



LEGISLATIVE ASSEMBLY OF THE NORTHERN TERRITORY

Public Accounts Committee

Annual Report

2019-20

July 2020

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Chair's Preface

Over the 2019-20 financial year the Public Accounts Committee has followed up on matters raised in the Auditor-General's reports, examined reports of independent statutory bodies and scrutinised the subordinate legislation tabled in the Assembly. It has also sought further information on a range of matters through public hearings and ministerial correspondence.

This Annual Report outlines the key issues the Committee has examined and the preliminary outcomes of those examinations. To date, none of these issues has led to a formalised inquiry. Nonetheless, the Committee has continued to monitor how several of these matters are dealt with to ensure transparency and consistency of government decision making over time.

I thank the Auditor-General for the high quality and professional assistance she has provided the Committee as well as Ministers and their staff for their responsiveness to the Committee's requests throughout the year.

I would also like to thank my fellow Committee members for their efforts to ensure matters of public interest are investigated and reported on.



Kate Worden MLA

Chair

Committee Members

	Mrs Kate Worden MLA: Member for Sanderson	
	Party:	Territory Labor
	Committee Membership	
	Chair:	Public Accounts Committee Standing Orders Committee
	Mr Terry Mills MLA: Member for Blain	
	Party:	Territory Alliance
	Committee Membership	
	Deputy Chair	Public Accounts Committee
	Mr Gary Higgins MLA: Member for Daly	
	Party:	Country Liberals
	Parliamentary Position:	Deputy Leader of the Opposition Opposition Whip
	Committee Membership	
	Standing Orders Committee House Committee Public Accounts Committee	
	Mr Lawrence Costa MLA: Member for Arafura	
	Party:	Territory Labor
	Committee Membership	
	Deputy Chair	Public Accounts Committee
	Mr Tony Sievers MLA: Member for Brennan	
	Party:	Territory Labor
	Committee Membership	
	Chair	Legislation Scrutiny Committee House Committee Public Accounts Committee
	Mr Gerry Wood MLA: Member for Nelson	
	Party:	Independent
	Committee Membership	
		Privileges Committee Public Accounts Committee

Committee Secretariat

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Terms of Reference

Sessional Order 14

- (1) Standing Order 177 is suspended and the Public Accounts Committee appointed under that Standing Order shall continue with the following terms of reference.
- (2) The Public Accounts Committee has the following duties:
 - (a) to examine the accounts of the receipts and expenditure of the Northern Territory and each statement and report tabled in the Legislative Assembly, pursuant to the *Financial Management Act* and the *Audit Act*
 - (b) to report to the Legislative Assembly with such comments as it thinks fit, any items or matters in or arising in connection with those accounts, statements or reports, or in connection with the receipt or disbursement of the moneys to which they relate, to which the committee is of the opinion that the attention of Parliament should be drawn
 - (c) to report to the Legislative Assembly any alteration which the committee thinks desirable in the form of the public accounts or in the method of keeping them or in the method of receipt, control, issue or payment of public moneys
 - (d) to inquire into and report to the Legislative Assembly on any question in connection with the public accounts of the Northern Territory
 - (i) which is referred to it by a resolution of the Assembly or
 - (ii) which is referred to it by the Administrator or a Minister
 - (e) to inquire into and report to the Legislative Assembly on any matters within the executive authority of Ministers of the Territory to which the committee is of the opinion that the attention of the Assembly should be drawn.
 - (f) the reports by statutory bodies tabled in the Assembly, including the recommendations of the Electoral Commissioner tabled under section 313 of the *Electoral Act*
 - (g) in relation to any instruments of a legislative or administrative character which the Assembly may disallow or disapprove:
 - (i) whether that instrument has sufficient regard to the rights and liberties of individuals, including whether the instrument:
 - (A) makes rights and liberties, or obligations, dependent on administrative power only if the power is sufficiently defined and subject to

- appropriate review; and
 - (B) is consistent with principles of natural justice; and
 - (C) allows the delegation of administrative power only in appropriate cases and to appropriate persons; and
 - (D) does not reverse the onus of proof in criminal proceedings without adequate justification; and
 - (E) confers power to enter premises, and search for or seize documents or other property, only with a warrant issued by a judge or other judicial officer; and
 - (F) provides appropriate protection against self-incrimination; and
 - (G) does not adversely affect rights and liberties, or impose obligations, retrospectively; and
 - (H) does not confer immunity from proceeding or prosecution without adequate justification; and
 - (I) provides for the compulsory acquisition of property only with fair compensation; and
 - (J) has sufficient regard to Aboriginal tradition; and
 - (K) is unambiguous and drafted in a sufficiently clear and precise way.
- (ii) whether that instrument has sufficient regard to the institution of Parliament, including whether an instrument:
- (A) is within the authorising law which allows the instrument to be made; and
 - (B) is consistent with the policy objectives of the authorising law; and
 - (C) contains only matter appropriate to subordinate legislation; and
 - (D) amends statutory instruments only; and
 - (E) allows the subdelegation of a power delegated by an Act only in appropriate cases and to appropriate persons and if authorised by an Act.
- (3) The Committee will consist of six Members.
- (4) The Committee will elect a Government Member as Chair.
- (5) The Committee will provide an annual report of its activities to the Assembly.

- (6) This resolution does not change the Chair, membership, or existing inquiries of the Committee.
- (7) Standing Order 176 is suspended and the Subordinate Legislation and Publications Committee is dissolved.
- (8) The Public Accounts Committee will have access to the records of the former Subordinate Legislation and Publications Committee and may continue the consideration of any matter commenced by that Committee.

Adopted 24 August 2017

1 Introduction

Establishment and Functions of Committee

- 1.1 The Public Accounts Committee was established by the Assembly on Tuesday 18 October 2016 under Standing Order 177.
- 1.2 On Thursday 24 August 2017, Standing Orders 177 and 176 were suspended and the Subordinate Legislation and Publications Committee was dissolved.
- 1.3 The terms of reference for the Public Accounts Committee are now in Sessional Order 14 and include the function of the previous Subordinate Legislation and Publications Committee¹ to examine all subordinate legislation and report to the Assembly if it considers the subordinate legislation should be disallowed. The terms of reference also extends the Public Accounts Committee's inquiry into whether the subordinate legislation has sufficient regard to the rights and liberties of individuals.²
- 1.4 The previous duties of the Public Accounts Committee remain. These are to inquire into and report to the Legislative Assembly on any question in connection with the public accounts of the NT as it deems necessary, as well as any matter referred to it by the Assembly, Administrator or any Minister. The Committee also examines the reports of the Auditor-General.
- 1.5 The Public Accounts Committee also has the duty "to inquire into and report to the Legislative Assembly on any matters within the executive authority of Ministers of the Territory to which the committee is of the opinion that the attention of the Assembly should be drawn"³ and the "reports by statutory bodies tabled in the Assembly" including recommendations of the Electoral Commissioner.⁴

¹The Public Accounts Committee was also granted access to the former Committee's records and was empowered to continue consideration of any of its commenced matters.

² Sessional Order 14(2)(g)

³ Sessional Order 14(2)(e)

⁴ Sessional Order 14(2)(f)

2 Committee Program

Meetings

- 2.1 The Public Accounts Committee met 19 times during the reporting period including 8 public briefings and hearings. The details of these meetings are contained in the Associated Minutes of Proceedings tabled alongside this report.
- 2.2 The key issues considered at those meetings are discussed in the following chapter.

Auditor-General's Briefings

- 2.3 The Auditor-General, Mrs Julie Crisp, provided three private briefings to the Committee during the reporting period on the findings of agency audits reported to the Assembly from August 2019 to March 2020.

Australasian Council of Public Accounts Committees

- 2.4 On behalf of the Committee, the Chair of the Committee, Mrs Kate Worden MLA, and the First Clerk Assistant, Mr Russell Keith, attended the Australasian Council of Public Accounts Committees Conference held in Canberra on 6-8 November 2019.
- 2.5 This conference included sessions on the work of Auditors-General and Parliamentary Budget Offices in helping to maintain trust in the parliamentary process; the powers of PACs to access expertise and call for documents; and the role of 'big data' in service delivery and policy outcomes, as well as reports on the work of the public accounts committees from all participating jurisdictions.

3 Matters followed up by the Committee

Auditor-General's Reports

- 3.1 The Committee was briefed by the Auditor-General on her August and November 2019 Reports and March 2020 Report. The Committee also discussed the Auditor-General's 2017 audit of the Darwin Correctional Centre (discussed below).

Indigenous Participation on Construction Projects

- 3.2 The Committee held a public briefing with representatives from the Department of Infrastructure, Planning and Logistics on Indigenous Participation on Construction Projects. The Committee published the transcript on its webpage. The briefing covered:
- Indigenous development plan audits
 - Contract management and compliance
 - Aboriginal Business Enterprises
 - Aboriginal Contractor Framework.

Darwin Youth Justice Centre

- 3.3 The Committee wrote to the Minister for Territory Families seeking an update on the proposed Darwin Youth Justice Centre. The Minister provided an update by letter dated 1 October 2019. The letter is copied at Appendix A.
- 3.4 The Committee held a public briefing on the Darwin Youth Justice Centre with representatives from Territory Families. The Committee published the transcript on its webpage. The briefing covered:
- Site selection analysis
 - Rezoning of the selected site
 - Consultation on infrastructure design
 - Design tender
 - Cost of maintaining the existing Darwin youth detention centre
 - Project timeline.

Darwin Turf Club Grant

- 3.5 The Committee wrote to the Minister for Trade and Major Projects with questions regarding the \$12 million grant to the Darwin Turf Club. The Minister provided a response to the Committee's questions by letter dated 13 September 2019. The letter is copied at Appendix B.

3.6 The Committee held a public briefing on the Darwin Turf Club Grant with the Chief Executive Officer of the Department of Trade, Business and Innovation and published the transcript on its webpage. The briefing covered:

- Budget allocation
- Infrastructure capital budget
- Cabinet submission and approval
- Market-led proposals policy
- Feasibility analysis
- Independent probity audit
- Northern Territory Project Development Framework
- Capital grant tendering policy changes.

Arafura Games Costs

3.7 The Committee wrote to the Minister for the Arafura Games with questions regarding the cost of the Arafura Games.

3.8 The Acting Minister for the Arafura Games provided a response to the Committee's questions by letter dated 8 October 2019. The letter is copied at Appendix C.

3.9 Following the Acting Minister's response, the Committee held a public briefing with representatives from the Department of Trade, Business and Innovation, Department of Tourism, Sports and Culture, and the Northern Territory Major Events Company. The Committee published the transcript and the answers to questions taken on notice on its webpage. The briefing covered:

- Secondment of public service employees
- Arafura Games employees
- NT Police support
- Jetstar Asia sponsored flights
- Forgone venue hire fees
- Interstate recruitment
- Flights and accommodation for interstate consultants and contractors
- Total cost of Arafura Games

Former INPEX Workers' Village

3.10 The Committee wrote to the Minister for Business and Innovation requesting a tour of the former INPEX Workers' Village in Howard Springs to gain an understanding of the facilities within the Village and the opportunities for its future use.

- 3.11 On 26 September 2019, the Chair of the Committee, Mrs Kate Worden MLA, Mr Tony Sievers MLA, Mr Gerry Wood MLA and the Committee Secretariat toured the Village with an INPEX employee and representatives from the Department of Trade, Business and Innovation. Following the tour, the Committee was provided with a copy of the expired Crown Lease for the land which detailed the terms for improvements made on the leased land and the ownership of these improvements at the end of the lease.

Contract Management Framework

- 3.12 The Committee wrote to the Auditor-General, Mrs Julie Crisp, regarding her audit of the Contract Management for the Darwin Correctional Centre reported in her *March 2017 Report to the Legislative Assembly* to request that she seek information from the Commissioner of Correctional Services on the progression of implementing the recommendations contained within her report.
- 3.13 The Auditor-General provided a response by way of letter dated 19 July 2019 which contained advice from the Department of the Attorney-General and Justice that 13 of the 15 recommendations had been finalised and two matters were being progressed with an anticipated completion date of 30 June 2020. The Committee resolved to seek an update on the progress of these recommendations in 2020.
- 3.14 The Committee wrote to the Attorney-General and Minister for Justice requesting an update on the progress of these recommendations. The Minister provided a response to the Committee by way of letter dated 6 March 2020 which outlined the government's action in response to the Auditor General's recommendations.

Northern Territory Project Development Framework

- 3.15 The Committee has continued to monitor the finalisation and implementation of the Northern Territory Project Development Framework (NTPDF) outlined in the *May 2017 Infrastructure Strategy*.
- 3.16 The Committee wrote to the Minister for Trade and Major Projects seeking an update on the implementation of the NTPDF. The Minister responded by way of letter dated 6 March 2020 which advised that the NTPDF was approved by the government in October 2019 and applies to all capital projects that are NT Government funded or require some level of government support, whether they are projects funded through the government capital works program or otherwise facilitated by government; and have a total NT Government contribution in excess of \$30 million.

COVID-19 and Territory Finances

- 3.17 In April 2020 the Chief Minister wrote to the Committee requesting that the Committee convene monthly public hearings with the Security and Emergency Management Sub Committee (SEMSC) of Cabinet and the Under Treasurer to facilitate discussion on the government's response to the COVID-19 pandemic.

On 24 April 2020 the Legislative Assembly passed a resolution to formalise arrangements for the public hearings with the SEMSC.

- 3.18 The members of the SEMSC are the Chief Minister, Deputy Chief Minister and Treasurer, Minister for Health, Commissioner for Police and Chief Executive Officer of the Northern Territory Police, Fire and Emergency Services, Chief Executive Officer of the Department of the Chief Minister, Chief Executive Officer of the Department of Health and Chief Executive Officer of the Department of Trade, Business and Innovation.
- 3.19 The Committee held three public hearings with the SEMSC and departmental representatives and the hearings covered:
- COVID-19 physical distancing restrictions
 - COVID-19 testing
 - NT border and remote community biosecurity restrictions
 - Mandatory quarantine and exemptions
 - Quarantine compliance checks
 - Jobs Rescue and Recovery package
 - Home Improvement Scheme
 - COVID-19 response funding, expenditure, indirect costs and forgone revenue
 - Criteria for opening NT border
 - Economic Reconstruction Commission
 - COVID-19 stimulus programs
 - Economic modelling on impact of stimulus programs and forgone revenue
 - Economic modelling on financial losses to tourism and hospitality industries due to border closures
 - Borrowing program
 - Treasurer's advance
 - Estimates of GST allocation
 - Financial information to be provided prior to 2020 election
 - Interest on borrowings.
- 3.20 At the end of the reporting period a fourth hearing was scheduled for July.
- 3.21 Eight questions were taken on notice during the hearings. The hearing transcripts, questions taken on notice and answers to questions taken on notice were published on the Committee's webpage for these hearings.

Reports of Independent Statutory Bodies

3.22 The Committee reviewed the reports of independent statutory bodies tabled in the Legislative Assembly. The Committee followed up on issues arising from two of the reports.

Health and Community Services Complaints Commission De-Identified Investigation Report

3.23 The *Health and Community Services Complaints Commission De-Identified Investigation Report* (August 2019) investigated the case of a young Aboriginal woman who was admitted to hospital for involuntary mental health treatment. The report contained recommendations related to the review of the *Mental Health and Related Services Act 1998*.

3.24 The Committee wrote to the Minister for Health seeking an update on the review of the *Mental Health and Related Services Act 1998*. The Minister for Health provided a response to the Committee by way of letter dated 19 February 2020. The Minister advised the review of the Act is being undertaken in a staged approach to create a contemporary legislative framework which will require extensive consultation, with targeted consultation to commence in late February 2020 and a discussion paper is anticipated to be released for public consultation by mid-2020.

Preliminary Report of the Inspector of the Independent Commissioner Against Corruption

3.25 In the *Preliminary Report of the Inspector of the Independent Commissioner Against Corruption* (September 2019), the Inspector raised concerns about whistle-blower protections and the resourcing of the Office of the Independent Commissioner Against Corruption.

3.26 The Committee wrote to the Chief Minister seeking information on the actions being taken to address the concerns raised by the Inspector. The Chief Minister provided a response to the Committee by way of letter dated 6 March 2020. The letter is copied at Appendix D.

Subordinate Legislation

3.27 The Committee has reported on its examination of subordinate legislation in its *Report of Ministerial Correspondence on Subordinate Legislation* tabled in March 2020.

4 Northern Territory Fuel Prices

- 4.1 In April 2020 the Chief Minister wrote to the Committee expressing concerns about the difference between retail fuel prices in the Territory and southern cities and requested the Committee hold public hearings with fuel companies to examine Northern Territory fuel prices. At the time there was public commentary and discussion about fuel prices and it was perceived that Territory consumers were paying too much for fuel as prices had not decreased as much as the cost of oil and had not gone down as much as other places in Australia.
- 4.2 The Committee initially held a private briefing with representatives from the Department of Treasury and Finance to inform its understanding of the Territory fuel market, factors that affect retail prices and fuel price trends in the Territory and other jurisdictions. Following the briefing, the Committee decided to monitor fuel prices and, if reductions in wholesale prices did not appear to flow through to retail prices, to hold public hearings with fuel companies to seek explanations about the seemingly high retail prices in the Territory.

Components of fuel prices

- 4.3 Retail fuel prices in Australia are primarily determined by the international refined fuel price for the Asia-Pacific region (the Singapore Mogas 95) and the AUD-USD exchange rate.
- 4.4 The terminal gate price (TGP) is the price to purchase a tanker of fuel from a wholesale terminal on any given day. The largest components of the TGP are the international refined fuel price and the Commonwealth fuel excise and GST, while the much smaller remaining proportion of the TGP is made up of wholesale operating costs and profits.
- 4.5 The TGP is used as an indicative wholesale price when reporting on fuel prices, however, the majority of fuel is purchased under confidential contractual arrangements and the wholesale contract price may include marketing and branding costs as well. The wholesale price paid through these contracts can be higher or lower than the daily advertised TGP.
- 4.6 Retail prices include the TGP, retail operating costs and profits. Operating costs can include rent, utilities, freight, wages, franchisee expenses, insurance, marketing and advertising, maintenance, depreciation and GST on the retail sale. The difference between the TGP and the retail price is known as the gross indicative retail difference (GIRD).
- 4.7 GIRDs are used as an indicator of gross retail margins and should not be confused with actual profits as the GIRD includes retail operating expenses. There are a range of different business structures and operating models within the retail fuel industry and these can significantly impact on the operating costs of different retail sites. The GIRD is the one component of the total retail price over which the retailer has some level of control and it can provide critical insight into pricing trends as well as an indication of retail profits. It is this component that

should be examined when considering whether retail prices appear to be fair and reasonable, while taking into account the various factors that can affect retail prices and profits.

- 4.8 There is a lag in the time from changes in the TGP and corresponding changes in retail prices. The lag times are longer in regional areas as fuel supplies are restocked less frequently due to the lower volumes of fuel sold compared with metropolitan cities. When TGPs increase by large amounts in a short period the lag in retail prices increasing will often have the effect of reducing GIRDs in the short term. Conversely, when TGPs decrease by a large amount in a short period the lag will often have the effect of increasing GIRDs.

The Territory retail fuel market

- 4.9 The retail fuel market in the Darwin area is very concentrated and primarily controlled by major fuel companies. In 2013-14 major fuel companies were responsible for setting the retail price for 97% of the fuel sold in Darwin.⁵ The four major companies currently operating in the Darwin retail fuel market and who set the retail prices at the overwhelming majority of outlets are Puma Energy, United Petroleum, Euro Garages (Woolworths Petrol) and Viva Energy (Coles Express). There are a small number of retail outlets that are independently owned and operated that have branding agreements with a major fuel company as well as independent retailers without branding agreements such as FuelXpress.
- 4.10 The Alice Springs retail fuel market comprises major fuel companies, independently owned outlets with branding arrangements, Liberty Indervon (an Indigenous owned company), Refuel Australia and Recharge Petroleum.

Factors affecting retail prices

- 4.11 Movements in retail prices are largely driven by changes in international fuel prices and the AUD-USD exchange rate. Prices in regional areas are generally higher than in major metropolitan cities and the Australian Competition and Consumer Commission (ACCC) identified the four primary factors that influence retail prices in regional areas are the level of local competition, the volume of fuel sold, distance and location and the amount of convenience store sales.
- 4.12 The pricing cycles that occur in the five major metropolitan cities do not occur in Darwin, Canberra, Hobart and regional areas. Pricing cycles have a volatile effect on retail pricing and prices can vary significantly in the major cities based on the point in time during the cycle. Retail prices in areas without pricing cycles are much more stable and there is generally less variation in the GIRD. Caution must be exercised when comparing Territory point in time fuel prices to those in major metropolitan cities as the comparison may be against a low point in a pricing cycle.

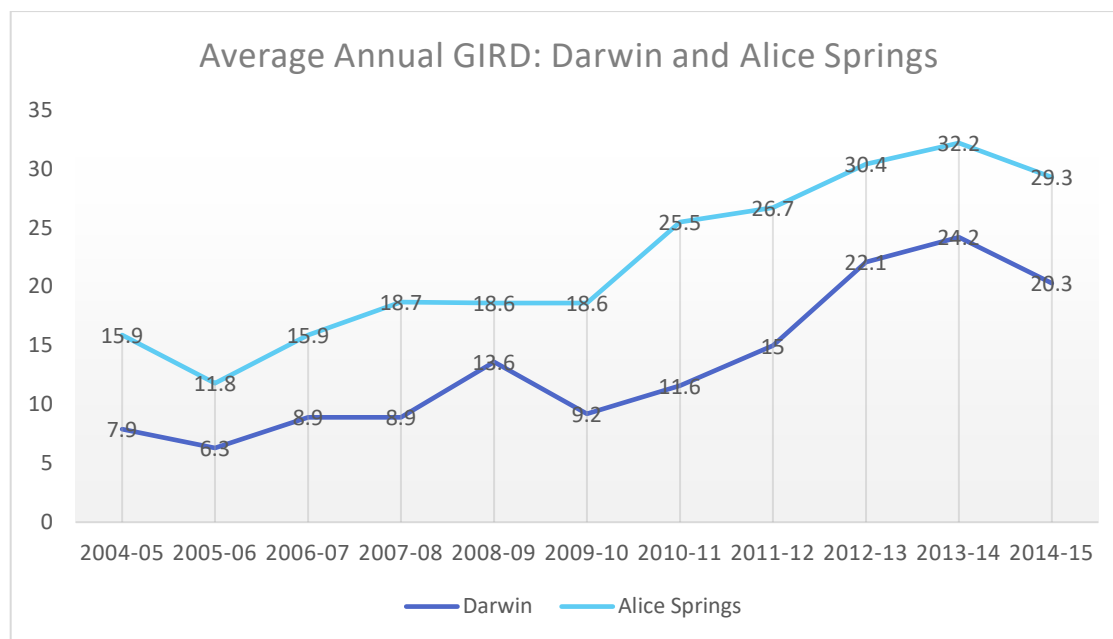
⁵ ACCC, *Report on the Darwin Petrol Market*, November 2015, p. 2, <https://www.accc.gov.au/system/files/ACCC%20Petrol%20Report%20Darwin.pdf>

Fuel pricing data sources

- 4.13 Data on Territory fuel prices is published by a number of sources. The ACCC monitors fuel prices and publishes quarterly reports which contain detailed data and analysis of the Darwin market, however, the reports only contain quarterly average retail prices and price movements for Alice Springs, Katherine and Tennant Creek.
- 4.14 The Department of Treasury and Finance (DTF) publishes monthly economic briefs detailing movements in retail prices, the TGP and the GIRD and includes comparisons with other jurisdictions. The data is sourced from the Australian Institute of Petroleum (AIP) and the ACCC.
- 4.15 Real time retail prices are available on the MyFuel NT website which can be searched by fuel type and suburb, postcode or region. Retailers are required to report the normal fuel price (the price available to any customer without any discount such as vouchers or reward schemes) to the Consumer Affairs which is done through the website. The website also contains graphs with the weekly, monthly and yearly averages, however, the graphs are regional averages and it is not possible to view historical averages by postcode.
- 4.16 The retail prices for the Alice Springs township (postcode 0870) shown on MyFuel NT on 17 June 2020 ranged from 127.7 to 135.8 while the preceding weekly average graph for the Central Australia region was 174.1. In regards to the historical graphs on the website the Automobile Association of the Northern Territory (AANT) suggested at the public hearing that ‘the Alice Springs township should be separated to give a true indication of what is happening.’
- 4.17 The retail prices published on the AIP website and in the DTF economic briefs for Alice Springs are notably higher than the retail prices published by the ACCC in their quarterly reports. It appears that the AIP and DTF data uses a regional average for Central Australia as opposed to the Alice Springs township average. Using a regional average as opposed to Alice Springs township prices when calculating the Alice Springs GIRD makes it more difficult to understand what is occurring at either the town or regional level.
- 4.18 There are also a number of commercial website and apps such as MotorMouth and Petrol Spy that publish fuel prices but the data can be outdated and may not cover all retail outlets.

Territory fuel prices

- 4.19 The Committee analysed current and historical fuel pricing data to inform its understanding of how GIRDs have changed over time in Darwin and Alice Springs and how these GIRDs compared to other cities and regional towns.
- 4.20 Between 2004-05 and 2014-15 the Darwin GIRD ranged from 6.3 cpl to 24.2 cpl while the Alice Springs GIRD ranged from 11.8 cpl to 32.2 cpl as shown in graph 1.

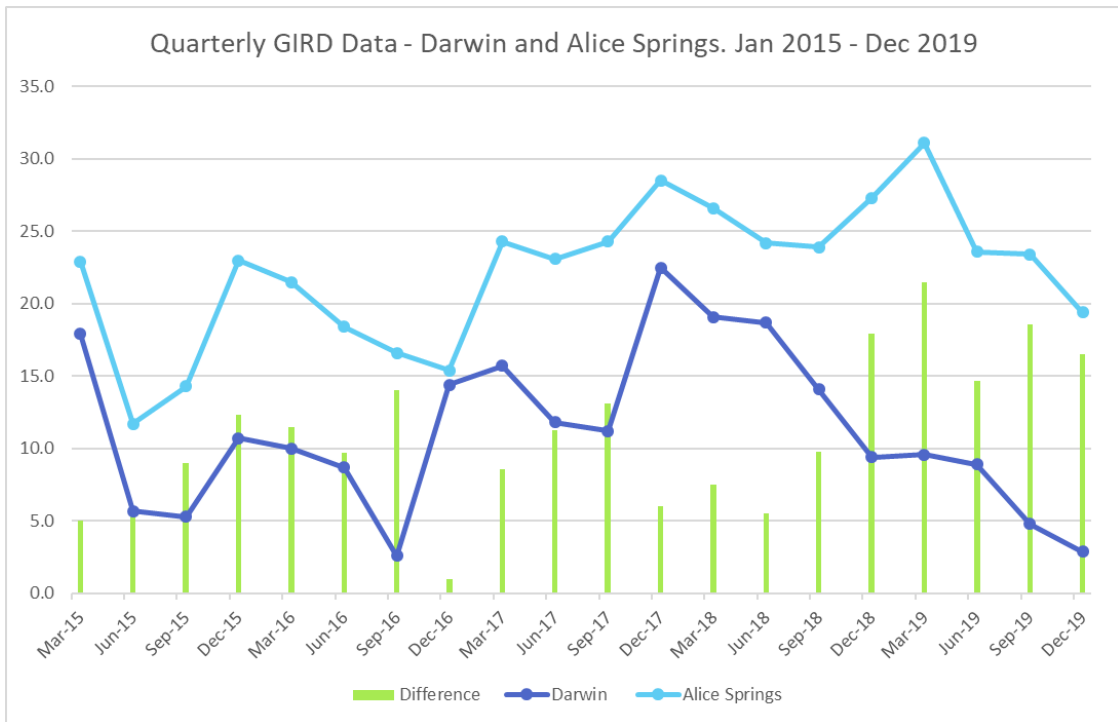
Graph 1. Average Annual GIRD: Darwin and Alice Springs 2004 – 2015

Data Source: ACCC Report on Darwin Petrol Prices, November 2015.

- 4.21 Public and political concern about the high retail prices and GIRDs led to the 2014 NT Fuel Summit and the subsequent establishment in 2015 of a select committee to inquire into the Draft Fuel Price Disclosure Bill. The select committee heard evidence that the prior to the 2014 Fuel Summit the Darwin GIRD had peaked at 35 cpl while the Alice Springs GIRD peaked at around 50 cpl.
- 4.22 In 2015 the ACCC undertook a comprehensive investigation of the Darwin fuel market and in November 2015 published their report. The ACCC analysed the Darwin and Adelaide GIRDs for 2013-14 and found that while Darwin operating costs were on average double those of Adelaide, the high retail prices and GIRDs in Darwin were primarily due to high net retail margins (profits).⁶
- 4.23 As illustrated in graph 2, the Darwin GIRD has fluctuated more than the Alice Springs GIRD which has hovered around 25 cpl and the difference between the GIRDs has increased since December 2018.

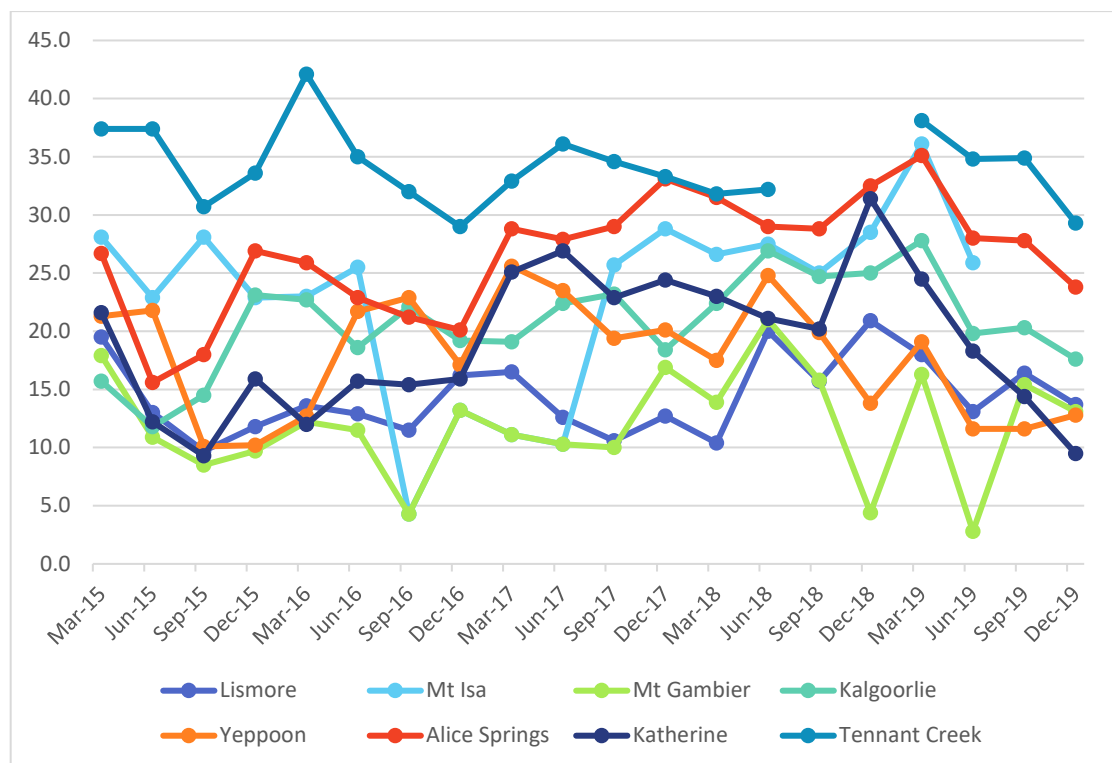
⁶ ACCC, *Report on the Darwin Petrol Market*, November 2015, p. 14, <https://www.accc.gov.au/system/files/ACCC%20Petrol%20Report%20Darwin.pdf>

Graph 2. Average Quarterly GIRD: Darwin and Alice Springs January 2015 – December 2019



Data Source: ACCC quarterly reports on the Australian Petroleum Industry.

4.24 Graph 3 illustrates that the Alice Springs GIRD data is generally higher than other regional locations that are a significant distance from a wholesale terminal and with similar populations to Alice Springs.

Graph 3. Average Quarterly GIRD: Regional Towns January 2015 – December 2019

Data Source: ACCC quarterly reports on the Australian Petroleum Industry (using 5 city average TGP).

- 4.25 The data presented to the Committee by the Department of Treasury and Finance at the private briefing showed that for much of 2019 and the first two months of 2020 the Darwin GIRD was the lowest of all the capital cities in Australia.
- 4.26 In March 2020 TGPs across Australia started decreasing dramatically due to significant falls in the price of crude oil and international refined fuel prices. The monthly average TGP in Darwin fell from 130.6 cpl in February to 117.9 cpl in March and further dropped to 87.7 cpl in April but the size of these decreases were not reflected in retail prices. As such the Darwin GIRD climbed from 6.4 cpl in February to 15.3 cpl in March and skyrocketed to 38.1 cpl in April.
- 4.27 The delays in wholesale reductions being passed through to retail prices and consequential inflated GIRD led to increased concerns that retailers might be maintaining high retail prices to increase their profits at a time when many individuals and businesses were suffering financially as a result of the COVID-19 pandemic.

Darwin public hearings

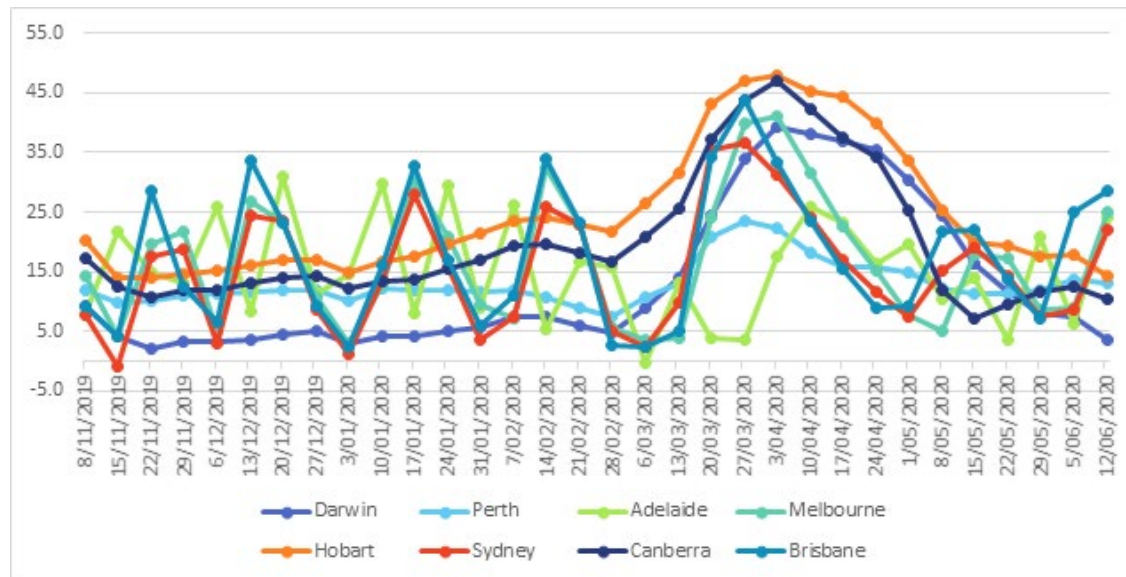
- 4.28 On 5 May 2020 the Committee held public hearings with representatives from the ACCC, AANT, Australasian Convenience and Petroleum Marketers Association (ACAPMA) and fuel companies. The Committee sought explanations about why the reductions in the TGP had not flowed through to the retail prices which in turn had resulted in higher than normal Darwin GIRDs.

- 4.29 The fuel companies attributed the increased lag times and subsequent higher GIRDs to a reduction in the volume of fuel sold at retail outlets resulting from the COVID-19 restrictions on both individuals and businesses. The fuel companies advised the Committee that retail sale volumes for unleaded fuel had decreased 50% nationally, 30% across the Territory and up to 75% to 80% in some regional areas in the Territory and South Australia. ACAPMA stated the volume reductions occurred from the week ending 22 March 2020. Diesel volumes had also decreased but not to the same extent as unleaded fuel.
- 4.30 Data provided to the Committee by Vopak (the company operating the fuel storage facility at East Arm) showed the volume of ground fuels loaded into trucks at the terminal for the first four months of 2019 was 195 million litres compared with 181 million litres for the same period in 2020.
- 4.31 The Committee noted that while the volume reductions provided by Vopak did not align with the figures provided by fuel companies for retail sale volumes, Vopak's data covers diesel and gasolines not just unleaded fuel. The retail fuel market is not the only industry that purchases wholesale fuel for their operations. Industries such as mining and long haul transport have continued to operate during COVID-19 restrictions and their wholesale purchase arrangements and volumes of fuel purchased are unknown and may be tied in with the volumes loaded into trucks at Vopak.
- 4.32 The Committee understands that in low volume markets wholesale purchases occur less frequently and the unit cost price of retailing fuel is higher than in high volume markets due to fixed operating costs and efficiencies of scale. Slower turnover of fuel leads to increased lag times when TGPs drop as retailers may still be selling fuel that was purchased at a higher wholesale price. In this circumstance retailers may decide to not reduce retail prices to cover their operating costs, or alternatively reduce prices with the hope that increased sale volumes will generate a profit and clear old supplies.

Fuel prices following the Darwin hearings

- 4.33 Following the Darwin public hearings, the Committee continued to monitor fuel prices in Darwin and Alice Springs. The Committee observed that retail prices in Darwin continued to decrease which reduced the GIRD and the GIRD decreased further when TGPs started rising from early May. While care must be taken in comparing weekly average GIRDs due to the pricing cycles that occur in the five major metropolitan cities, the Committee noted that in the week ending 12 June Darwin had the lowest weekly average GIRD of all capital cities.

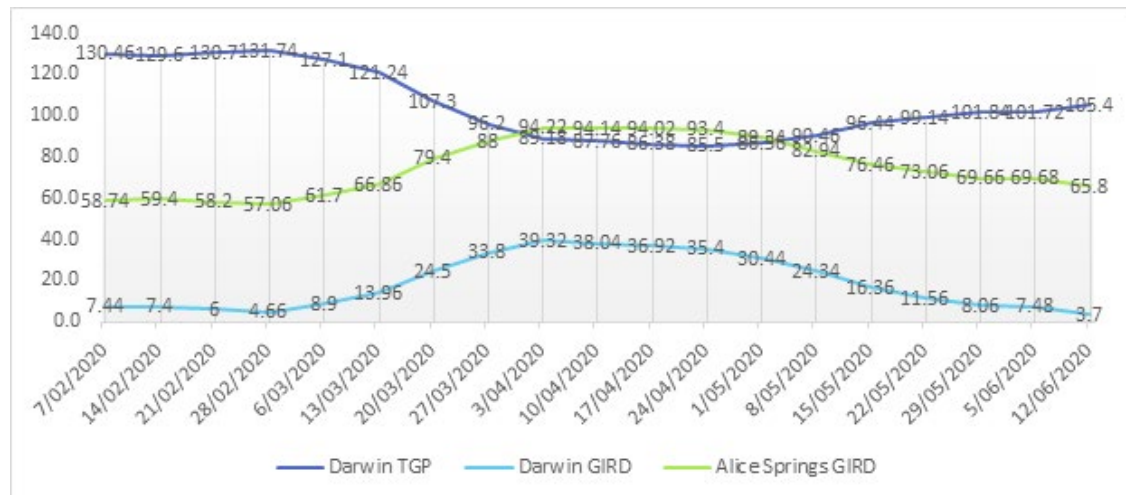
Graph 4. Average Weekly GIRD: November 2019 – June 2020



Data Source: Australian Institute of Petroleum.

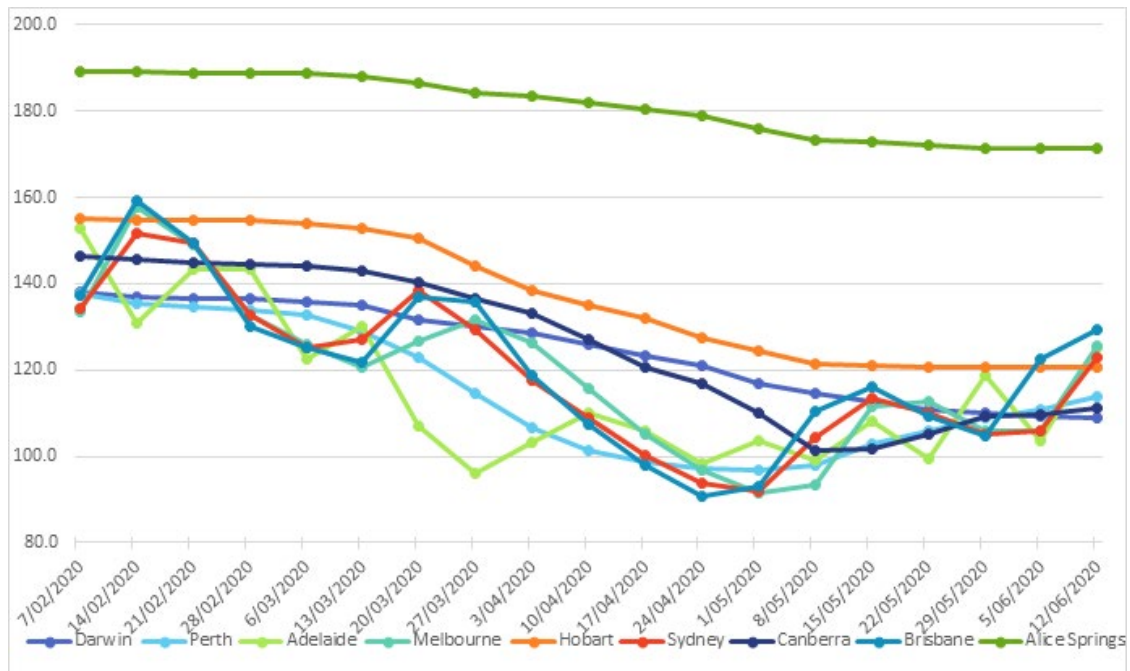
4.34 The Committee noted that the decreases in retail prices in Darwin did not appear to be occurring at a similar rate in Alice Springs and the reductions in the Alice Springs GIRD, while in part the result of reduced retail prices, was primarily due to increases in the TGPs. This raised questions for the Committee about why the same level of price reductions were not being seen in Alice Springs.

Graph 5. Average Weekly TGP and GIRD Data: Darwin and Alice Springs February – May 2020



Data Source: Australian Institute of Petroleum.

NB: This 'Alice Springs' data appears to include outlets within the central Australian region.

Graph 6: Average Weekly Retail Prices: February – June 2020

Data Source: Australian Institute of Petroleum

NB: This 'Alice Springs' data appears to include outlets within the central Australian region

4.35 In June 2020 the Committee wrote to Alice Springs fuel retailers detailing the retail pricing data the Committee had examined, noting the increase in the Alice Springs GIRD both over the last two and a half years and that over the last 14 years the GIRD had increased significantly ahead of inflation and ahead of the Darwin GIRD. The Committee invited retailers to provide information on the cost of transporting fuel to Alice Springs and how those costs have changed over time; other costs associated with retailing fuel in Alice Springs and any changes in the Alice Springs fuel market that have affected prices.

4.36 The Committee was advised that sale volumes in Alice Springs have decreased dramatically during the COVID-19 pandemic due travel restrictions and the cancellation of major events such as the Finke Desert Race which one retailer stated generates the highest sale volumes for the year. Retailers rely on profits made during the peak tourism season to cover the operating losses that occur during the low season and those profits have not been made this year.

4.37 Retailers stated that operating expenses including insurance premiums, wages and rent have increased over time which all impact on the retail price and GIRD. The Committee was also advised that the freight costs associated with transporting fuel to Alice Springs are considerable due to its remoteness and distance from wholesale terminals in Darwin and South Australia.

Committee's findings

4.38 Retail fuel prices in Darwin were slow to respond to reductions in the wholesale price during March, resulting in prices going from amongst the lowest of

Australia's capitals to amongst the highest in April. This changed again during May, so that at times in early June Darwin petrol prices were the cheapest in the country. It appears from price variations this year and over the last decade that the Darwin fuel market can move between competitive and expensive. Such a market needs ongoing vigilance to ensure it remains competitive.

- 4.39 Retail fuel prices in Alice Springs were slower to respond to reductions in the wholesale price, and have very rarely looked competitive. The high level data on fuel prices in Alice Springs and other Territory regions raises significant questions regarding whether those markets operate fairly. However, those questions are not easily answered. Issues around changing costs and decreasing volumes mean that more detailed data is required before firm conclusions can be drawn.
- 4.40 The coming dissolution of the Legislative Assembly for the general election did not allow the Committee time to thoroughly examine these issues. Nevertheless, the Committee considered a range of responses to promote fair fuel prices in the Territory from the information it was able to obtain during the time available.
- 4.41 The Committee considered a broad range of options for driving competition in the fuel market and ensuring that Territorians are paying a fair price for fuel. Evidence suggests that increased scrutiny of retail prices incentivises retailers to reduce prices and readily available pricing information can empower consumers to make informed purchasing decisions.
- 4.42 Retail prices and GIRDs fell considerably following the NT Fuel Summit, select committee inquiry and ACCC investigation of the Darwin fuel market and the Committee considered that the increased scrutiny likely contributed to these reductions.
- 4.43 Similarly, the Committee noted that after the ACT Chief Minister issued an ultimatum to Canberra fuel retailers to reduce prices to under \$1 per litre or he would use existing legislative powers to step in and regulate prices, the prices reduced to slightly above \$1 per litre for two successive weeks during mid-May.
- 4.44 While there are a number of organisations that monitor and report on fuel prices, the Committee was not able to find data that gave consistent information about prices in the Alice Springs township over an extended period, with much of the publicly available data including the wider region, making it harder to know what was occurring in either the town or the region, or not going back very far in the past.
- 4.45 The Committee considers that better public information on Alice Springs and regional prices is key to better understanding how those markets are operating and to fostering competition to keep downward pressure on prices. To this end the Committee wrote to the Attorney-General and Minister for Justice to ask that the Commissioner of Consumer Affairs improve the information available on Alice Springs fuel prices, such as by enabling historical searches by postcode on the MyFuel NT website and looking at other options for increasing the detail and accessibility of data available.

- 4.46 The Committee considers that the 14th Assembly should continue to monitor fuel prices throughout the Territory and take further action should it appear that there is unfair pricing. To this end the Committee suggests that the 14th Assembly refer to the Public Accounts Committee or some other committee the task of reviewing Territory fuel prices every six months, with a view to conducting a full inquiry should it be found necessary.
- 4.47 The Committee considered other options including legislation similar to the Fuel Price Disclosure Bill 2016 which lapsed when the 12th Assembly was prorogued which would have required retailers to provide the Commissioner of Consumer Affairs with a breakdown of retail and profit margins, as well as options for government regulation of fuel prices.
- 4.48 The Committee is of the view that neither of these options are warranted at this point, particularly given the risks they have of adverse consequences and creating inefficiencies. However, should pricing be clearly excessive in the future, they should be reconsidered as potential tools for addressing unfair markets.

Appendix A: Darwin Youth Justice Centre



MINISTER FOR TERRITORY FAMILIES

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Kate Worden MLA
Public Accounts Committee Chair
GPO Box 3721
Darwin NT 0801

Dear Ms Worden

Thank you for your letter of 30 August 2019 with queries from the Public Accounts Committee regarding the investment in the Project for a new Darwin Youth Justice Centre which will provide effective outcomes for young people who are required to be detained, through a value for money process.

I appreciate your invitation for the Department to provide the Committee with a briefing, which was taken up by Mr Ken Davies, Chief Executive Officer, Territory Families on 17 September 2019.

I am now following up with further detail as requested in your letter. In addition to providing the Committee with information around the site selection process and final outcome, the following includes a detailed update on the \$60 million project delivery.

Governance and accountability

To ensure clear and accountable roles and responsibilities for the Project, detailed governance arrangements have been established and documented in the Project governance framework and Project Plan.

Membership of the peak governance body, the Youth Justice Facilities Steering Committee, includes the Chief Executives of Territory Families, Department of Infrastructure, Planning and Logistics (DIPL), Department of the Chief Minister and Department of Treasury and Finance, along with other highly experienced senior officers in Youth Justice policy and operations as well as DIPL Project Management services.

Site Selection

Following the Minister for Infrastructure, Planning and Logistics' decision in March 2019 not to approve the application to rezone Section 67 in Pinelands to Zone Community Purpose (CP), a new investigation into potential sites for the Darwin Youth Justice Centre was undertaken.



A comprehensive site analysis process was undertaken to ensure an appropriate, suitable and efficient site was selected for development of a Darwin Youth Justice Centre. Seven sites were identified through desktop land study to enable consideration of key criteria. All of the sites were visited by myself and/or Mr Davies. The criteria used to assess the sites included both the ability for the Project to deliver targeted outcomes for young people, staff and the community broadly, as well as those focussed on achieving value for Territorians.

The site selection process assessed land tenure, land size and accessibility, proximity to services (including emergency response), service availability and estimated cost (power, water and sewer), appropriateness for staff access, and consistency with strategic land use planning for the Greater Darwin area. Risks and opportunities associated with each potential site were further explored, leading to the selection of Part Section 4225 Hundred of Bagot (the selected site at Holtze). Attachment A provides an overview of each of the sites considered along with site specific analysis of the opportunities and constraints.

The selected site meets all criteria outlined for the Project as well as having site characteristics that provide additional opportunities. A key opportunity of the selected site includes that it is a greenfield site (a site where no development has occurred previously). This supports the objective to develop a purposefully designed Centre that supports delivery of the Northern Territory Government's youth justice reform as set out in the *Safe, Thriving and Connected: Generational Change for Children and Families* plan, without the need for costly or inappropriate refurbishment and/or demolition of assets at other locations.

The selected site is:

- a large site that is easily accessible for staff, visitors and service providers;
- close to professional services including health, police and emergency response;
- highly vegetated to provide environmental barriers and buffer zones;
- easy and cost efficient to service via existing road, power and water services;
- simple topographically, resulting in reduced civil works associated expenses; and
- not visually connected to the Adult Corrections Facility, yet close enough to enable economies of scale for external service provision (i.e. bush fire management or laundry).

The selected site was rezoned from Zone R (Rural), to CP, to enable the development to proceed, by the Minister for Infrastructure, Planning and Logistics, the Honourable Eva Lawler on 8 August 2019. The Reasons for Decision at Attachment B set out why Section 4225 was considered a suitable location for the Darwin Youth Justice Centre.

Rezoning of part Section 67 Hundred of Bagot (the Pinelands site) was not approved by the Minister for Infrastructure, Planning and Logistics due to concerns from the community, potential impacts to existing industrial sites, and potential impacts to local traffic. These concerns would also be present for the redevelopment on the existing Don Dale site at Berrimah. However these concerns would not be present for the Holtze site.

Other concerns for re-use of the Berrimah site include:

- the Darwin Regional Land Use Plan identifies the site for future urban development;
- the Berrimah site is adjacent to land identified for a future Government school;
- significant costs (demonstrated through current fix and make safe works for the existing Centre) to re-purpose any existing infrastructure; and
- stigma and reputation associated with the existing facility.

While there may be some cost savings in the proximity to existing services, some existing infrastructure is at the end of its useful life. Compared to a greenfield site, a brownfield site development would incur demolition and replacement services costs.

Finally, as I have said publicly, locating the new centre away from the current Don Dale site in Berrimah will preserve this valuable land for future residential development, and removes potential for conflicting land uses such as school sites.

Project Design

In December 2018, Bennet Design, a local architecture consultancy, was awarded a contract design for the new Darwin facility. Bennet Design are supported by a number of specialist design firms ranging from corrections facility specialists to security systems designers, landscape architects, engineering firms and critically, cultural specialists.

The early work of the Design Team was not site specific. Therefore while the new site selection activity has been ongoing for a number of months since the March decision, the Project continued on toward the goal to decommission the Don Dale Youth Detention Centre and replace it with an evidenced based, program focussed, and purposefully designed Youth Justice Centre. The Project Team has focussed on a co-design approach for the Darwin Youth Justice Centre, to ensure that the end product is guided by programmatic need.

This process has involved a series of Specialist Advisory Group workshops, where participants from Aboriginal Controlled Organisations, non-government agencies, service providers, and Government agencies have come together over nine months, to consider what the new Centre needs to functionally achieve. In turn a number of specialists and design team members have consulted directly with young people themselves. The Specialist Advisory Groups have endorsed a suite of Design Principles and associated infrastructure responses which are used to guide the Design Team and ensure that targeted outcomes for the Project are met (Attachment C refers).

The Darwin Youth Justice Centre concept design is now complete. The Detailed Design and Documentation phases of the design process will follow, which will continue to be informed by all specialists and critical Government agencies including the Departments of Education and Health as per the milestone dates table below.

Milestone Dates

Stage	Date
Procurement of Design Team (complete)	August 2018 to December 2018
Develop Design Brief (complete)	December 2018 to May 2019
- <i>Specialist Advisory Group Meeting 1 (complete)</i>	<i>February 2019</i>
- <i>Specialist Advisory Group Meeting 2 (complete)</i>	<i>March 2019</i>
Site Confirmation (complete)	August 2019
- <i>Specialist Advisory Group Meeting 3 (complete)</i>	<i>August 2019</i>
Community engagement on selected site (complete)	August 2019 to September 2019
Concept Design (ongoing)	August 2019 to September 2019
- <i>Specialist Advisory Group Meeting 4 (complete)</i>	<i>September 2019</i>
Detailed Design and Documentation	September 2019 to December 2019
- <i>Specialist Advisory Group Meeting 5</i>	<i>October 2019 TBC</i>
Stage	Date

Construction Tender Process	January 2020 to May 2020
Works	June 2020 to April 2022
Operational Commissioning and Training	May 2022 to July 2022
Commence Operations	July 2022

I thank the Public Accounts Committee for their important work in scrutinising the value for money proposition on major projects such as the new Youth Justice Centre. The Project in its entirety has significant merit, with the opportunity to impact positively on the lives and outcomes for young people. The site needed to be resolved and further Project delays overcome. Now is the time that the Territory needs a purpose built centre that supports youth justice in a therapeutic and rehabilitative environment and in the best interests of young people detained, that puts an end to the use of Don Dale Youth Detention Centre in Berrimah.

Should you require additional information regarding any of the content included above, I am more than pleased to provide further briefings or presentations for the Project, as further milestones are reached.

Yours sincerely



DALE WAKEFIELD

1 October 2019

Appendix B: Darwin Turf Club Grant



CHIEF MINISTER
MINISTER FOR TRADE AND MAJOR PROJECTS

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Ms Kate Worden MLA
Chair
Public Accounts Committee
GPO Box 3721
DARWIN NT 0801

Dear Ms Worden

Thank you for your letter dated 30 August 2019 regarding the Darwin Turf Club grant.

I can advise as follows:

1. When was the grant applied for?

The proposal has been discussed numerous times with Northern Territory Government officials over the past two years, including individual requests for this to occur from Tourism NT and the Darwin Major Business Group. The Government asked for additional information to substantiate the request.

2. What was the amount requested by the Turf Club?

\$12 million.

3. Who approved this grant and when was it approved?

Cabinet approved the grant and the money was from within the infrastructure budget allocation.

4. What was the reasoning behind the grant?

- To bolster tourism for the Northern Territory
- Showcase the Darwin Cup
- Build on existing success and support the sustainability of the Darwin Cup Carnival
- Provide a multi-purpose facility all year round



- Compliment new facilities, and
- Create jobs during construction and ongoing jobs

5. Was an independent cost benefit analysis done?

A feasibility analysis was developed by the Darwin Turf Club and this was verified by the Department of Trade Business and Innovation.

6. Was a loan considered?

A loan from the Northern Territory Government was not applied for.

7. How does this fit into the Plan to fix the Budget policy?

The budget includes funding for infrastructure projects and this was in the funding allocated.

8. Why is it not part of the Budget?

There is an appropriation in the budget for infrastructure expenditure and the grant was met from this infrastructure budget. The Darwin Turf Club was notified on 24 June 2019.

If you have any queries on this matter, please contact Mr Shaun Drabsch, Chief Executive Officer of the Department of Trade, Business and Innovation by telephone 8999 5204 or email shaun.drabsch@nt.gov.au .

Yours sincerely,



MICHAEL GUNNER

13 SEP 2019

Appendix C: Arafura Games Costs



ACTING MINISTER FOR THE ARAFURA GAMES

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Ms Kate Worden MLA
Chair
Public Accounts Committee

Email: pac@nt.gov.au

Dear Ms Worden

I am writing to you in response to questions raised by a Member of the Public Accounts Committee regarding the cost of the Arafura Games 2019.

Government expenditure can be broken down as follows:

FUNCTIONAL AREA	PROGRAMS	BUDGET
Games Services	Catering, Language Services, Accreditation, In Darwin Transport, Accommodation	\$418 145
Games Operations	Uniforms, Volunteers, Security, Safety, Transport, Look and Signage	\$451 526
Sport and Venue	Sport Partnerships, Venue Hire, Medal Ceremonies, Athlete Medical, Sport Presentation, Venue Overlay	\$1.66 million
Media and Communications	Website, PR, Equipment	\$164 567
Marketing and Commercial	Advertising, Branding, Mascot	\$159 003
Corporate Services	Office, Insurance, Legal	\$597 374
Business Program	Department of Trade, Business & Innovation Program	\$550 000
Arts and Culture	Opening and Closing Celebrations, City Activation programs such as Purple Patches	\$571 847
Salaries		\$2.23 million
Specialist Contractors	ASADA Doping Control, Medical, Safety and Security, Research and Evaluation	\$418 099
TOTAL EXPENDITURE		\$7.22 million



- 2 -

Northern Territory Public Sector (NTPS) salaries were not included in the above figure as the Commissioner for Public Employment agreed that NTPS employees could be seconded to the Arafura Games at no additional cost to the Northern Territory Government (NTG). In many cases this provided a valuable development opportunity for NTPS employees as well as limiting the burden on tax payers for unnecessary additional cost.

The use and cost of facilities was dependent on the venue hire contracted arrangements. For the NTG owned facilities payment for venues was on an ancillary basis i.e. power, water, cleaning, line marking and any other provision to operate the venue. It is a business as usual model for state governments to include a clause in government owned facilities to allow hire at no charge for major government funded events.

Where the venue was not an NTG owned facility, the commercial hire of the venue is commercial in confidence, as this supports operators when negotiating future rates with clients.

There was \$510 000 worth of sponsorships which include both cash and contra. These sponsorships are also commercial in confidence. AG2019 sponsors and supporters included:

AG2019 SPONSOR LIST
AAPA
Arafura Traffic
Cancer Council NT
City of Darwin
Coca-Cola
Creative Accomplice
CSM Live
Darwin International Airport
Darwin Sailing Club
Darwin Waterfront Corporation
Defence Force Recruiting
Dreamedia
Jetstar Asia
Kennards Hire
Landbridge Group
NCCTRC
NT Broadcasters
NT News
Paralympics Australia
Party Passport
Power and Water Corporation
Road Safety NT
Sandran Property Group
Spotless
Sterling NT
Suiko Consulting
Thrifty
Woolworths

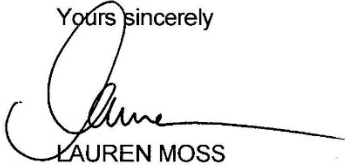
- 3 -

The City of Darwin (CoD) provided \$26 200 for the installation and removal of street light banners and the hire fees for Parap Pool in addition to the in-kind support agreed to. This was made public by the CoD.

NTPFES provided in-kind support through Operation Whitewater, which also included the ANZAC Day commemorations and concert as well as public order requirements for the Easter holidays. This support was consolidated across all three campaigns. NTPFES regularly provide in-kind support of this nature for community events.

The NTG sees the enormous benefit of the Arafura Games and will continue to work with existing Government resources, industry, community and the commercial sector to maximise services available at no cost to the event where the impacts are manageable, limit the burden to tax payers and maximise opportunities for Territorians.

Yours sincerely



LAUREN MOSS
8th October 2019

Appendix D: Preliminary Report of the Inspector of the Independent Commissioner Against Corruption



CHIEF MINISTER

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Mrs Kate Worden MLA
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GPO Box 3721
DARWIN NT 0801

Dear Mrs Worden

Thank you for your letter dated 11 February 2020, regarding the *Preliminary Report of the Inspector of the Independent Commissioner Against Corruption* (the Preliminary Report).

Further to your request for advice in relation to actions being taken in response to concerns raised by the Inspector in the Preliminary Report, I am able to provide the attached response to the Public Accounts Committee, which has been prepared in consultation with the Office of the Independent Commissioner Against Corruption (ICAC).

It was necessary, and appropriate, for the response to be prepared in consultation with the ICAC, given that the Commissioner and the Inspector of the ICAC are independent, statutory officers appointed under the *Independent Commissioner Against Corruption Act 2017* (the ICAC Act).

To maintain the independence of these integrity functions, which is provided for in the ICAC Act, the Department of the Chief Minister does not provide administrative oversight of these officers. As such, should the Public Accounts Committee require any further information in relation to this, or any similar matters in the future, it is recommended the Committee contact the Office of the ICAC, or the ICAC Inspector directly.

Yours sincerely

A handwritten signature in blue ink, appearing to read 'M. Gunner'.

MICHAEL GUNNER

- 6 MAR 2020

PUBLIC ACCOUNTS COMMITTEE

Preliminary Report pursuant to Section 140(3) *Independent Commissioner Against Corruption Act 2017* (the Preliminary Report) – Inspector of the Independent Commissioner against Corruption

RESPONSE TO THE PUBLIC ACCOUNTS COMMITTEE

Whistleblower Protection

The Inspector outlined concerns that certain agencies and some staff are reluctant to refer appropriate matters to the Independent Commissioner Against Corruption (ICAC) and that 100% of whistleblowers had reported that reprisals had been taken against them (Paragraph 52 refers).

Previous reports of reprisals

The Office of the ICAC has advised that the reports of reprisals against whistleblowers detailed in the Preliminary Report related to cases brought before the former Office of the Commissioner for Public Interest Disclosures (OCPID). These matters were reported to the OCPID under the *Public Interest Disclosure Act 2008* (the PID Act), which was repealed on 30 November 2018.

Following the repeal of the PID Act, the OCPID was closed and outstanding PID responsibilities were transferred to the ICAC, including ongoing protection of whistleblowers.

As part of the transfer of responsibilities, the ICAC conducted an audit of PID operations over the preceding 12 months. This audit identified an unacceptably poor history of protection for whistleblowers who had reported matters under the PID Act, and a high rate of reprisal towards those whistleblowers.

The results of this audit were reported to the Inspector, who subsequently reported it in his Preliminary Report.

Actions to protect whistleblowers

Further to section 106 of the *Independent Commissioner Against Corruption Act 2017* (the ICAC Act), the ICAC must issue, and keep under review, guidelines for public bodies and public officers concerning frameworks and practices for minimising risk of retaliation against whistleblowers. Section 106(4) also requires the ICAC to issue the guidelines within 12 months of its commencement, that is, by 30 November 2019.

Since its establishment in November 2018, the Office of the ICAC has evaluated best practice approaches to whistleblower protections, and began supporting the practical implementation of whistleblower protection frameworks across the Northern Territory public sector. This implementation represents a major step forward in the protections afforded to whistleblowers in the Northern Territory Public Service (NTPS).

The Office of the ICAC is a member of the *Whistling While They Work 2* project steering committee. The *Whistling While They Work 2* project is a three-year, \$1.6 million project, supported by participating universities, the Australian Research Council, and supporter organisations, including Australian integrity agencies from all jurisdictions. The project extended systematic whistleblower protection research to focus on the adequacy of organisational responses to whistleblowing.

In August 2019, the Commissioner and the ICAC Manager Prevention and Engagement attended the *Whistling While They Work 2* project steering committee meeting and the 2019 *Whistleblowing Symposium: Transparency, Culture & Compliance*. The symposium is the leading national forum for the discussion of whistleblowing policy and practice in Australia.

Participation in these forums, as well as research, informed the development of draft guidelines for the NTPS, as required under section 106 of the ICAC Act. A discussion paper and the draft guidelines were circulated to the heads of government agencies on 2 October 2019 for targeted consultation.

Further to section 106(2) of the ICAC Act, the draft guidelines included measures for:

- a) education and training;
- b) policies and processes;
- c) allocating responsibility and resources;
- d) creating a suitable organisational culture; and
- e) managing situations in which persons are, or are likely to be, at risk of retaliation.

As required under section 106(3) of the ICAC Act, the draft guidelines also included a requirement for a public body or public officer who receives a protected communication to keep the person who made the communication reasonably informed:

- a) in relation to steps taken to deal with the protected communication; and
- b) as to whether the matter has been reported to the ICAC.

In November 2019, following an evaluation of feedback obtained through the consultation process, the Office of the ICAC issued the final guidance document, *Frameworks and practices for minimising risks of retaliation* (the Framework). The Framework, which is available on the ICAC website (https://icac.nt.gov.au/_data/assets/pdf_file/0009/761985/Frameworks-and-practices-for-minimising-risks-of-retaliation-29112019.pdf), will be kept under review to ensure that the Northern Territory standards are current and informed by best practice.

Since issuing the Framework, the Office of the ICAC has advised that the majority of Northern Territory Government agencies have drafted and commenced implementation of their own, fit-for-purpose whistleblower protection policies and procedures. In addition, the Office of the ICAC Prevention Unit is working with many of these agencies to support the implementation of effective internal reporting mechanisms and to establish a healthy culture of internal reporting.

The Office of the ICAC has also advised that it is currently preparing a number of support documents requested by Government agencies during the consultation process, which are expected to be released over coming months.

To ensure compliance with the issued guidelines and to identify areas for further targeted education and awareness activities, the Office of the ICAC intends to evaluate the implementation of whistleblower protection frameworks across the NTPS.

The Office of the ICAC has noted that for many public servants, these policies and procedures will be the protection they need to come forward with information about wrongdoing in public administration; and that for the Northern Territory Government, the improve culture of reporting within government will improve trust in government, which in turns leads to better outcomes for business investment and economic growth, and job creation.

Resourcing for the Office of the ICAC

The Inspector outlined concerns regarding resourcing of the Office of the ICAC, particularly in relation to forensic accounting services and covert surveillance and operational capacity (Paragraph 53 to 55 refer).

The Office of the ICAC is a Northern Territory Public Sector agency under *Finance Management Act 1995* and *Public Sector Employment and Management Act 1993* (PSEMA).

The Independent Commissioner Against Corruption Bill 2017 provided for consequential amendments to list the ICAC in Schedule 1 of the PSEMA. This ensures that the ICAC is treated as a separate agency under the Administrative Arrangements Order.

As a result, Government is required to fund the ICAC directly, and not through another agency's budget appropriation. As advised during the Scrutiny Committee process for this Bill, this is an important legislative safeguard against underfunding.

Similarly, these legislative provisions also entitle the ICAC to directly request additional funding and resources through annual budget processes, as well as through a Treasurer's Advance, for extraordinary, one-off circumstances.

The Northern Territory Government is currently undertaking its annual budget appropriation process for 2020, with the annual budget appropriation bill to be introduced in the Legislative Assembly in May 2020, followed by the Budget Estimates Committee process in June 2020.

These budgetary processes are well-established and have been utilised to support the establishment of the Office of the ICAC, and the provision of a Treasurer's Advance for an electronic case management system.

While the Preliminary Report outlines the Inspector's concerns regarding the resourcing of the Office of the ICAC, it is noted that the Inspector has also reported that "a fully functioning office is now established with high quality staff" (Paragraph 41 refers).

A further legislative mechanism to support the effective resourcing of the Office of the ICAC is provided for under section 48 of the ICAC Act. This provision enables the ICAC to make a general report (which is obliged to be tabled in the Legislative Assembly) on matters that have seriously affected or may seriously affect the ability of the ICAC to perform its functions, including the adequacy of available resources.