settled.

Mr STYLES: Does the Northern Territory government support the terminology at the moment?

Ms LAWRIE: We do not support the amendment proposed by CLP Senator Nigel Scullion. As I said, it walks away from what we believe is the intent of the broader Stronger Futures package which looks at 'Indigenous harm'. Senator Scullion is proposing to broaden it out to society, not just Indigenous.

Mr STYLES: You are very comfortable the measure targets Aboriginal people?

Ms LAWRIE: As I said, we have to wait to see the way the legislation passes. CLP Senator Nigel Scullion is proposing to make it broader than just 'Indigenous harm' to 'community harm'. The Territory government is on the record as saying that is against the intention of the Strongest Futures legislation. We oppose that proposal by Senator Scullion. I am keen to hear what you think about that, given he is a member of your party.

Mr STYLES: Does that mean licensees will have a separate code of practice - one for Aboriginal people and one for others?

Ms LAWRIE: No.

Mr STYLES: Minister, were your Enough is Enough alcohol reforms targeted specifically at Aboriginal people?

Ms LAWRIE: No, the reforms are targeted at reducing alcohol-related harm. They are not discriminatory.

Mr STYLES: Why were your reforms not targeted at Aboriginal people when, clearly, these Commonwealth reforms are?

Ms LAWRIE: My understanding is the Stronger Futures legislation goes to a far broader series of measures by the Commonwealth government to reduce Indigenous disadvantage in the Northern Territory. That is a separate set of reforms to the Northern Territory government reforms specific to alcohol, which are the Enough is Enough reforms.

Mr STYLES: In relation to inspectors - I asked this question before, I just want to confirm - how many licensing inspectors are employed by the department right now?

Ms LAWRIE: I will get Mr Brodie to answer that question.

Mr BRODIE: The number of inspectors employed by the department at the moment is about 28, off the top of my head. I will find the right information. There is a subtlety in all of this in comparison to the number of people who are employed in - what we call compliance officers versus the number of people who hold appointments under the act as liquor inspectors. The reason is because there are a number of people in the division who need appointments as liquor inspectors in order to conduct licensing activity as well. There is a subtlety of difference between those two types of people in the division at the moment.

In what we call the licensing group, there are 32.9 FTEs funded by the Northern Territory government who are working in the licensing and compliance area in the department. However, not necessarily all of them undertake compliance officer activities. Some of them have to carry appointments as inspectors in order to conduct licensing activity as well.

Mr STYLES: I will put this back to the minister: are there enough licensing inspectors to carry out the current workload as required by the department?

Ms LAWRIE: Yes, I am confident with the staffing which exists within licensing.

Mr STYLES: Minister, the Commonwealth budget, under payments for specific purposes under the tackling alcohol abuse component, reads:

The Commonwealth will provide funding to tackle alcohol abuse and ensure licensed premises operate properly. Funding will include support to extend alcohol restrictions.

Minister, what extension to alcohol restrictions is this referring to? Do you have plans to further extend alcohol restrictions in the Northern Territory?

Ms LAWRIE: Madam Deputy Chair, I cannot answer for Commonwealth line items of budget expenditure. I can talk about the Northern Territory government budget.

Mr STYLES: Do you have any plans to further extend restrictions in the Northern Territory?

Ms LAWRIE: No.

Mr STYLES: Have you any idea what the Commonwealth is talking about in relation to extending restrictions in the Northern Territory?

Ms LAWRIE: You would have to ask the Commonwealth.

Mr STYLES: Well, you are the minister and the Commonwealth looks like it is going to impose something on us and you say you do not know?

Ms LAWRIE: No, no, I am certainly not aware of the proposals you are alleging. I am aware the Commonwealth is pretty keen to continue to work around alcohol management plans and liaise with communities in regard to alcohol management plans. Commonwealth funding covers a variety of activities in tapping grog running through education media campaigns. The Commonwealth funding, as I said, primarily deals with the alcohol management planning with something like 25 alcohol management plans already implemented or in development. Commonwealth funding deals with mechanisms for implementation of permit systems in communities. Commonwealth funding covers installation of maintenance of signs to indicate alcohol and prohibited material restrictions for prescribed communities, and the Commonwealth government provides financial management and governance training for board members of organisations responsible for the operation of community stores in 20 communities. Finally, the design, implementation and maintenance assistance to collate, analyse and report on alcohol-related data.

Mr STYLES: Thank you, minister, but the question is, and the statement was, the Commonwealth will provide us - not saying it is going to implement these - it will provide funding to tackle alcohol abuse and ensure licensed premises operate properly. Funding will include support to extend alcohol restrictions.

Ms LAWRIE: I do not know what you are referring to. I have just articulated what the Commonwealth funding provides for.

Mr STYLES: It is under payments for subsidiary purposes in the Commonwealth budget under the Tackling Alcohol Abuse component.

Ms LAWRIE: It could be more community awareness programs, more signs, or it could be more governance and training.

Mr STYLES: It says: 'Funding will include support to extend alcohol restrictions'. I am surprised the department and the minister have no idea what the Commonwealth is doing. I would have thought someone might pick the phone up and ask what the Commonwealth will be imposing on us.

Ms LAWRIE: No, we are in constant discussions with the Commonwealth on this matter and I have listed the activities undertaken through Commonwealth funding.

Mr STYLES: Well, it is on the record so perhaps staff will look at that and report back to you.

Ms LAWRIE: Well, you led with your chin by saying there would be 12 additional licensing inspectors and you had that wrong.

Mr STYLES: I am asking questions so they are on the public record. I have just given you quotes from the Commonwealth budget under special purposes and it appears no one seems to know what is in it.

Ms LAWRIE: I have just indicated what the Commonwealth funding goes to.

Mr STYLES: Are you saying the Commonwealth is driving the reforms and restrictions?

Ms LAWRIE: You are becoming a little vague. I have been clear that the Northern Territory government has the Enough is Enough alcohol reforms. I do not know whether your question is about that or whether it is about the funding under Stronger Futures. I have listed the items funded under Stronger Futures and the activity in the alcohol management plans.

Mr STYLES: I will move on because it appears you, and the department, do not understand the specific purposes in the Commonwealth budget under the tackling alcohol abuse component.

Ms LAWRIE: We fully understand, member for Sanderson. I have just given you a comprehensive list of the activities the Commonwealth funding is allocated to. It may be, as I have said, you are referring specifically to work undertaken through alcohol management plans. Alcohol management plans have a range of initiatives that deal with supply.

Mr STYLES: All I have done is quote the Commonwealth budget, minister.

Ms LAWRIE: Yes, and I have articulated and listed activities. I am happy to go through them again if you did not understand the first answer.

Mr STYLES: No, I heard you the first time.

Madam DEPUTY CHAIR: You have just a little over five minutes, member for Sanderson.

Mr STYLES: Thank you, Madam Deputy Chair.

Madam DEPUTY CHAIR: Are you still on Output 14.1?

Mr STYLES: Yes.

Madam DEPUTY CHAIR: If you have no further questions - member for Nelson.

Mr WOOD: How many additional pokers machines was Lasseters Casino allowed?

Ms LAWRIE: The existing casino agreement with Lasseters does not have a restriction on the number of electronic gaming machines - pokies. That has been a long-standing casino agreement stretching across the former government and this government. There is no provision which provides a cap on electronic gaming machines. What you may be seeking is in reference to the decision by Lasseters to increase the number of electronic gaming machines. It originally announced it wanted to put in an additional 100 machines. After a series of discussions with Lasseters, that changed. It revised it down to 30 electronic gaming machines in a high roller VIP area.

Mr WOOD: How many poker machines does Lasseters have now?

Ms LAWRIE: In total, it has 300.

Mr WOOD: Is the government concerned with the discussion occurring Australia-wide about the negative effects of poker machines? We know in Alice Springs many Indigenous people play poker machines. Is it prepared to sit down with the casinos to consider ending that policy of allowing open-ended poker machine numbers?

Ms LAWRIE: Mr Wood, in response to your question about is the government concerned, yes; I was concerned with the public announcement of an additional 100 machines for Lasseters. I had a meeting with Lasseters management and pointed out the particular circumstances of Alice Springs and urged them to reconsider their decision to put an additional 100 machines into the casino. I was very pleased they reconsidered and went down the path of 30 VIP high roller machines.

Mr WOOD: If the pubs and clubs cannot have any more poker machines, and the two casinos can have what they want, I mean ...

Ms LAWRIE: Existing contracts.

Mr WOOD: That is right.

Ms LAWRIE: You cannot tear up existing contracts.

Mr WOOD: Perhaps they can be negotiated.

Ms LAWRIE: There is no willingness for the casinos to renegotiate the element of those existing contracts.

Mr WOOD: The government should be publicly saying that is not the right approach. They are corporate citizens and have responsibility for the welfare of Territorians. It sends the wrong message. When are the contracts due for renewal?

Ms LAWRIE: They are very lengthy contracts.

Mr WOOD: These people could have as many machines as they like?

Ms LAWRIE: We have a constructive working relationship with the two casinos in the Territory. That bore fruit in Lasseters revised decision to put 30 machines in a VIP setting. We are constantly having constructive discussions with SKYCITY as well. In relation to any upgrades - floor redesigns, both Lasseters and SKYCITY have been making significant capital investment in their facilities which, of course, is providing a range of additional facilities. For Lasseters, the bulk of their capital expenditure has been in their hotel - their front of resort service and, equally, for SKYCITY, the bulk of the investment in recent times has been in the development of a new resort and a refurbishment and extension of restaurants and bars.

Mr WOOD: That is all wonderful, but are they putting money into programs which would help people affected by gambling? How much and where are they doing that?

Ms LAWRIE: Yes, they do contribute. Mr Brodie.

Mr BRODIE: SKYCITY, particularly, has a very good program of activity where they work directly with Amity, the principal group funded in the NT for problem gambling amelioration services. The nature of that program is, essentially, that security staff at the casino have been given some additional training around responsible service of alcohol and gambling. They look to patron behaviour and have what you might call a host responsibility focus to ensure people in the premises are there for the purpose of enjoying themselves and not engaging in behaviour that can be identified as being risky and problematic. That is not just about problem gambling; it is about people drinking to excess on the premises as well.

From the problem gambling perspective, the casino has quite a good record of identifying people who are potentially playing beyond their means and helping the Amity people get in contact with those people and provide them with support services as necessary.

Lasseters operate in a similar way, but probably with a slightly different focus because of their client base and the available structure of support services in Alice.

Mr WOOD: Thank you.

Madam DEPUTY CHAIR: Members of the committee, it has now reached 5 pm. Therefore, that concludes consideration of Outputs 14, 15 and 16. Minister, thank you to you and your officers for appearing before the committee today.

Ms LAWRIE: Madam Deputy Chair, I thank the officers of the Department of Justice, specifically Racing, Gaming and Licensing for their appearance before the Estimates Committee today.

The committee suspended.

MADAM SPEAKER'S PORTFOLIO
DEPARTMENT OF THE LEGISLATIVE ASSEMBLY

Madam DEPUTY CHAIR: Welcome to you, Madam Speaker, and to the officers accompanying you. I will ask you to introduce those officers shortly, but also invite you to make an opening statement if you wish.

Madam SPEAKER: Thank you very much, Madam Deputy Chair and committee members. This is the 8th year I have appeared at the Estimates Committee as the Speaker. As this is my last appearance, I would like to place on record my thanks to the Clerk of the Assembly, Mr Ian McNeill, who unfortunately could not be here today due to extended sick leave. I am sure all committee members will join with me in wishing him a full recovery. With me at the table today are the Acting Clerk, Mr Michael Tatham; the Director of Parliamentary Services, Ms Vicki Long; and the department's Acting Chief Financial Officer, Diem Tang.

In relation to the budget, I am happy to advise that, once again, each of the department work units has upgraded within their allocated budgets, and the cost savings working group continues to consider measures in place to ensure they are working to the requirements of the Northern Territory Treasury.

Also, two areas of the agency's budget were subject to specific project funding, and these were the Council of Territory Cooperation and the Office of Statehood. In relation to the Office of Statehood, the role was to support the Constitutional Convention Committee and arrange the Constitutional Convention being overseen by that subcommittee. The staging of the elections for and attendance at the convention was to be subject to an application for a Treasurer's Advance. However, given the decision of the Assembly to indefinitely postpone the convention, project monies from the Office of Statehood staffing administration allocation absorbed those costs and the Office of Statehood was closed during March this year. All Statehood staff have either returned to the public service or have been absorbed into other positions within the Department of the Legislative Assembly.

The department's education and outreach program continues to deliver a high level of service for schools as well as public tours of the building. During the year, the education unit continued to reach a significant proportion of Territory school students through Parliament House tours, organised activities such as role play exercises, outreach visits and Commonwealth Week.

In relation to departmental staff, our staffing has remained relatively stable during the period. The Northern Territory government full-time equivalent cap for the department is 104. This figure includes members in electorate offices. As at the end of March 2012, the agency full-time equivalent count was 102.82. Once again, this figure includes members and electorate officers.

As previously stated, the Clerk has been absent for some months during the current period on sick leave and the Deputy Clerk has acted in his stead for two extended periods.

Madam DEPUTY CHAIR: Madam Speaker, your microphone is not on. We need to record it.

Madam SPEAKER: I am sorry, I was not aware I had to turn it on.

Madam DEPUTY CHAIR: I should have reminded you. I did not have mine on either, Madam Speaker

Madam SPEAKER: That is all right, it was not that interesting, but never mind, I will not start again. As previously stated, the Clerk has been absent for some months during the current period on sick leave and the Deputy Clerk has acted in his stead for two extended periods. Succession planning has been enhanced during this period by the development of a roster of clerking at the table.

In other staffing matters, there appears to be some difficulty appointing a permanent officer to the Human Resources Manager position. I am advised this is because the position was seen as a stepping stone on a career path to higher-level positions in HR in Territory government agencies for a number of our past managers. While it is considered to be appropriately graded for a small agency at the AO6 level, I am advised it is being scrutinised, along with an ongoing review of positions throughout the agency, to ensure the best officers are able to be recruited competitively to roles within the agency.

NTPS staff survey results project: during the year, the Office of the Commissioner for Public Employment released results of the 2011 Northern Territory Public Sector staff survey which indicated

some concerns for the department. While the department had a relatively high response rate compared with all public service employees, the survey revealed some of the staff who took part had concerns regarding the matters of merit selection and workplace behaviour - concerns which had not otherwise been captured by the department.

A plan of action was put in place which has seen four staff consultative forums being conducted by the Deputy Clerk, sessions on change management and team building included in the monthly staff forum, and the drafting of a series of professional excellence guidelines which will be consulted upon shortly and published later in the year, along with an updated training and development framework.

In relation to security, during the past year the building has been subject to security scrutiny with the visit to Darwin of the President of the United States and other dignitaries, including the Governor-General and the Prime Minister. The House Committee has considered security matters and retains that ongoing role. The recruitment of a new Director of Security took place and he, along with the Deputy Clerk, have almost concluded visits to all electorate offices. I am currently writing to members reporting on these visits.

In relation to functions, the building continues to be a very popular venue for official functions and welcomes many visitors. From 1 July 2011 until 1 June 2012, there were a total of 181 functions held in Parliament House. Of these, 108 were ministerial functions or receptions coordinated by the Protocol Unit of the Department of the Chief Minister; 16 functions, briefings, launches or training were hosted by Northern Territory government agencies; 28 conferences or meetings were hosted by external users; four external dinners; three parliamentary committee hearings; eight weddings; and 11 Speaker or parliamentary functions.

In relation to tenders, during the year the department has managed tender arrangements which have resulted in the appointment of a new electricity supplier. QEnergy is the new supplier and the agency has debriefed Power and Water Corporation on its competing, but unsuccessful, bid. Given the tender process is a commercial-in-confidence process, I do not intend to say much more about this other than I am satisfied the agency has undertaken a proper procurement process using external expertise and the guidance of a probity expert along the way.

Future tender opportunities for the gardening and cleaning contracts have recently been advised through the public notification process, and these tenders will be advertised shortly. I am also advised the procurement process is still under way concerning the awarding of the contract for Parliament House. Officers at the table and will not be in a position to comment while that is on foot.

Building Projects: the maintenance of the building continues to be a priority. A new fire control panel is being installed as we speak, and this will enhance occupant and visitor safety with the fire alarm system being refreshed and tested in coming weeks. Braille signage - which I know the member for Goyder is particularly interested in - is being installed into the public lifts near the gift shop to ensure our compliance with community expectations and Australian Standards on disability access. I should say, it is not because you have sight problems but, in fact, because you drew this to my attention some time ago.

The significant sound and vision upgrade has resulted in enhanced broadcasting from this room for these committee hearings, as well as improvements in the Assembly Chamber, allowing media outlets to take the Assembly feed rather than bringing cameras into the Chamber. After the Estimates Committee has concluded, a new upgraded video conferencing system will be installed as the final stage of the upgrade for the Litchfield Room.

In relation to ICT services, which is something the Estimates have been particularly interested in over many years, I am very pleased to advise that members' electorate offices will be connected to the WAN - the wide area network - or to the BDS cell over the coming months, which will mean all members' connectivity to the Internet and the e-mail system will be greatly improved. A program for these upgrades is currently in progress. I am also very pleased to advise that WiFi is now available in the Chamber.

In relation to the prorogation of the parliament, my department is working on ensuring a smooth process of administration during the prorogation period and the period following the 25 August Territory elections. A detailed document relating to matters surrounding the election, such as members' salaries, officers, etcetera was sent to members last week. It contains information on entitlements and key dates for the election, as well as rules relating to the use of electorate offices during the election period.

In summary, I would like to thank all members for their cooperation this year and the Acting Clerk and his staff for striving towards delivering excellence in parliamentary services. I am very happy to receive questions, Madam Deputy Chair.

Madam DEPUTY CHAIR: Thank you, Madam Speaker. Are there any questions relating to this statement? No.

OUTPUT GROUP 1.0 – PARLIAMENTARY SERVICES
Output 1.1 – Assembly Services

Madam DEPUTY CHAIR: We will move to Output 1.1, Assembly Services.

Ms PURICK: Madam Speaker, you gave details of the functions held at Parliament House. Is it possible to repeat whether they were government sponsored or private? You said there were 181 in total.

Madam SPEAKER: I will find the specific paper. There were 181 functions, 108 of which were ministerial functions or receptions coordinated by protocol; 14 were Speaker hosted functions to which all members were invited; 16 functions were briefings, launches and training hosted by Northern Territory government agencies; 28 conferences or meetings were hosted by external users; there were four external dinners; three federal parliamentary committee hearings and eight weddings. This does not include internal use of the building, for example, the opposition or the government using the rooms.

In regard to me as Speaker, the functions I hosted were the gifting of art work to Parliament House by James Gaykamangu, the Order of Australia workshop, the Portrait of a Senior Territorian art function, a condolence motion morning tea for the late Mr George Chalupka, Speaker's Christmas drinks and Somerville Christmas carols.

These are slightly different functions because they do not involve any money - they are sponsored ones - dinner for Justice Kelly, a Music: Count Us In, public consultation about constitutional recognition of Aboriginal and Torres Strait Islander peoples, the 28th Delegation from the United States of America lunch and the International Women's Day Award reception.

Ms PURICK: Is it possible to get a breakdown of the 16 briefings by Northern Territory government agencies. You said there were 16 briefings or launches by government agencies. Is it possible to get a breakdown of which government agency provided what briefing, meeting or launch?

Madam SPEAKER: I can take it on notice; however, it is the type of thing where a department wants to have something - usually the minister is involved - but instead of it being a protocol function, it is hosted by the department so it is not controversial.

Ms PURICK: I want to know which departments are holding which meetings.

Madam SPEAKER: I am happy to take it on notice.

Question on Notice No 2.01

Madam DEPUTY CHAIR: For the record, can you repeat that question on notice.

Ms PURICK: Of the 16 briefings or launches by a government agency, list the government agency that had the particular briefing and perhaps a quick summary of what it the briefing or launch was.

Madam DEPUTY CHAIR: For the record, that is question No 2.01.

Ms PURICK: Can you tell me how many functions required security at night? What is the cost of security if a private organisation holds a function in Parliament House? I understand they pay for the cost of security?

Madam SPEAKER: I might ask the Acting Clerk, Mr Tatham, to respond to that.

Mr TATHAM: Most of the security arrangements are included in the pricing. The only time we normally require extra security is when we have a function on Liberty Square and are required to use - the people

who are having the function pay for the security guard to come in and out of parliament for the use of the facilities.

Ms PURICK: Okay.

Madam SPEAKER: Or if it is a private function being held then those people pay for that.

Ms PURICK: In regard to the visits by the Governor-General and the President of the USA, who pays for the extra security involved in those visits? For example, the task force had their bomb-proof vehicle in the basement. Who pays for that extra security?

Madam SPEAKER: The Commonwealth pays for it, and the personal protection of the Governor-General or the Prime Minister is the Australian Federal Police.

Ms PURICK: Was that the same for the President of the USA?

Madam SPEAKER: Yes, he had his own secret service people. They did not come into the building, but we did go into a higher level of security at that time.

Ms PURICK: Those costs are all covered by the Commonwealth?

Madam SPEAKER: Yes.

Ms PURICK: Without giving any details, have there been any security issues involving parliament over the last 12 months?

Madam SPEAKER: On the whole, there have not been any major security issues. There was one, which is the subject of a court matter, but it is not a major issues.

Ms PURICK: Is it possible to give details - you might have to take it on notice - of how many parliamentary committee meetings were held in the last 12 months and at what cost for the year for each committee?

Madam SPEAKER: We have it over a number of documents. The Public Accounts Committee has met six times. Do you want to know how many meetings?

Ms PURICK: Yes, how many meetings were held and the cost to the department to stage the meetings? If you want to take it on notice that is fine.

Madam SPEAKER: We have the information here. First, I will tell you how much all these things cost: Youth Suicides, \$22 646; LCAC, \$4 256; Public Accounts, \$5 544; Estimates, \$20 948; House Committee, \$127; Standing Orders, \$0, Subordinate Legislation and Publication, \$6 582; Environment Committee, \$747; Council of Territory Cooperation, \$429 000. On top of that there was committee support which was \$428 000. The total was \$917 850. That is separate to statehood.

Ms PURICK: Yes, I understand that.

Madam SPEAKER: I can go through each of these and tell you how many meetings there were. LCAC had four meetings, NTCCC had five, Subordinate Legislation had four, and the House Committee met twice. That is it.

Ms PURICK: Thank you, Madam Speaker. Can you also advise how much was spent on the Council of Territory Cooperation and its subcommittees during the year, in particular, how much was paid for travel, accommodation and members' allowances?

Madam SPEAKER: The members' costs have already been tabled in the parliament and we only do the one audited costing of that each year. That is not part of the costs of the committee; it is part of the Remuneration Tribunal Determination. The only costs we have for travel relates to staff.

Ms PURICK: Yes.

Madam SPEAKER: In 2011-12, the budget allocation for the CTC was \$600 000. The expenditure for the CTC from 1 July to 31 March was \$428 969, of which \$347 834 was employee expenses and \$81 135

was operational expenses. This says: 'members of the CTC travel under their entitlements' and it says: 'this amount was \$8815.74 for the period 1 July to 31 March and is in addition to the costs above'.

Ms PURICK: Madam Speaker, what was the cost of running the statehood office for the last 12 months? You might have mentioned that in your opening statement, but I am unsure.

Madam SPEAKER: No, I did not put any costs in the opening statement. The total budget for the year was \$980 000.

Ms PURICK: In regard to the change of arrangements for the Statehood Convention, how much money was lost or not recouped - bookings and that type of thing?

Madam SPEAKER: The amount of \$95 000 was the booking fee for the Convention Centre. Is that what you were referring to?

Ms PURICK: Yes.

Madam SPEAKER: It was not lost, thank goodness. We have redirected that to the Department of the Chief Minister for their use, and it has to be used by the end of June.

Ms PURICK: You mentioned staff being redeployed or absorbed somewhere else in the Legislative Assembly. After the closure of the Statehood Office, were staff provided with career counselling or career advice, given the abruptness of the office closing?

Madam SPEAKER: I am advised there were no requests for that, but each of the staff has found another position, which is good.

Ms PURICK: Thank you. Who is responsible for the flags at Parliament House and who makes the decision to fly what flag?

Madam SPEAKER: It is a matter properly for me or the Department of the Chief Minister. Is there something specific, member for Goyder, you are concerned about?

Ms PURICK: There could be, Madam Speaker. Some comments have been made to me in passing as to certain flags flying at certain times. Who makes the decision to fly what flag when?

Madam SPEAKER: Can you give me a specific indication?

Ms PURICK: A Japanese flag flying close to the Bombing of Darwin ceremony and some elderly people were concerned.

Madam SPEAKER: On the Bombing of Darwin day, 19 February, the only flags flying – I am certain of this - were the Australian flag and the Northern Territory flag. There was a decision made that no other flags would fly that day.

Ms PURICK: Is that out of your office?

Madam SPEAKER: There was a conversation about it. No, it was not out of my office. It was the Department of the Chief Minister, but I was aware of conversations that had happened regarding that. I understand the Japanese Ambassador to Australia visited Parliament House in the days leading up to that event, and it is the usual and courteous practice to fly the flag of an Ambassador's country when they attend Parliament House. It would have been up there during that time.

Ms PURICK: The prime decision comes from the Office of the Speaker?

Madam SPEAKER: No, not really. It really comes from the Protocol Unit. There are also days which are national days, where the Office of Prime Minister and Cabinet advise protocol what flags should be flying for particular things. For example, there may be a national state funeral happening and the Australian flag would be at half mast. That comes through the Department of the Chief Minister, but I am always advised.

Ms PURICK: Thank you. If I could turn to education, you mentioned the program, but do you have figures as to how many school groups and how many students have visited Parliament House over the last 12 months?

Madam SPEAKER: Lots.

Ms PURICK: How many lots?

Madam SPEAKER: The public tours ...

Ms PURICK: Perhaps the public tours as well. There are the school groups and the public groups.

Madam SPEAKER: You are interested in everything?

Ms PURICK: Both, yes.

Madam SPEAKER: The Parliamentary Education and Services staff conducted 122 guided public tours of Parliament House with 1428 participants. They also conducted 135 tours of Parliament House for almost 3000 school students and teachers, which included 62 sessions with the NT Electoral Commission. They conducted 45 role play sessions with over 1000 students at schools, and conducted 27 outreach program sessions with over 500 students in the Darwin, Arnhem Land, Katherine and Alice Springs regions. They coordinated a Step Up Be Heard youth parliament for senior students, and conducted special events for schools during Commonwealth Week with 230 participants. They also conducted 32 tours for over 400 VIPs, visiting delegations and departmental ministerial staff; and coordinated the State Square Open Day with Government House and the Supreme Court with 365 visitors. There were also many other functions they undertook.

Ms PURICK: What is the expenditure for support the unit provides to school groups or teachers visiting Parliament House? Does it have its own budget line? When they are making their props for example, or developing education material?

Madam SPEAKER: They have a specific budget, but we do not have it here. I am happy to take it on notice.

Question on Notice No 2.02

Ms PURICK: Can you advise how much has been expended over the last 12 months in providing support to school students and teachers when visiting Parliament House, or to the schools or the outreach program?

Madam DEPUTY CHAIR: Thanks, member for Goyder. That question is No 2.02.

Ms PURICK: Were any schools provided with support funding to travel to Darwin to visit Parliament House? If so, how many schools and how much?

Madam SPEAKER: I will invite Mrs Caroline Cavanagh to join us at the table. She would have more detailed answers.

Ms CAVANAGH: Member for Goyder, the department receives \$10 000 from the Northern Territory Electoral Commission to assist with bus transport for schools coming to Parliament House.

Ms PURICK: Madam Speaker, I am familiar with education programs, and to understand how successful they can be or have been there is usually qualitative research analysis done. Has the unit considered doing this kind of research to see if the program is successful - it is reaching positive returns? If not, would you consider such research being undertaken by the unit or outsourcing such research?

Madam SPEAKER: There has been much review of this area in recent years, which is why we have such a wide range of activities for adults, students and the general public. For example, we now do the Step Up Be Heard program rather than the youth parliament, which was not very effective. It had been very effective in much earlier years, but it became something where it was exactly the same students each year

for some years – and it was quite expensive. I am being advised there are regular visits of teachers and students as well.

Ms PURICK: That is all I have on that section, Madam Deputy Chair.

Madam DEPUTY CHAIR: Member for Nelson, do you have any questions in relation to Output 1.1, Assembly Services? We have about half an hour to go.

Mr WOOD: I do. The member for Arafura might like to ask a question too, if that is all right.

Ms SCRYMGOUR: Yes, just to get some clarification from the Chair. If I was to ask a question of the Speaker from a local member - can I do it under 1.2?

Madam DEPUTY CHAIR: It would be 1.2, member for Arafura.

Mr WOOD: Madam Speaker, you have the same budget, more or less, each year, and you have a 3% efficiency dividend you have had to handle. How do you have the same budget each year if you keep having 3% dividend getting knocked off it? The budget for 2011-12 should be X amount, and the estimate should be 3% less than that and this year we start again.

Madam SPEAKER: The advice I have is the nett effective general parameter adjustments, including consumer price index of 2.8%, enterprise bargaining agreement of 3%, and efficiency dividend of 3% for 2012 is an increase of \$371 000 for the agency.

Mr WOOD: You still get the 3% efficiency. However, in the annual report - I am not sure whether I have the same figure as you - on page 11 it says you were over budget by \$340 000. How is that covered and where is it in the budget? Is there enough money in the 2012-13 budget to cover that expenditure?

Madam SPEAKER: I will ask the Acting Clerk to respond to that.

Mr TATHAM: Member for Nelson, as it says in the annual report, the agency is \$340 000 over budget, the majority of which was attributed in the annual report to the notional depreciation and DBA service charges, together with expenditure on repairs and maintenance, and a deficiency of funds for the Presiding Office and Clerks Conference which was topped by a Treasurer's Advance, and a former member's workers compensation claim which had not been anticipated.

The service charges from DBE are often a considerable component of cost. We do not necessarily anticipate what we are going to be charged before the end of the year.

Mr WOOD: In the annual report, on page 8, you talk about catering. Has the catering contract been awarded and what does it cover?

Madam SPEAKER: As I mentioned in my opening statement, there is currently negotiation on the catering contract. It, therefore, makes it quite difficult to make any comments about that. What is in the contract, I can ask the Acting Clerk to respond to.

Mr TATHAM: The catering contract is comprised of a lease and a licence arrangement with whoever is the successful caterer when it is completed. There will be a lease arrangement over the Speaker's Corner Café, and there will be a licence arrangement for exclusive use of the kitchen for catering purposes for all functions within Parliament House for the successful caterer when the process is completed, which is anticipated to be by July this year.

Mr WOOD: In Budget Paper No 3, page 41, under 'Key Deliverables' it says: 'Parliamentary committee reports completed in 2011-12 estimated at 13, and the budget for 2012-13 is four'. Why the big drop? I hope I am reading correctly, I am reading from page 41.

Madam SPEAKER: Member for Nelson, it is because we are moving into a new parliamentary year. In a new parliament, as you would be aware, there is less committee work being done and therefore we expect fewer reports this year.

Mr WOOD: That is all my questions on that section.

Madam DEPUTY CHAIR: That concludes consideration of Output 1.1.

Output 1.2 - Members and Client Services

Madam DEPUTY CHAIR: The committee will now proceed to Output 1.2, Members and Client Services. Do you have any questions, member for Goyder?

Ms PURICK: Madam Speaker, in regard to electorate offices, have there been any serious security issues experienced by any of the electorate offices in the Territory and have they been addressed satisfactorily?

Madam SPEAKER: I would say at the moment there is - as I mentioned in my opening statement, the Acting Clerk and the Director of Security have visited all electorate offices. I would be concerned, member or Goyder, about raising any specific issues in relation to electorate offices. I would say, as you would be aware, when we think there is a security issue - maybe somebody is behaving in an adverse fashion and we are aware they may be in a particular area - we always advise members and their electorate officers of that so they can be apprised of the situation. We do not normally discuss specific security issues.

Ms PURICK: In regard to the computer systems or general IT, do you have details of how many callouts are logged with each electorate office? Are they addressed within a particular time frame? Is there a time frame within a contract?

Madam SPEAKER: The Department of Business and Employment does that. When we are all on the WAN, or have the BDSL, I am hoping it is going to be significantly better.

Ms PURICK: I hope so too, Madam Speaker. Madam Speaker, given the election is to be held in August and there will be new members, has the Assembly considered a proper handover program for electorate officers to a new person?

Madam SPEAKER: Are you aware that - I mentioned this in my opening statement - a members guide was sent out to all members and electorate officers last Friday detailing all the issues in relation to an election.

Ms PURICK: That is leading up to the election. After the election there will be new members somewhere.

Madam SPEAKER: Indeed, in Nightcliff there will be.

Ms PURICK: There was not, in 2008, what I believe to be a proper handover program. Is the department considering a formal handover program of an electorate office so the new member and staff know exactly what that office entails?

Madam SPEAKER: There is much work being done on that at the moment. The difference between this election and the one in 2008 is nobody knew when that election was going to be held, and it was almost a year before it was expected. It is a bit hard to plan for something that unexpectedly, whereas this time we have much notice and much work being done on that, member for Goyder.

Ms PURICK: In regard to a formal handover program?

Madam SPEAKER: Yes.

Ms PURICK: It took me nearly eight months to realise I had a wheelie bin out the back of my office.

Madam SPEAKER: I am not sure about that level of detail.

Mr WOOD: The member for Goyder needs a kennel.

Ms PURICK: There is nothing in the rules and regulations about that.

Madam Speaker, can you advise which electorates have more than one electorate office?

Madam SPEAKER: There is only one that has two. In fact, the member still does not have his office, and that is the member for Stuart. That is as a result of the Remuneration Tribunal determination.

Ms PURICK: Madam Speaker, yes, we received notice in regard to the election and we, generally, all know offices are not to be used during an election campaign. However, how do you ensure this does not occur and how do you deal with the breach if it does occur? Are penalties applied if an office is used during an election campaign inappropriately?

Madam SPEAKER: Each time there has been an election there is always somebody doing something strange. Usually somebody contacts me so that - a CLP staffer will ring me and say somebody in a Labor party office has done something terrible. Someone in a Labor party office will contact me saying someone has done something terrible in a CLP office. Essentially, if I am aware of it, we let the member know straightaway they have to take materials down. They are usually confluted. It is really an honour system. We have to trust members. That may not sound too good but, essentially, members are honest and reasonable people and know the rules. We will keep reminding people of the rules. It could result in adverse media, which is always helpful.

Ms PURICK: That is true. Madam Speaker, how many members have an NT Fleet vehicle, and how many members have their own vehicles and receive an allowance?

Madam SPEAKER: Eighteen have NT Fleet vehicles and seven have their own vehicles.

Ms PURICK: Does the department have very specific policies or procedures to ensure the protection of members' privacy and personal details, including travel and arrangements? Are there set policies staff work to in regard to the privacy of members' information? I will rephrase it. How does a member gain comfort knowing there will not be any leaks, for example? If there is no policy guiding staff then ...

Madam SPEAKER: It is my understanding all information relating to members is confidential. It would only be the member who knew they were travelling, the travel office and possibly Ms Long. It is confidential. I will pass over to Ms Long to respond to this.

Ms LONG: All public servants work to the Code of Conduct.

MS PURICK: What is the Code of Conduct for?

Ms LONG: It is an employment instruction issued by the Commissioner for Public Employment which outlines the conditions and ethics under which public servants are required to work. It includes confidentiality of government documentation. Within our department, part of our induction program and something we continue to stress is the importance of the role of Assembly services staff to ensure the confidentiality of material they are dealing with. We would like to feel members trust the confidentiality of the services we provide.

Ms PURICK: Apart from the code, there are no set policies and procedures within the department to guide and govern staff?

Madam SPEAKER: The Code of Conduct is a strong procedure in relation to confidentiality, and only a very small group of people would know a member travelled. For example, I would not know if members are travelling unless they contacted me to hire a car. I can assure you I have no interest in what kind of car or anything like that and would not remember.

Ms PURICK: That is fine. Thank you, that is all for now.

Madam DEPUTY CHAIR: Any further questions. Member for Arafura.

Ms SCRYMGOUR: The member for Goyder mentioned fleet vehicles. What is the policy for care and maintenance when vehicles are damaged? I asked on the premise the former member for Arafura had a vehicle which was damaged. Another person was driving that vehicle and paid restitution for the damage to that vehicle. What are the policies and procedures for NT Fleet vehicles allocated to members for the purposes of their electorate?

Madam SPEAKER: For people who have a government-supplied car, the Northern Territory is a self insurer. If a person has been authorised to drive the car and was driving the car in a legal fashion then they would be covered by the Territory government. If they were not, if there were some other circumstances, then the member would be asked to pay for that damage.

Ms SCRYMGOUR: Over the last 12 months, are you able to provide information in relation to any vehicles allocated to - you said 18 members are allocated fleet vehicles - are you able to table information in relation to any vehicles belonging to members which were damaged over the last 12 months the department had to pay for?

Madam SPEAKER: I do not have a list of damage to vehicles here. I could take that on notice.

Ms SCRYMGOUR: Could you take that question on notice, Madam Speaker? Are you able to provide an estimate on vehicles damaged over the last 12 months and what avenues has the department pursued to recoup the loss or the damage to those vehicles?

Madam SPEAKER: Member for Arafura, there are different kinds of damage to cars. Somebody might scrape the side of their car, or someone dings them in the back - that type of thing. There are members whose cars have had kangaroos jump on them, which has been a bit regrettable.

Ms SCRYMGOUR: You could provide that because those members would have to fill in incident reports and it then goes through a process. Are you able to provide that, including car accidents or whatever, which have been reported and come under the responsibility of the department?

Madam SPEAKER: In relation to vehicles where we have asked the member to pay the damage, only one member has been asked to repay the damage. That was the member for Brennan, and it was after a series of letters and meetings.

Ms SCRYMGOUR: Has that been paid?

Madam SPEAKER: No, it has not. I will table some documentation in relation to that. The first is a letter from the member for Brennan in relation to the accident. It is unfortunate, this is about his son and I would like to say this is about members and not about members' families. I am a little concerned about getting into too much detail, but I table a copy of that letter. I table a copy of a letter from the Acting Clerk to Mr Chandler regarding the damage and requesting payment. I table, also, a letter from Mr Chandler to the Acting Clerk expressing his concern about that and, essentially, saying he did not wish to pay. Finally, there is a letter from the Acting Clerk to Mr Chandler, which, essentially, says we would like him to pay, but the cost of pursuing it in the court would be such it is probably not worthwhile.

Ms SCRYMGOUR: I also qualify, Madam Speaker, I am not pursuing those questions. I acknowledge the member for Brennan and, when family members are involved I, of all people, know what it is like to have that in the media or to have family members caught up politically in relation to any of these things. That is not why I am asking this question. I acknowledge your hesitation and caution in relation to that. I thank you for that.

Question on Notice No 2.03

Madam DEPUTY CHAIR: Can I clarify, member for Arafura, you had asked a question on notice?

Ms SCRYMGOUR: The question on notice was in relation to how much damage to vehicles has cost the department, particularly 18 vehicles the member for Goyder had asked about, over the last 12 months. That was the question to be taken on notice and information provided, which is separate from this.

Madam DEPUTY CHAIR: We are noting that particular question on notice is No 2.03.

Madam DEPUTY CHAIR: Further questions? That concludes consideration of Output 1.2.

Output 1.3 – Building Management Services

Madam DEPUTY CHAIR: We now move to Output 1.3, Building Management Services.

Ms PURICK: In the last 12 months, have any safety issues in regard to Parliament House and its surrounds been identified and how have they been dealt with? Do you have a summary, for example, of safety incidents that have occurred in Parliament House, either by staff or by visitors?

Madam SPEAKER: Yes. There have been a few issues and I will ask the Acting Clerk to respond to this.

Mr TATHAM: Michael Tatham, Acting Clerk. Ms Purick, there have been a number of things. For example, there was a fire in the basement switch room in October last year, which was a matter of concern, particularly because the fire alarm did not go off for nine minutes after the smoke was first detected. Calls were made to the fire brigade before the fire alarm went off. I called the security desk at the time to ask them to evacuate the building prior to the alarm sounding automatically. It took eight or nine minutes for that to happen. That matter is still being investigated, but it led to a significant expenditure in the switchboard room to upgrade and fix the facilities there.

Another incident in relation to work health and safety was a trip and fall at the front of the building. Vicki Long fell and injured herself, and there have since been some railings installed at the front just on the forecourt. They are the two most significant matters regarding safety around the building and individuals.

Ms PURICK: Every time there is an incident do you conduct a proper investigation and work out what to put into place so it does not occur again?

Mr TATHAM: The protocol around work health and safety requires incident reports to be done.

Ms PURICK: In the interests of time, I will leave it at that.

Mr WOOD: What is the name of the company you are buying your electricity from?

Madam SPEAKER: QEnergy.

Mr WOOD: Where are they based? Are they a local company?

Madam SPEAKER: Queensland.

Mr WOOD: Does it fit in with the procurement requirements?

Madam SPEAKER: There was an extensive procurement consideration of this matter. Probity auditors were part of the whole process. I might pass over to the Acting Clerk to go into the detail of this because it is quite a complex matter.

Mr TATHAM: The tender for the supply of electricity was notified in December last year. The department had been advised prior to that that each Northern Territory government agency would be required - with its own - places such as Parliament House, the Department of Justice with prisons, the Department of Health with hospitals, large buildings and large purchasers of electricity would have to get their own supply, so it would not be a whole-of-government contract.

We were the first to have the contract let. The tenders closed on 18 January. There were two bidders, and without going into any detail around the commercial-in-confidence matters around that, the procurement guidelines require there be a 20% weighting for local content. One of the bidders clearly had an advantage to that extent. However, it must be remembered we were purchasing the electricity from the retailer, not the wholesaler, so we could only consider the retail element. The wholesaler would have been the same anyway - whoever supplies it because it is a wholesaler. In giving consideration to local content, we gave consideration to the retail side of things. The panel giving it consideration was made up of a senior officer from the Department of Business and Employment - from procurement - an external consultant on electricity, it was advised by an external probity auditor, and there were three internal departmental officers, including myself, on the panel.

Mr WOOD: What are the physical boundaries of that contract? Does it include State Square?

Mr TATHAM: No, it just includes supply to Parliament House.

Mr WOOD: And the Chan Building?

Mr TATHAM: No.

Mr WOOD: It is just that?

Mr TATHAM: Yes.

Mr WOOD: What is the responsibility of the company which now supplies electricity? What are they required to do? Do they have to maintain anything in the building, or do they just supply electricity and that is it?

Mr TATHAM: They supply the electricity and are also available when we need to talk to them about what might go wrong with supply. They supply it for a price, and that ...

Mr WOOD: Will they give any guarantees of consistent supply?

Mr TATHAM: Well ...

Mr WOOD: If the power goes off for a considerable amount of time, do they have penalties?

Mr TATHAM: They would speak to their wholesaler about that, and Power and Water supply to them.

Mr WOOD: That is interesting. Are there any major maintenance requirements coming up for this building? I am not saying it is old, but it is moving on. Are there any plans for any major upgrades or repairs to the building?

Mr STYLES: It is designed for 350 years, Mr Wood.

Mr WOOD: You will be around to check that out?

Mr STYLES: It would be nice.

Madam SPEAKER: We have a few items in the Parliament House program. We have the replacement of chiller No 3; timber restoration works in members and guests and the dining room; internal painting of levels 3 and 4; water storage tanks replacement; reseal parquet floors in various areas; residual current devices installations – I am not quite sure what that is - upgrade genset systems; master clock system upgrade – I am sincerely hoping that is the Chamber clocks; and replace the cooling tower dosing system.

Mr WOOD: Lucky the Leader of the Opposition is not here. Madam Speaker, your annual report on page 9 says: 'ensure a sustainable organisation'. It says: 'explore revenue raising opportunities'. What revenue raising opportunities are you exploring?

Madam SPEAKER: That would be through the functions manual, where some rooms in Parliament House can be hired out to private users under strict guidelines. Money is collected from that. I believe that is the only kind of money collected.

Mr WOOD: We are just about out of time. Thanks, Madam Speaker.

Madam DEPUTY CHAIR: Thanks you very much. There is probably one minute to go if there are any non-output specific budget-related questions for the Speaker.

On behalf of the committee, I thank you, Madam Speaker, and officers from your department for appearing before the committee today to provide advice. Thank you very much.

Madam SPEAKER: Thank you very much, Madam Deputy Chair, and thank you very much to my staff. That is the last time I will appear before you – eight years answering these questions. It is a long time.

Mr WOOD: Thank you, Madam Speaker.

Madam DEPUTY CHAIR: This concludes proceedings for today. Public hearings will resume tomorrow morning, Wednesday, 13 June at 8.30 am.

The committee suspended
