

The committee convened at 8.30 am.

GOVERNMENT OWNED CORPORATIONS

POWER AND WATER CORPORATION

Mr CHAIR: Good morning, everyone. Welcome to estimates 2022. This morning we are considering Power and Water Corporation.

I acknowledge that we gather on Larrakia land. I pay my respects to leaders past, present and emerging.

I welcome Mr Wilson, the Chair of the Power and Water Corporation. Please introduce the officials accompanying you.

Mr WILSON: With me I have Djuna Pollard, the CEO of Power and Water Corporation, who is well known to you; Martha Stewart—welcome back this year—and Michael Besselink and Stephen Vlahovic, respectively from Core Operations and Power Services. We have a number of other staff in the wings if questions are required of them.

Mr CHAIR: Thank you for introducing the officials. Would you like to make a brief opening statement? Then we will call for questions relating to the statement. The committee will move on to consider the statement of corporate intent. The shadow minister will ask questions first and we have agreed that everyone can follow a line of questioning on that.

Mr WILSON: Mr Chair, I had the honour and privilege to be appointed to the role of Chair of Power and Water about three months ago. It is an important position, not only in the Territory but in the national energy and water sector. It is a great pleasure and honour today to be with you at this important parliamentary committee.

Since my appointment in March this year, it has been a busy few months as I have gotten to know more about our people, the business, our communities and the strategic path we are seeking to make going forward. I acknowledge my predecessor in the Chair, John Langoulant AO, who is well known in the Territory generally for his work and service as Chair from 2017 to 2021 in a busy period.

Since I was asked to become Chair of Power and Water I have endeavoured to probe and find out as much as I can about the purpose of the organisation, what it stands for and the important role it plays in the community. As you know from our statement of corporate intent, our goal is to make a difference to the lives of Territorians through the provision of essential energy and water services. It is a unique environment, notwithstanding other experiences I have had in the energy and water sector.

Our people are confident in the values they have. They are keen to provide strong services to Territorians. I acknowledge the work they have done and thank them for a solid year, as we worked hard to reduce costs and live within our means in the last 12 months. Our costs are likely to come in by June at about 0.16% above budget and to meet other fiscal repair targets. Our profitability, with the major metrics of earnings before interest and net profit after tax, is expected to be above budget by about \$2m.

I am happy to note that our chief executive officer has been appointed to the national bodies of the Water Services Association and Energy Networks Australia. From my experience as Chair of Yarra Valley Water, Commissioner on the SEC and CEO of Energy 21, these are important national positions. It is important that our CEO has a position at the table in what is a challenging time in the setting of operations underneath a dynamic policy environment, particularly for energy but also for water.

I take my role in the development of our people seriously. A number of rising stars in the Territory stepped up in the organisation. Nick Anictomatis was nominated as outstanding apprentice, Darren White was nominated as supervisor of the year and Sam Duke was named trainee of the year. He, like many people in Power and Water, has a family relationship with the organisation. His brother works for the Power Services in Darwin and his mother works in Alice Springs. They join a long list of people who have proudly aspired to and received Territory awards. I acknowledge the development of talent in our organisation.

I turn to the main point, our statement of corporate intent for 2022–23. I am sure you all know that, as a modern multi-utility, we operate in a unique set of circumstances that I am learning about every day. We not only have a broad scope of responsibilities, we also have geographic isolation from the rest of the country, a small and distributed customer base, and arduous environments in which to work. Against that, we have the

normal obligations to balance our fiscal constraints, and meet with the growing needs of the community and the policy and fiduciary expectations of the government.

One of the challenges I saw as Chair was how to prioritise our efforts, as a board and operationally, with the CEO and the leadership team to improve workplace culture. This is something I have experience in and I look forward to helping with the work. We have finite resources. As always, we have to do more with less, which is a mantra members understand. It is part of what an organisation like this has to do.

There are eight priorities from the statement of corporate intent. One is to continue to evolve our operating model. There is quite a lot of investment, as you will be aware, behind achieving that to a modern standard. By the end of the year, we will have a draft regulatory proposal to put to the Australian Energy Regulator for the 2024–2029 period, which has already had community consultation. We will go out further in August and then will submit in early 2023.

It is probably a bit under the radar, but it is important to advocate for regulatory reform for the water industry. It is a major constraint to growth and we want to see it harnessed to its full potential for the growth of the Territory. As well as that, we have the ongoing obligation to maintain water security and quality across our 92 service locations, many of which are remote or not connected, as you would usually find in an organisation like this.

We continue to enable and encourage the uptake of renewable energy. We hear about that every day in the news, at the moment, and our obligation and commitment to it is unwavering—as well as focusing on the standard of service in remote communities. Our gas services business continues to be an important part as it is still 90% of the electricity consumed in the Territory. As we transition to renewables, we must maintain the standard. We are aware there are dynamic changes occurring in our external environment, not only our customer and community expectations but the outlook for the economy and the challenge we will face as part of that.

Mr BURGOYNE: The former Chief Minister commenced a review into the Power and Water Corporation as the shareholding minister. Has this review been completed and will it be made public?

Mr WILSON: The previous Chief Minister set expectations for me as Chair for improvements in the organisation. That is usual for a Chair. I have taken those seriously and will provide progress reports to the Chief Minister as we go forward.

Mr BURGOYNE: Would you like to share those expectations with us?

Mr WILSON: They were to accelerate the move to renewables; to ensure that the operating model has the least cost but is the most fit for purpose; to advance the improved security and reliability of energy and water; to improve the governance to ensure that the board and the government are getting the best information they can on the organisation; and to ensure that the board is fit for purpose for that.

Mr BURGOYNE: Power and Water previously had a board of seven, which is already small for a board. How many members are there currently?

Mr WILSON: There are three.

Mr BURGOYNE: Would you class that as acceptable?

Mr WILSON: No. The board is in transition. One of my first roles has been to oversee interviews for candidates. We will be having discussions with the minister and making recommendations for appointments within the expiry time of the current two directors. The quorum is two; we have three. I have worked in similar operating environments before and you can get the job done, but I would like a fuller board.

Mr MALEY: Are you doing a review? He did not ask you to do a review?

Mr WILSON: No, I am not doing a review. I have been given expectations from the minister to focus on aspects that will improve the serviceability and performance of the organisation. I am getting on with it.

Mr BURGOYNE: How many members need to be appointed to the board so it can be a fully functioning and operating board in your eyes?

Mr WILSON: We have a quorum of two. Under the GOC act we need two; we have three. Their terms expire in August. I am confident, subject to the agreement of the minister, that the board will be replenished to a complement she sees fit. We are already above the minimum and we are operating effectively.

Mr BURGOYNE: There are sufficient members to operate the governance of the organisation?

Mr WILSON: Yes, just.

Mr BURGOYNE: How many executive positions are vacant in Power and Water Corporation?

Mr WILSON: Where there are vacancies there are acting arrangements. Technically, none.

Ms POLLARD: There are no executive contract positions vacant. A number of people are acting in roles, including two as of today acting on the executive leadership team. One is under consideration at the moment, and one more to work through a recruitment process.

Mr BURGOYNE: How much executive turnover has there been? Every time there is a turnover there is a cost to get new staff and train people.

Ms POLLARD: Our former CEO, Mr Michael Thomson, left Power and Water in late 2019. Following his departure just under half of the executive leadership team left the business. Most of them moved interstate to take on bigger and better roles with various organisations. Since then we have been recruiting to those positions. Martha Stewart, to my left, is a good example of a recruitment to the Chief Financial Officer role.

Mr MALEY: How many people are acting in executive positions?

Ms POLLARD: I will try to get an answer back to you within this session. I will have to find it in my notes.

Mr BURGOYNE: How many of the Power and Water executive contract people are located interstate?

Ms POLLARD: All our executive contract officers on the executive leadership team live in the Northern Territory. One executive contract officer has recently relocated to Perth. She is doing discreet project work for us.

Mr BURGOYNE: The statement of corporate intent outlines a number of threats to Power and Water Corporation. What do you see as a greater short to medium-term challenge?

Mr WILSON: There are a couple for me. Firstly, ensuring security and quality of supply for energy and water. Secondly, upgrading our operating model to account for the digital delivery expected of this organisation and the complexity of changing the mix more towards renewables. The last thing is I see opportunities to improve the culture of the organisation. They are the ones I am focused on.

Mr BURGOYNE: The transition to renewables will require significant investment. The SCI states those costs remain unfunded. What is the anticipated cost and what is the projected time frame for cost recovery?

Mr WILSON: It depends on the component. In our statement of corporate intent, there are a number of programs related to the updating of basic issues on testing and integrating our renewable assets as they are commissioned. That is under way and is provided for this year and next. Beyond that, we have in our longer term expectations requirements to allow for proper assessment of performance standards, the development of the market, the operation of the market and its settlement. They are expenses spread out over the next five years. They are quantified but it is not just this year's obligation. The stage we have ahead of us is funded. We are about to conclude this year but next year we will do more work to build the capability of the system to accommodate renewables and despatch them into the market.

Mr BURGOYNE: We have spoken about the need to move towards renewables and it being in the budget. When I look at the budget and the net profit I see a loss of \$13.6m for the 2021–22 period?

Mr WILSON: Yes, that is the budget. We will do better than that.

Ms STEWART: The current published SCI as at last year, 2021–22 SCI, had a forecast loss after tax of \$15.2m. The projected budget for the 2022–23 year is a net profit after tax of \$3.2m.

Mr BURGOYNE: I always read the statement of corporate intent with great detail. I am often told that the figures here are different and you are working towards better things. With increased investment in renewables into the future, how likely are you to reach these figures of a net profit of \$3.2m, \$30m and \$47m in the forward projections? Do you trust these projections, understanding the huge investment in renewables and the grid that need to take place?

Mr WILSON: Yes, I do. It is a staged pathway ahead of us. A big step is our regulatory review for 2024–2029. We will be seeking the AER's approval for capital components matching the investment we need to undertake. The government has a commitment to get to 50% renewables by 2030, which is similar to other jurisdictions around the country. It is a national commitment and my contacts in those areas feel the same as me. It is a tough, tight and demanding objective but it is achievable. We are doing our best to put that in place.

It is true to say that there are a number of aspects at the frontier of the steps we make which are new for the energy system and the market, particularly one that is under stress. As we transition to renewables we need thermal generation backup and new system capability to cope with different voltages as we bring assets in and out. It is a challenge we embrace.

Mrs LAMBLEY: How much will that cost? What sort of figure are you looking for thermal generation back up in the Northern Territory, if that is what we need to transition to 50% renewables?

Mr WILSON: We have thermal generation back up now—90% of our electricity comes from gas. As we can see happening on the east coast, it depends on the asset life and operability of current systems, which is probably more a matter for TGN than me. Whether assets are close to whole of life or can be extended, ultimately we need thermal to phase out as renewables come in.

Mrs LAMBLEY: That is a massive change over seven-and-a-half years. What investments need to be made between now and then to transition out of that 90%?

Mr WILSON: Significant investment. We have a system of 300 megawatts. Allowing for growth of the system—we are looking at capacities that move up to 200 megawatts of fully operable renewables by that period of time. That is the configuration we would expect to take place.

At the end of the day our role is to manage the gas to TGEN to provide a system that effectively incorporates renewable assets as they are commissioned from a source, private or whatever—from virtual power plants that you could ask Jacana about to the solar systems most people are moving to have on their rooftops. Our job is to develop the system that switches those in and do it in a way that keeps the system stable and allows for the phasing down of thermal units.

Mrs LAMBLEY: What are the infrastructure costs you are looking at?

Mr WILSON: Our CapEx—we do have that quantified out to five years. We will be looking at nearly \$850m over five years. A fair bit of that is in the power area, about \$350m.

Ms POLLARD: The thermal generation capacity is largely with Territory Generation. We are aware, through our system control and market operator functions at Power and Water, that they have plans to change out the configuration of their fleet. They have a number of aging generators within the existing fleet and are looking for greater agility and flexibility moving forward. It might be a good question to pose to TGEN when they appear later today.

Mrs LAMBLEY: When you said \$850m over five years is that a CapEx cost for Power and Water?

Mr WILSON: Yes, assuming we get regulator approval and a whole lot of things. That is what we are planning.

Mrs LAMBLEY: Where will that money come from?

Mr WILSON: The regulatory approval would include elements in the tariff which would be paid by customers and the other would come from general free cash flow of the organisations and borrowings. There is a funding plan against that expectation.

Mrs LAMBLEY: How much borrowings does Power and Water sustain?

Ms STEWART: Debt on the balance sheet as it currently stands ...

Mr MALEY: Is debt on the balance sheet the same as borrowings?

Ms STEWART: Borrowings is debt on the balance sheet. We have borrowings through the Northern Territory Treasury Corporation. That is listed on our balance sheet as current and non-current borrowings or government loans.

We are forecasting in the 22 SCI—we list this as current and non-current on the balance sheet. The 2022–23 budget has borrowings listed as \$1.3bn.

Mr MALEY: Can you give us the breakdown?

Ms STEWART: The current liability—the loans that are due to be repaid within the next 12 months, during the 2022–23 year—is \$282m. The non-current liability—that is loans that are not due to be paid within the 12-month period, but are due to come in the further periods—is \$1.039m.

Mr BURGOYNE: The net debt last year was stated to be \$1.5bn. The net debt position this year is \$1.3bn?

Ms STEWART: No, the net debt, which is the borrowings with the cash at bank taken off—if you are looking at net debt, the SCI for last year said that we would have \$1.1bn of net debt. The 2022–23 SCI shows that we will have \$1.3bn of net debt. There is an increase expected in the 2022–23 year of \$200m.

Mr MALEY: Why is that?

Ms STEWART: The forecast for FY 2023 includes a projection of reducing free cash flows from operating activities. That is in relation to gas earnings forecasting to be slightly down; water revenue reducing slightly because of demand management initiatives and historical consumption trends going down; increased investment forecasting into NTM; transition to renewables that we fund upfront, with recoveries that come in the later periods; and a trip that we need to make of the network regulatory revenue that we receive—there is a cap on the revenue that we can receive over the 5-year regulatory period. If we over-recover in one year we need to pay that back; that has to be trued up.

All of that is contributing to the reduction in operating free cash flows. Those free cash flows are what we use, first and foremost, to fund capital programs. If we cannot have the money available, then we have to go on inter-borrowings.

Mrs LAMBLEY: Over the next five years, with capital expenditure forecast at around \$150m, Power and Water could easily add another billion dollars to their borrowings?

Ms STEWART: No.

Mrs LAMBLEY: Is that because you will be offsetting revenue?

Ms STEWART: Yes, that is right.

Mrs LAMBLEY: What is the forecast borrowings from that \$850m?

Ms STEWART: It is always dependent on the operating revenues and cash flows we have in the business. Over the course of the period we are forecasting to get up to the \$1.3bn. That is expected to happen in the 2022–23 financial year—that is net debt—getting us up into borrowings towards the end in the final year of the projections of the \$1.3bn.

Mr BURGOYNE: How many megawatts of large-scale solar is expected to come online in the next 12 months?

Mr WILSON: That is the function of the testing we are doing, regarding it reaching appropriate thresholds for system stability.

Mr BURGOYNE: When is commissioning of the solar farms expected to be completed?

Ms POLLARD: We have nine large-scale generators going through the connection process. In total that will create 127 megawatts of solar, predominantly coming onto the Darwin–Katherine system in the near to

medium term. It is difficult to provide firm dates for when each large-scale solar generator will be what we call 'in commercial operation' and generating power to the system. There is a detailed process we go through, which involves six stages. A lot of that is contingent on the various proponents meeting the requirements outlined in our system control technical code, network technical code and generator performance standards. There is a rigorous testing process involved for all of that.

Mr BURGOYNE: It is my understanding that some of the farms have been waiting for over a year to be connected. Is that correct?

Ms POLLARD: I would not say that they have been waiting for over a year. We have an approved process for connection that gets approved by the Australian Energy Regulator. We have energised at least three of those large-scale generators. They are working through internal commissioning of their respective power stations. Once they have completed that we will be working with them. We are already working through the test plans and so forth for one of them to ensure that the power stations will operate as intended before we allow them to be fully generating into the power system.

Mr BURGOYNE: Has any litigation been threatened or filed by the owners of those solar farms as a result of the lag time for the connections?

Ms POLLARD: No, not to Power and Water Corporation.

Mr BURGOYNE: To any other corporation?

Ms POLLARD: Not that I am aware of.

Mr BURGOYNE: What is the expected time frame for commissioning large-scale solar to the grid? Surely it is a process like anything.

Ms POLLARD: It is largely dependent on the proponents and how well equipped and geared up they are for the various requirements. In the national electricity market we have been doing a lot of work with the Australian energy market operator, our counterpart in the national electricity market, on time frames. For them, a benchmark is anywhere between 18 to 43 months.

Ultimately, the risk we are trying to manage—particularly from our system control and power services teams—is system security, stability and safety. The last thing we want is large-scale generators coming onto the system when there are still issues which need to be resolved. We are committed working with the various proponents, but it can take up to 43 months in some instances for connections.

Mr MALEY: Are you saying that the power and water system is not ready for it yet?

Ms POLLARD: We are ready for it, but it is up to the proponent. They have to meet certain requirements.

Mr MALEY: Can you expand on your security system? Is your system not ready for the massive 125 megawatts of power?

Mr VLAHOVIC: We go through a six-step process to connect the generators. We need to make a distinction between what is the construction phase and the compliance testing phase. When a generator comes onto the network, they commission their plant. In other words they say, 'This plant is ready and Power and Water has electrically connected it to the grid'. We have three in compliance testing and another three in the construction phase approaching commissioning.

At the stage of compliance testing, they are attempting to demonstrate that their plant is meeting the requirements of the generator performance standard, which mirrors the east coast requirements. We brought that in three years ago. They have to demonstrate in the testing that the generator meets the standard approved by the Utilities Commissioner. During that process, they run their plant, produce their test results and Power and Water analyses the results to determine whether they meet the generator performance standards. That is the process we go through in order to make sure that the generation we introduce onto the grid is of a required standard and will not cause instability.

Mr BURGOYNE: What period have the three been undergoing the compliance phase for?

Mr VLAHOVIC: Katherine solar has been undergoing compliance testing for at least a year. It was connected some time ago.

Mr BURGOYNE: Have any of these farms been compensated or paid any form of revenue, even though they have not generated any electricity into the grid?

Mr BESSELINK: That is between them and other parties, not us. We do not have a purchase agreement with any of the farms.

Mr BURGOYNE: So Jacana?

Ms POLLARD: The various proponents generally have some form of offtake agreement with the electricity retailers, be that Jacana Energy, Rimfire Energy or all of the licensed electricity retailers in the Territory.

Mr BURGOYNE: Power and Water Corporation has not had to pay out money to any of the three solar farms currently undergoing compliance due to the extended period of compliance phase?

Ms POLLARD: No, we have not.

Mr BURGOYNE: The goal of a virtual power plant is integral to meeting the needs of increased solar generation in the Territory. What investment will be needed to achieve this goal and leverage the increased use of batteries in the Territory and the estimated 160 megawatts of behind-the-meter solar by 2023?

Mr VLAHOVIC: We are in the process of developing exactly how investment in the VPP, or aggregators, will work. The Alice Springs Future Grid project had a component that was essentially designed to understand how the VPP would operate. From the outcome of that project, we would understand what investment would be required.

Mr BURGOYNE: Are you aware of the number of people who are a part of that trial in Alice Springs and when the Alice Springs Future Grid will commence?

Ms POLLARD: There are a number of parties involved in the consortium that is linked to the Alice Springs Future Grid project. We are one and Jacana Energy is also a party. The virtual power plant pilot project is a project that they have responsibility for. There are approximately 30 customers in Alice Springs who are interested or maybe even signed up for the trial. Louisa Kinnear, CEO Jacana Energy, would be able to verify that number for you.

Mr BURGOYNE: What percentage of homes in the Territory have smart meters?

Mr BESSELINK: I cannot tell you the exact figure. Over the next couple of years we are looking to install 25,000 smart meters, before the end of this regulatory period. Further into the next regulatory period there will be another 25,000, if that is accepted by the AER. All up, we have about 88,000 meters in the Darwin–Katherine region.

Mr BURGOYNE: What would be the cost to upgrade those 25,000 meters over the forthcoming period?

Mr BESSELINK: I do not have the exact figures in front of me. The meters cost a consumer about \$110 to \$120 per year as part of their bill. I can take that notice.

Question on Notice No 10.1

Mr CHAIR: Member for Braitling, please restate the question for the record.

Mr BURGOYNE: How much will the installation of 25,000 smart meters cost Power and Water Corporation over the next five years?

Mr CHAIR: Mr Chair, do you accept the question?

Mr WILSON: Yes.

Mr CHAIR: The question asked by the Member for Braitling has been allocated number 10.1.

Mr BURGOYNE: A large number of poles are being replaced in Alice Springs due to corrosion. Has that program been completed?

Ms POLLARD: That Alice Springs pole replacement project is still under way. We recently celebrated replacement of the 700th pole in the program, which has been going for multiple years. Would you like further details?

Mr BURGOYNE: What is the cost of the project to date and the expected cost to complete the project? It is fine if you have to take it on notice.

Mr VLAHOVIC: I will take the question on notice.

Question on Notice No 10.2

Mr CHAIR: Member for Braitling, please restate the question for the record.

Mr BURGOYNE: In regard to the pole replacement program in Alice Springs, what has been the cost to date and what is the expected cost to complete the program?

Mr CHAIR: Mr Chair, do you accept the question?

Mr WILSON: Yes.

Mr CHAIR: The question asked by the Member for Braitling has been allocated number 10.2.

Mr BURGOYNE: What is Power and Water Corporation's role in large-scale battery installation, such as the \$45m Darwin–Katherine BESS?

Ms POLLARD: We have been involved, from a connection perspective, in the power system.

Mr BURGOYNE: Will the BESS allow the grid to run on solar alone during the day?

Mr VLAHOVIC: The initial role of Power and Water is the data connection process. The answer to whether will we run without any thermal generation is no. It purely has a grid stability role.

Mr BURGOYNE: We touched earlier on the cost to Power and Water Corporation of reaching 50% renewables by 2030. Are you happy with the figure of \$850m over the next five years in capital works? Is there a figure Power and Water Corporation has modelled that gives us the cost of getting to that figure by 2030?

Mr WILSON: It is that number.

Mr BURGOYNE: The statement of corporate intent recognises the Northern Territory has the weakest gross state product of all states and territories, -0.6%. How does that low growth and low population growth impact Power and Water Corporation?

Mr WILSON: It has a significant impact. Our role with lead times on the installation and testing for renewables are longer than consumer decisions, commercial and residential, to install capacity that requires power and water. We configure the lower growth in our expectations and forecasts for system development. We have a range on that. We are seeking to provide for a bit of upside capacity ahead of that growth rate, as we all hoped.

Mr BURGOYNE: Your Community Service Obligations—CSO—are forecast to halve in the next few years, from \$28m this year to just \$14m in 2023–24, primarily due to the end of the gas concession. What impact will this have on Power and Water Corporation's bottom line?

Mr WILSON: That is a funding line from general government to us on Community Service Obligation; we would take that out. Within our expectations for setting new rates with the AER determination and other elements with our growth and efficiencies we are pursuing, we would endeavour to meet the needs of the customers, as best we can. That is a source of continuing discussion with the government, where we identify a necessity that might need a change to the CSO arrangement. That is a contemporary discussion.

Mr BURGOYNE: It will affect your budget negatively?

Mr WILSON: Yes. If you take an allocation out it does affect it, unless you replace it in some other way.

Mr BURGOYNE: How will you end up compensating for it?

Ms STEWART: The gas CSO ends in 2023. The assumption in the new SCI assumes that the revenue would be replaced through sales to customers. That is our intention. We do not want to have to rely on CSOs to cover revenue or gaps in costs.

Mr BURGOYNE: Is that increasing the cost of the services you are providing or having new customers come on board?

Ms STEWART: For the gas one in particular, the assumption is that we would be able to sell that gas to the spot market or the open market and receive revenue to replace the CSO.

Mr BURGOYNE: The operating expenditure is projected to increase year-on-year and personnel costs are projected to increase sharply this year, from \$92.7m to \$105.6m. What is driving this increase? Will this mean more employees? If so, what projects are they being tasked to do?

Mr WILSON: We are expecting a growth in employees because of the investment program we have under way—we need skills.

Ms STEWART: The previously published SCI had a projection of personnel costs that were reflective of the head count and people we had at the time. We have an employee base that is less than that projection. The new SCI reflects that we are fully staffed and resourced. It is challenging sometimes to attract staff to the Northern Territory. There is an assumption we have made in the SCI. It says that we are reflecting the NTG wages policy. There is an impact to the SCI personnel cost that is slightly different from prior use where we were reflecting a rough increase on the previous EBA and that the personnel costs would go higher despite the fact that you had more or less head count throughout the year. The new SCI reflects a set number of head count and the NTG wages policy was announced last year. It is more of a flat rate across the four years.

Mr BURGOYNE: Power and Water staff are affected by the four-year pay freeze in the same way other government employees are?

Ms STEWART: We have taken that assumption at this moment. The EBA for Power and Water is in negotiation.

Mr BURGOYNE: The operating expenditure works out to about \$1,250 per customer per year and continues to increase. Has the shareholding minister raised this with you as a concern?

Mr WILSON: The shareholding minister has shared with us the objective of keeping the cost to customers as low as we can, consistent with the capital expenditure obligations we have ahead of us.

Mr MALEY: Are we looking at a power price increase in the future?

Ms POLLARD: From a Power and Water perspective our contribution towards the electricity supply chain and the cost of power is based on the electricity network charges, system control and market operator functions. We are in the throes of developing our next regulatory proposal to the Australian Energy Regulator, which is due in January next year. Current indications are that increases will be required, largely driven by where we see CPI and inflation heading, and the cost of debt increasing. How that translates ultimately to electricity prices to customers remains to be seen. That decision sits with the Northern Territory Government. Most of the customers in the Territory continue to have pricing protection under the Electricity Pricing Order.

In terms of the interaction in how we recover our revenue streams and costs, subject to regulators approving them we would then seek to pass those costs through to electricity retailers.

Mr MALEY: Are there any outstanding power bills from consumers?

Ms POLLARD: We are no longer the primary electricity retailer, except for in remote Aboriginal communities. Jacana is the primary electricity retailer; it would be a question for them.

Mr MALEY: Is there any money owing to you from the Aboriginal communities?

Ms POLLARD: Most of them are on prepayment meter arrangements, which is a good way of minimising debt. We do not have significant debt outstanding from remote Aboriginal communities.

Mr MALEY: Can you give us an idea of what the debt might be?

Ms STEWART: I would have to take that on notice, but I it would be debt held in the Indigenous Essential Service Pty Ltd accounts—our subsidiary company. Power and Water acts as the retailer for that service; it sells the prepaid tokens to Indigenous communities. From my recollection, there is nothing that is outside the normal realm of commercial terms. We do them as prepaid tokens. It is not so much the debt outstanding ...

Mr MALEY: Are we talking hundreds, thousands or millions?

Ms STEWART: For the debt figure for IES? I can take it on notice. I can probably find the answer during the course of this session.

Mr CHAIR: Indigenous communities are buying prepaid power, therefore they are paying for it upfront?

Ms STEWART: Yes, upfront.

Mr MALEY: There is a small debt, if you want to take the question on notice.

Ms STEWART: We are happy to take that question on notice.

Question on Notice No 10.3

Mr CHAIR: Member for Nelson, please restate the question for the record.

Mr MALEY: What is the debt owed to Power and Water or one of its subsidiary companies in relation to outstanding power bills?

Mr CHAIR: Mr Wilson, do you accept the question?

Mr WILSON: Yes.

Mr CHAIR: The question asked by the Member for Nelson has been allocated number 10.3.

Mr BURGOYNE: The Power and Water Corporation dividend always interests me. Have you paid that as part of your obligation, even though you have run a net loss?

Mr WILSON: I have extensive experience with this. A dividend can be paid from the profit of the period, but in other instances where a loss has occurred and the loss is expected to be temporary sometimes it is paid from general equity. That is a matter that we negotiate with the minister each year. Sometimes you can incur a small loss and still pay a dividend on the expectations.

Mr BURGOYNE: Have you budgeted a dividend for this financial year?

Mr WILSON: Yes, we have.

Mr BURGOYNE: How much?

Ms POLLARD: It is approximately \$2m.

Mr BURGOYNE: Last year?

Ms POLLARD: We paid a dividend of \$2m.

Mr BURGOYNE: The electricity consumption is projected to increase in the next two years. Does that include projections of continued solar uptake and battery installation?

Ms POLLARD: It would be all-inclusive of all movements and expectations for the market, be it industry growth; a number of population projections we have put into the SCI and the modelling associated with that; and our best estimate of what may happen in the renewable space, including uptake of rooftop PV systems.

Mr BURGOYNE: We continue to talk about this huge uptake in solar. What is the risk of stranded assets due to decreased use of gas into the future?

Ms POLLARD: With our power services business and our system control business, this is a space we have been watching with interest for many years. More recently, as part of our future readiness planning and network strategy—which we are required to engage with members of the general public about—we held many forums to formulate it. As recently as last week we held a future network forum.

We are trying to reduce and mitigate the risk of stranded investment particularly as it relates to our electricity network infrastructure. What we are finding is the way we go about designing the electricity networks for the future is different to how we have traditionally had to plan.

Mr VLAHOVIC: The network continues to grow. How will our generators use gas in the renewable future that we are facing? There is increased use of the network and, as customers increase the solar on their rooftops, they still need the network to put the renewable energy back in. The connection of large-scale solar requires more connections to the network. From a network point of view we are not expecting to see or even experience risk with regard to stranded network assets.

Mr BURGOYNE: The government has indicated that it will adopt the Pepper inquiry recommendation that gas producers in the Territory compensate for life-cycle emissions. That relates to onshore gas. Does Power and Water have a similar obligation when it comes to compensating for gas purchased or sold in the Territory?

Ms POLLARD: No, I do not believe we do. We are not a gas producer. We purchase gas from a gas producer; those obligations do not apply to us.

Mr BURGOYNE: The government has flagged a keen interest in carbon capture and storage in the Northern Territory. Has Power and Water had any role in planning for that industry?

Ms POLLARD: No, we have not at this point in time. That may change in the near to medium term.

Mr BURGOYNE: That Blacktip offtake agreement will continue for another 12 years, expiring in 2034. However, with gas prices rising worldwide, Power and Water Corporation revenue from gas is expected to be lower than budget this year and only slightly higher next year. What is happening?

Ms POLLARD: We have a long-term 25-year gas supply contract with Eni for gas from the Blacktip field. In terms of the impacts to our revenue projections for this financial year, we have been made aware by Eni that it has faced gas supply challenges over the course of the 2021–22 financial year. Eni continues to keep us informed. We have a contract with Eni; there are expectations. We have alternate supply arrangements in place with other gas providers.

Mr BURGOYNE: Are they meeting their gas obligations regarding how much they supply to Power and Water Corporation?

Ms POLLARD: Not as it stands today, but moving forward our expectation is that they will be in a position to.

Mr BURGOYNE: We have an agreement in place with Eni to supply Power and Water Corporation with a certain amount of gas. The gas market is possibly at the highest it has ever been and we are unable to access that gas and sell it as a result of the issues we are having.

Ms POLLARD: We are not expecting that situation to continue into the future, which is why we see the revenue projections increase into the outer years in the SCI.

Mr BURGOYNE: Will Power and Water Corporation be given any sort of remittance for lost revenue?

Ms POLLARD: We are working with Eni, the gas producer, to resolve these issues. Beyond that, I cannot say much more because those arrangements are commercial-in-confidence.

Mr BURGOYNE: As the Chair, will you be pursuing Eni for lost revenue as a result of them not meeting their obligations to Power and Water Corporation?

Mr MURPHY: It is a complex situation. I have spent a lot of time trying to understand our commercial position. We will be acting on it in the normal fashion, depending on where the situation moves to.

Mr BURGOYNE: Are you able to give me an idea about the amount of gas usually supplied to Power and Water Corporation and the foregone gas that has not been supplied this year?

Ms POLLARD: I do not have those figures with me today. We will have to take that question on notice.

Question on Notice No 10.4

Mr CHAIR: Member for Braintree, please restate the question for the record.

Mr BURGOYNE: Are you able to let me know the amount of gas usually supplied to Power and Water Corporation under obligation, and how much gas has been foregone due to difficulties with Eni?

Mr CHAIR: Mr Wilson, do you accept the question?

Mr WILSON: Yes.

Mr CHAIR: The question asked by the Member for Braintree has been allocated number 10.4.

Mrs LAMBLEY: The problem with Eni supplying the gas has just happened over the last 12 months?

Mr MURPHY: Correct.

Mrs LAMBLEY: Last year you said that your projected revenue was lower than expected because you could not sell the gas. The market for the gas did not transpire. This is quite a turnaround.

Mr MURPHY: The market is now bare and there are issues on the supply side.

Mr MALEY: When do you foresee the gas supply coming back to normal?

Mr MURPHY: Our expectations are that by the end of this year we will be back to usual production.

Mr MALEY: Are you having to buy gas somewhere else to make up the shortfall?

Mr MURPHY: Yes, Power and Water has a range of alternative arrangements in place. We purchase gas from other producers to ensure we can maintain the generation sector and essential services. We have arrangements with the two LNG producers in the Territory for emergency backup. That is all publicly known. If there was a serious situation we are not expecting to use those in the short term. In order to keep the lights on—we have enough gas to keep the generation, the hospital and all essential services customers going.

Mr BURGOYNE: What is the cost of buying that additional gas?

Mr MURPHY: The cost for the alternative supply is similar to what we are paying for the Eni gas. Emergency gas is linked—it has different arrangements. The pricing arrangements are all commercial-in-confidence.

Mrs LAMBLEY: Are you saying that Eni is effectively in breach of its contract with Power and Water?

Mr MURPHY: Because it is a legal matter, we have to be careful about what we say. This is commercial-in-confidence. Eni is not meeting its delivery obligations at the moment.

Mr MALEY: Are you receiving compensation for that?

Mr MURPHY: That is commercial-in-confidence. It is a legal matter, which is progressing. We are unable to comment on that.

Mr MALEY: Are Power and Water the plaintiffs or the defendants in that legal process?

Ms POLLARD: Eni is the seller; we are the purchaser. It is fair to say that would be something that Power and Water would initiate if we were not getting the requirements we needed under the contract.

Mrs LAMBLEY: At the price that was agreed to.

Mr MALEY: You have initiated proceedings?

Ms POLLARD: We are in the early stages. We will be taking appropriate action as we are required to, as a commercial entity.

Mr MALEY: Have any documents been filed in court yet in relation to this?

Ms POLLARD: No, not at this stage.

Mrs LAMBLEY: Am I right in saying that the outcome of this dispute could have a profound impact on the price of electricity in the Northern Territory?

Mr MURPHY: Power and Water has other arrangements in place. We have alternative suppliers and are purchasing gas. We are not expecting any change to electricity prices as a result of the alternative arrangements.

Mrs LAMBLEY: That is at a similar price?

Mr MURPHY: With the suppliers, and based on the profile I have, we do not expect there to be an impact on electricity prices.

Mrs LAMBLEY: That is unknown at this point? There is still uncertainty.

Mr MURPHY: You cannot 100% guarantee. If issues get worse, that changes the situation. Based on the information we have received, we do not believe there will be a material impact on electricity prices.

Mrs LAMBLEY: From a layman's perspective—which is mine—given the crisis in electricity supply and prices across the nation, I had a sense of comfort that we were protected because of the deal Power and Water has with Eni going back to Paul Henderson's era. What I am hearing makes me a bit nervous. Should Territorians be nervous?

Mr MURPHY: We have a long-term agreement in place. We expect that to continue and for the issue to be resolved this calendar year based on the projections we have received. Previously, it has been reported that we have been long on gas—we had more gas in our portfolio. Once we return to production that will be the situation if prices keep increasing on the east coast. With those sorts of prices we like to take advantage of the market, because the projections are that we will still be long on gas. That is why, even though we have reduced amount at the moment, it is still more than enough to cover the generation sector.

Mr BURGOYNE: Looking at your statement of corporate intent is it fair to say that, because of this issue, Power and Water Corporation has run a debt in this financial year?

Ms STEWART: The gas revenue and the margin from our gas business contributes greatly to our bottom line. If the expected operation free cash flows from that do not eventuate, because we have not been able to buy and sell what we were expecting, that can contribute to a need to borrow extra money to fund capital works et cetera.

Mr MALEY: How much are you expecting to decrease the cash flow by because you cannot sell the gas?

Ms STEWART: I would have to take that question on notice to look at the latest figures in the FY 2022 year.

Question on Notice No 10.5

Mr CHAIR: Member for Braintree, please restate the question for the record.

Mr BURGOYNE: In the upcoming 2022–23 budget, gas revenue is expected to be \$235.7m. How much will that be affected by ongoing disputes between Power and Water Corporation and Eni?

Mr CHAIR: Mr Wilson, do you accept the question?

Mr WILSON: Yes.

Mr CHAIR: The question asked by the Member for Brainting has been allocated number 10.5.

Mr BURGOYNE: How much has Power and Water Corporation budgeted for the Manton Dam Return to Service project in the next 12 months?

Mr WILSON: There are detailed numbers. The government has been supportive in assisting us.

Ms POLLARD: Recently, we were advised that funding will be provided to return Manton Dam to service and do the associated infrastructure works required to provide a water treatment plant at Strauss. Just shy of \$190m was funded for that project, which is the full amount we are anticipating will be required.

Mr BURGOYNE: Will that include the filtration devices so that it can be used for recreational and water? Power and Water Corporation is satisfied that the \$190m will be enough to return Manton Dam to service and for it to be used for recreational purposes?

Ms POLLARD: Yes, that is correct. There will be ongoing operational costs associated with it in relation to the recreational use activities but they are insignificant—maybe \$200,000 per annum.

Mr BURGOYNE: The AROWS project will have an estimated capital cost of approximately \$1bn. How much has Power and Water Corporation forecast will need to be allocated towards that project?

Mr WILSON: It is \$18m.

Ms POLLARD: We have been doing a lot of preliminary and planning activities regarding AROWS—the Adelaide River Off-stream Water Storage project—and the work our team has specifically been involved in. We have also been working closely with the Department of Industry, Tourism and Trade preparing a detailed business case that could be assessed by federal government bodies to ideally attract funding.

Just recently, in the same announcement for the Manton Dam Return to Service and Strauss Water Treatment projects, we were afforded a further sum of money in the order of \$16m to \$18m. That has been funded to DITT to continue the detailed assessment work. Hopefully, we will have success in the funding submission as well.

Mr BURGOYNE: Does Power and Water Corporation have a strategic look at this into the future? How many years are we expecting it to be until AROWS comes online?

Ms POLLARD: I do not have the exact time frames off the top of my head. For Manton Dam Return to Service we are looking to have the project completed by the end of FY 2026. From memory, it is into FY 2032 for AROWS.

Mr BURGOYNE: The SCI flags anticipated changes to the critical infrastructure act, to harden utility assets against natural disasters and hostile acts. What is the state of security at Power and Water Corporation and what funding will be required to upgrade or bolster our existing systems?

Ms POLLARD: We have been watching the developments with interest and talking with the former federal agency, Home Affairs. We are still in dialogue regarding the definition of assets and critical assets, in particular, and what that might cover from a Power and Water asset fleet perspective. I cannot give you an exact answer on what that looks like today or the costs associated with it. We are working towards getting a clear definition. Once we have that can form the funding requirements.

Mr BURGOYNE: Finally, just to pick up on something said earlier, for how long has Power and Water Corporation only had three members on the board?

Mr WILSON: Since June.

Mr MALEY: Can you give us an update on the Coolalinga central onsite water treatment plant?

Mr PORTER: Power and Water is operating the Coolalinga treatment plant. We took it over from the developers mid-last year. We are fully responsible for looking after it and making sure it is operational.

Mr MALEY: What is the long-term plan to fix the problem?

Mr PORTER: With the work we have been doing with DIPL, the ultimate solution is to connect Coolalinga back into the Palmerston system. DIPL has it in their 10-year infrastructure program to fund the pipeline.

Mr MALEY: How much is that plant costing you to operate per month?

Mr PORTER: It is costing somewhere in the order of \$30,000–\$40,000 per month. Given that it is a manually structured plant, we had to do a lot of work to upgrade it to make it fit for purpose. We are taking effluent offsite so there are no environmental issues associated with it.

Mr MALEY: Does the \$40,000 per month cover the removal of the waste water?

Mr PORTER: Yes.

Mr MALEY: Has the \$1.8m bond been spent?

Mr PORTER: Of the \$1.8m bond, we have expended approximately \$1m to upgrade the plant and make it fit for purpose.

Mr MALEY: You have \$.8m left to run it for the next 10 years?

Mr PORTER: To bring it up to standard. That is the CapEx component; the operational component is funded through fees and charges to the Coolalinga Central area.

Mr MALEY: Will people in the Coolalinga area receive a price increase in relation to their sewerage because of the extra cost of \$40,000 per month?

Mr PORTER: No, it was already built into the arrangement we had with the previous developer. The fees we are collecting from the community have been sufficient to operate the plant and will be into the future.

Mr BURGOYNE: Water is an issue for many communities, particularly in Central Australia. In the Yuelamu community the aquifer may have as little as 18 months' worth of supply left. What is being done to provide them with clean drinking water? What will happen in the future?

Mr WILSON: The problems we have experienced with Yuelamu since March have recently been a focus of our attention. It is a high-risk environment; a bore has failed. A rapid response group has gone to look at short-term remediation works and give it renewed capability for the next 18 months.

Mr PORTER: We had an immediate response to the situation. We undertook work to lower the pumps further down into the bore to access the aquifer water and did pump tests regarding the sustainable limits we could extract. There are two bores at Yuelamu: one was not operational; and we were running off one. By managing it operationally, we were able to get the second bore online so that the first bore could have a chance to recover. That has given the 18-month period to look at other solutions, which includes the existing dam and how, when and if we could bring it back online. There are other bores in the area operated by DIPL that we could tap into. We are looking at what the next solution is for Yuelamu but we have breathing space to look at a range of solutions.

Mr BURGOYNE: What has been the cost to date of trucking water into Yuelamu?

Mr PORTER: We did not truck any water into Yuelamu.

Mr BURGOYNE: Did you take bottled water into Yuelamu?

Mr PORTER: No.

Mr BURGOYNE: Regarding water safety in communities, what testing and audit procedures does Power and Water undertake to ensure that levels of microbes, minerals and other potential contaminants are within safe levels for residents?

Mr PORTER: Power and Water has an extensive drinking water quality management system which covers major, minor and remote communities across the Territory. We take tens of thousands of readings across communities over the year, which are monitored on a weekly and monthly basis. That is summarised in our Annual Drinking Water Quality Report, which is publicly available.

Mrs LAMBLEY: Going back to the problem with Eni providing gas, I note from a media release in October last year, Ms Pollard, you were quoted as saying:

Power and Water Chief Executive ... said the company was predicting an improve performance in 2021–22 by selling gas to the East Coast.

This is a critical part of your financial plan that is not playing out well. What is the potential loss to Power and Water at this point in time caused by the problems in gas supply Eni is presenting? Have you done any costings on the loss of revenue?

Ms POLLARD: We have done analysis on it but I do not have the numbers to hand today. The emphasis for us is working with Eni to resolve the issues first and foremost. We anticipate we will see improvement by the end of this calendar year, compared to where the situation is today.

Mrs LAMBLEY: Despite this problem with Eni?

Ms POLLARD: Correct.

Mrs LAMBLEY: Because you identified this in October as being a critical part of your plan to reduce your deficit, what has come into play that might offset the loss you are experiencing through lack of gas to sell on because of the Eni problem?

Ms POLLARD: I do not have all the figures with me today. An example is that from day to day, if we have surplus gas available to us under our various contractual arrangements, we have been able to make spot sales into the east coast. They have been favourable, given the pricing we have seen for gas there.

Mrs LAMBLEY: How many spot sales would you have made over this financial year to date?

Ms POLLARD: I do not have the exact numbers with me, but we could provide that as a question on notice.

Mr MALEY: Could you add to that input how many spot sales and how much money you have made?

Ms POLLARD: The money we have made would be commercial-in-confidence. We can provide the number of spot sales.

Mr MALEY: Why would how much money you have made be commercial-in-confidence? You sold a product.

Ms POLLARD: Typically they are to a customer.

Mr MALEY: There might be 10 spot sales and out of those figures you might have made \$10. We will not know where it went.

Mrs LAMBLEY: Rather than asking how many spot sales, how much revenue has been generated from spot sales over this financial year to date?

Question on Notice No 10.6

Mr CHAIR: Member for Araluen, please restate the question for the record.

Mrs LAMBLEY: How much revenue has been generated by spot sales over this financial year to date?

Mr CHAIR: Mr Wilson, do you accept the question?

Mr WILSON: Yes.

Mr CHAIR: The question asked by the Member for Araluen has been allocated number 10.6.

Ms POLLARD: The Member for Nelson asked a question earlier in the session this morning about the number of executive contract roles we have at Power and Water where people are acting. Five people are acting in executive contract roles, outside the two members of the executive leadership team.

Answer to Question on Notice No 10.2

Ms POLLARD: The total cost of the Alice Springs pole replacement to date is \$3.4m. The forecast cost over the CSI period, financial year 2023 through to financial year 2026, is \$12.2m.

Mr WILSON: I have one correction, Mr Chair. I said that the board of three applied from June. I have just checked my notes. There were three resignations or retirements from the board of six in April, so the board of three has applied from the beginning of May. I apologise for that.

Mr CHAIR: That concludes our session. On behalf of the committee, thank you Mr Wilson, as Chair; your colleagues; agency staff; and Ms Pollard and your team. Thank you for attending today.

Mr WILSON: Thank you, Chair and honourable members. We appreciated the time.

Mr CHAIR: We will take a short break for the changeover. Jacana Energy is next. I am looking forward to hearing about their NPS.

The committee suspended.

JACANA ENERGY

Mr CHAIR: Welcome back everyone to estimates 2022. We are with Jacana Energy. I welcome Ms Michele Dolin, Chair of the Jacana Energy Board. Ms Dolin, could you please introduce the officials accompanying you today?

Ms DOLIN: We have Lousia Kinnear, Chief Executive Officer, who probably know her from previous years; Trude Blizzard, Executive Manager Operations; and new to the group is Brendan Raftery, Chief Financial Officer.

Mr CHAIR: Ms Dolin, I will invite you to make a brief opening statement. I will then call for questions relating to the statement. The committee will then move on to consider questions regarding the corporation's 2022-23 statement of corporate intent. I will invite the shadow minister to ask their questions first, followed by committee members. Finally, other participating members may ask questions. The committee has agreed that other members may join in on a line of questioning pursued by a shadow minister.

Ms DOLIN: Thank you for the opportunity to be here. I am happy to move straight to questioning.

Mr BURGOYNE: What is the estimated increase in revenue to Jacana related to the increase in the solar feed-in tariff from homeowners?

Ms KINNEAR: The financial impacts on Jacana Energy are relatively cost neutral. While our costs are reduced because we are paying a reduced rate for the solar feed-in tariff, the revenue we would have received from CSO payments associated with that premium FIT has also reduced.

Mr BURGOYNE: The \$12m in savings will not be seen by Jacana?

Ms KINNEAR: No.

Mr BURGOYNE: How much is your CSO changing over the next year? Is it by \$12m?

Ms KINNEAR: There are a number of different inputs to the CSO, which is calculated by the Department of Treasury and Finance. The solar feed-in tariff payment portion will be reducing as part of the CSO.

Mr MALEY: Who will see the \$12m saving that the government announced? Your organisation would be the one who would technically get it, but you are saying you will not get it.

Ms KINNEAR: The premium feed-in tariff rate, which was the one-for-one tariff rate that existing customers have been on for some time, was over and above the value of the electricity from a cost perspective. The government has always provided a payment to Jacana for providing the premium feed-in tariff for that time, which is the difference between a premium feed-in rate and the cost of the rate.

Mr BURGOYNE: How much will that figure change in the next financial year in your budgeted figures?

Ms KINNEAR: Our costs come down from \$12m to \$13m, but our revenue comes down a corresponding amount. It is cost neutral to Jacana.

Mr MALEY: Going back to the \$12m saving the government announced, where do you think that will happen or will it not happen because it is cost neutral?

Ms KINNEAR: I cannot comment on that, it is a matter for government in how they allocate their budget expenditure.

Mr MALEY: They are telling us it came from the feed-in tariff, the reduction, but you are saying that feed-in is a neutral reduction.

Ms KINNEAR: For Jacana Energy there is a saving to government as a result of the change, but that saving is not provided to us.

Mr MALEY: What is that saving the government?

Ms KINNEAR: That is the \$12m we have been referring to.

Mr MALEY: But your revenue will be reduced by \$12m?

Ms KINNEAR: Correct, yes.

Mr MALEY: Then there is not a saving.

Ms KINNEAR: Not a saving to Jacana, no. There is a saving to the payments made through government.

Mr BURGOYNE: Was Jacana consulted prior to the decision by the shareholding minister to decrease the solar feed-in tariff for homeowners?

Ms KINNEAR: Yes. There was an ongoing discussion between the relevant parties about the most appropriate decisions to be made in relation to the solar feed-in tariff.

Mr BURGOYNE: What was Jacana's advice to the shareholding minister, if any?

Ms KINNEAR: Taking into account that the one-to-one feed-in tariff rate was over and above what you would expect to pay for a solar feed-in tariff rate—which is consistent with what has happened in other jurisdictions—Jacana is supportive of a decision to reduce the rate.

Mr BURGOYNE: How many individual complaints has Jacana received since the cut to the solar feed-in tariff was announced?

Ms KINNEAR: I do not think we have the answer to that question on hand.

Ms BLIZZARD: No, not specifically. I can look up how many solar feed-in tariff-related complaints we have had over the last few months. They would not necessarily be in relation to the transition to the standard FIT.

Mr BURGOYNE: We may be able to see a slight increase over previous years. While you are getting that information, how many long-term PPAs does Jacana have and what entities are those agreements with?

Ms KINNEAR: We have a number of electricity supply agreements. I cannot go into the details but we deal with three major suppliers of electricity and have long term PPAs with all of them.

Mr BURGOYNE: The changes to the feed-in tariff will not affect the power purchase agreements?

Ms KINNEAR: Correct.

Mr BURGOYNE: What is the capital expenditure in 2021–22 and 2022–23 for? There seems to be a huge amount of capital expenditure.

Ms KINNEAR: It is worth pointing out that it is a tiny percentage of our budget. The increase in capital expenditure is primarily related to IT systems investment associated with the transition to a new market interaction system with the network provider.

Mr BURGOYNE: What is the estimated profit/loss for Jacana this financial year?

Ms KINNEAR: We forecast that we would make a profit in the region of \$9.8m before interest and tax for this financial year. We will not make that this year. At the moment we are forecasting a modest profit of about \$1.8m.

Mr BURGOYNE: What was the previous financial year net profit?

Ms KINNEAR: It was –\$100,000.

Mr BURGOYNE: What has the turnaround been due to in that profit?

Ms KINNEAR: A lot of factors vary in any year-to-year budget. We have worked constructively with Power and Water Corporation over the last 12 to 24 months to address some of the material variations we were seeing in network charges from prior years, which has been the main driver of those losses. This year we have had no issues at all. We have restructured our agreements with Power and Water Corporation, which is mutually beneficial for both parties, and have basically come in on budget in relation to that. Revenue has been above forecast for this year, which is primarily associated with higher than average temperatures that the Territory has been experiencing.

Mr BURGOYNE: People are using more electricity and as a result you are seeing more money?

Ms KINNEAR: There has been a cost increase as well. It is not just revenue, there has been a revenue increase above forecast.

Mrs LAMBLEY: How does it work out if your projected surplus—you said that in 2021 you projected a surplus of \$9.8m and it was down by \$8m; however, your market share increased during that period. Is that right?

Ms KINNEAR: The number of connections has increased modestly but not in a material way that would have a major impact. It would not be \$8m worth of revenue.

Mrs LAMBLEY: How do you account for the drop of \$8m?

Ms KINNEAR: The variance in performance is predominantly due to higher than budgeted generation costs, and part of that is associated with the increase in consumption; and environmental certificates that we are required to purchase as part of a federal scheme. Those costs have increased markedly over the last 12 months and we have had to incur additional costs associated with it.

Mrs LAMBLEY: What are environmental certificates?

Ms KINNEAR: They are renewable energy certificates that we are required to purchase under the Renewable Energy Target scheme, which is set by the federal government. On behalf of customers, we are required to offset black electricity purchased from suppliers through the purchase of green electricity certificates generated by renewable energy sources around Australia. They are the large-scale generation certificates and the small-scale technology certificates that customers ask for.

Mrs LAMBLEY: How much do they cost?

Ms KINNEAR: It varies year-on-year because the market price changes. It forms anywhere between \$20m to \$25m of our cost.

Mrs LAMBLEY: They have increased because of the increased demand?

Ms KINNEAR: Yes. I could talk about this for days but I will not bore you with lots of details. It is not a completely unregulated market. The Clean Energy Regulator sets a target for the generation of large-scale certificates on an annual basis. If the market believes there will be a shortfall or there is a greater demand than expected for the certificates, it impacts the price. There is higher demand for the certificates, particularly as private entities and corporate bodies look to transition to green energy supply by voluntarily purchasing them.

Mrs LAMBLEY: That \$20m to \$25m goes where, exactly?

Ms KINNEAR: That is surrendered to the Clean Energy Regulator through certificates to address our liability. It is a federal government scheme.

Mr MALEY: What determines how many certificates you have to buy each year?

Ms KINNEAR: The amount that our customers consume. It is volume related.

Mr MALEY: Is that related to your solar, too? The more solar we get, the less certificates you have to buy.

Ms KINNEAR: That is correct. We can either purchase the certificates from the market or through generation of electricity if we have a PPA with a solar provider.

Mr BURGOYNE: In relation to the \$8m, how much has the delays in the connection of the solar farms in the Darwin-Katherine grid impacted on the expected net profit?

Ms KINNEAR: There has been an impact. I cannot discuss the value, given that it is commercial-in-confidence. We forecast to receive more solar energy than we have at this point in time.

Mr BURGOYNE: How much has Jacana paid, in total, to the three solar farms that are awaiting connection, even though they are yet to produce any electricity?

Ms KINNEAR: One of the farms is producing electricity and we are making payments to that solar farm. I cannot release those values as it is commercial-in-confidence.

Mr BURGOYNE: Is Jacana Energy paying the solar farms that are yet to be connected to the grid as part of any offtake agreements?

Ms KINNEAR: We are paying for energy being dispatched out of one of the solar farms.

Mr MALEY: Can you tell us how much?

Ms KINNEAR: No, I cannot.

Mr MALEY: Can you tell us if that is the commercial rate?

Ms KINNEAR: No, I cannot.

Mr BURGOYNE: There are solar farms that are not connected to the grid. They were due to be connected to the grid. Is Jacana Energy paying any money to those providers, even though they are not producing electricity into the grid?

Ms KINNEAR: If they are not producing any electricity we are not paying them.

Mr BURGOYNE: Is the electricity being produced by the solar farms being utilised in the grid?

Ms KINNEAR: A small amount, yes.

Mr MALEY: Out of one farm?

Ms KINNEAR: Yes.

Mr BURGOYNE: Is Jacana paying for all electricity produced or all electricity exported?

Ms KINNEAR: All electricity despatched through the system, which is equivalent to what electricity is being produced.

Mr BURGOYNE: Jacana is not paying for solar farms to sit idle as a result of extended delays to commissioning?

Ms KINNEAR: No, we are not.

Mr BURGOYNE: The government released its Darwin-Katherine electricity system plan last year. What role will Jacana play in procuring the additional renewable generation outlined in the plan?

Ms KINNEAR: We are looking at it in more detail. We do not have plans that I am able to discuss publicly at this point. We see ourselves playing a role in facilitating government to achieve those targets as part of the Darwin-Katherine electricity system plan.

Mrs LAMBLEY: What percentage of the market share do you have in selling electricity?

Ms KINNEAR: I can take that on notice.

Mrs LAMBLEY: I suppose it changes?

Ms KINNEAR: It does, yes.

Mrs LAMBLEY: Would there be a median point over the last 12 months?

Ms KINNEAR: Yes. Generally, we still have the majority of residential customers. Only a small number of residential customers are with other electricity providers.

Mrs LAMBLEY: How many other electricity providers are there?

Ms KINNEAR: That is probably not for me to answer because I am not the regulator and do not hold the licences. Anecdotally, there are another one or two retailers active in the market.

Mrs LAMBLEY: Can you take that on notice?

Ms KINNEAR: Yes.

Question on Notice No 11.1

Mr CHAIR: Member for Araluen, please restate the question for the record.

Mrs LAMBLEY: What total share of the electricity market does Jacana hold as of today?

Mr CHAIR: Ms Dolin, do you accept the question?

Ms DOLIN: Yes.

Mr CHAIR: The question asked by the Member for Araluen has been allocated number 11.1.

Mrs LAMBLEY: Do you, as a government-owned corporation, have an unfair advantage over other players in the market?

Ms KINNEAR: No, we do not. With the way the market is structured and regulated and the rules by which we have to operate, in the NT market and under Australian competition and consumer law, we make sure we abide by those practices to ensure we are not unfairly disadvantaging other retailers in the market.

Mr BURGOYNE: Back to the despatch of electricity by the one solar producer near Katherine. How many megawatts have been taken from the one producer?

Ms KINNEAR: I cannot talk details about the number of megawatts we have taken at this point in time because it is commercial-in-confidence information. I can tell you it is at a very low level.

Mr BURGOYNE: Less than 100 megawatts?

Ms KINNEAR: Yes. The solar farms combined are only worth about 50 megawatts.

Mr BURGOYNE: Will Jacana be seeking to run its own procurement processes for generation outside of the government's plan in regard to the Darwin-Katherine Electricity System Plan?

Ms KINNEAR: In any procurement of generation we do we always look to ensure that we were consistent with the government's intentions and plan.

Mr BURGOYNE: From last year's statement of corporate intent, the forecast cost to serve for this coming year was to be \$190. It has now been made \$202, which is \$12 extra per customer for Jacana to serve them. Why is this happening?

Ms KINNEAR: That is primarily as a result of additional expenditure in relation to the IT system investment. We have to make a relatively major transition to a new IT system in the next 12 to 18 months and as a result we need additional resources to ensure that change happens smoothly and effectively.

Mr BURGOYNE: We keep talking about the IT system but you also spoke earlier about the additional cost of not being able to switch over to the solar farms. How much, as a percentage, is the additional cost of the IT system and how much from not being able to fulfil contracts that you were otherwise hoping to?

Ms KINNEAR: The cost to serve metric only looks at our operating expenditure, which is about 5% of our overall expenditure and is about \$19m annually. That is a separate line item in our SCI. The cost to serve does not include our cost of goods, which is generation and network charges. That is a separate line item within our SCI.

Mr BURGOYNE: How is the extra \$12 being recovered? Will it be passed on to customers or is the government paying additional CSO?

Ms KINNEAR: No, we fund it out of our own costs.

Mr BURGOYNE: You are absorbing it and that is part of why there is an \$8m reduction in net profit?

Ms KINNEAR: This year, not so much. Our operating costs constitute about 5% of our overall budget. Approximately 90% of our costs are generational and network costs. The contribution that the additional cost to serve would make is a small component of the \$8m.

Mr BURGOYNE: In 2020–21 the cost to serve was only \$187. Is this increased cost to serve the additional expenditure in the IT system?

Ms KINNEAR: The majority is related to additional investment required in IT. A portion would be changes in personnel roles and that type of thing, as we mature as an organisation.

Mr BURGOYNE: Has the number of employees increased?

Ms KINNEAR: We are above our usual target but we view that as a temporary measure. The majority of those FTEs are within our call centre; we have run at a level above what we normally would. Given the impacts that have occurred with COVID, lockdowns and isolation requirements within the last six months, we tried to ensure that we had sufficient employees in the business to service customer inquiries.

Mr BURGOYNE: What is the target number of FTEs and what is the current number?

Ms KINNEAR: We have about 78. We prefer to hover between the 65 and 70 mark.

Mr BURGOYNE: Has the shareholding minister asked you to correct the issue of running above your target?

Ms KINNEAR: We make ministers aware of the situation and the reasons. Resourcing within a government-owned corporation is managed at my level and at board level.

Mr BURGOYNE: Are you recovering increased costs from commercial customers?

Ms KINNEAR: We pass on any increase in our costs to our large customers at the time their contracts are renewed. For example, there has been an increase in renewable energy certificate costs over the last 12 months. Those costs are passed on when we rebalance the costs accordingly with what we are paying the market.

Mr MALEY: What percentage have your commercial costs gone up in the last 12 months?

Ms KINNEAR: We can talk about the variance in the line items within our SCI to budget that would have contributed to any costs increases. We cannot tell you exactly what the cost increases were to commercial customers as it varies depending on how much the customer uses, type of industry, the length of the contract and so forth. I would have to take that on notice.

Question on Notice No 11.2

Mr CHAIR: Member for Nelson, please restate the question for the record.

Mr MALEY: How much has your commercial costs to customers gone up in the last 12 months?

Mr CHAIR: Ms Dolin, do you accept the question?

Ms DOLIN: Yes.

Mr CHAIR: The question asked by the Member for Nelson has been allocated number 11.2.

Mr BURGOYNE: How long does it take on average to connect a customer, and how does that compare to other states and Territories?

Ms BLIZZARD: If you are referring to mass market customers, which is the only thing I can comment on, we pass those requests on to Power and Water. We raise them on behalf of the customer. We can accommodate a same-day connection in accordance with our agreement with Power and Water.

Mr BURGOYNE: Do you have numbers of how many were connected on the same day?

Ms BLIZZARD: I do not have those on me but I can take that on notice.

Question on Notice No 11.3

Mr CHAIR: Member for Braitling, please restate the question for the record.

Mr BURGOYNE: How long does it take on average to connect a customer, and how does that compare to other states and Territories? How many customers are connected on the same day, and how many connections are made a day later or longer?

Mr CHAIR: Chair, do you accept the question?

Ms DOLIN: Yes.

Mr CHAIR: The question asked by the Member for Braitling has been allocated number 11.3.

Mr BURGOYNE: What work is being done with Power and Water Corporation to bring down the connection time? Same-day connection is great. Is there any work being done with Power and Water Corporation to ensure that all people are connected on the same day?

Ms BLIZZARD: It depends on what the customer requests for their connection dates. To clarify my earlier answer, if that request comes in before 2.30 pm in the afternoon we will raise it for the same day. In the vast majority of cases, particularly in larger locations, it will be actioned by Power and Water on the same day. Power and Water also accommodates same day, like after-hours same-day connection requests in most locations.

Mr BURGOYNE: Have any other solar proponents threatened or commenced legal action in regard to the lack of up take in solar farms being connected?

Ms KINNEAR: Not to my knowledge.

Mr MALEY: Is there any money owing to Jacana Energy in outstanding power bills from civil customers?

Ms KINNEAR: Yes, there is. A portion of our customers always have a debt to Jacana Energy or are overdue on their bills. About 2,000 customers have a debt longer than their bill due date.

Mr MALEY: What is that amount?

Ms KINNEAR: It varies between customer. The average amount of that debt is about \$1,000.

Mr MALEY: How much is outstanding to Jacana Energy?

Mr RAFTERY: It is on an ageing bucket but I can come back to you in confidence with the breakdown of where they are, more so than anything else.

Mr MALEY: What is an ageing bucket?

Mr RAFTERY: We are talking about debts that are outstanding over the 30-day period and 14-day period and where we collect those, classifying by mass market, commercial, industrial and government.

Mr MALEY: Can you give us a breakdown of commercial, private and government?

Ms KINNEAR: We can give you a total figure. For our commercial customers we do not necessarily want to provide that commercially sensitive information, but we can give you an idea about the outstanding debt

Mr MALEY: How much money is owed to Jacana from commercial customer? There will not be any commercial-in-confidence in relation to that.

Ms KINNEAR: We will have a look at the figures and let you know what we can break it down to.

Mr MALEY: Do you want to do that on notice? You do not have it now?

Ms KINNEAR: No, not broken down in that format.

Mr MALEY: Can you give the total money owing to Jacana in relation to outstanding power debt? Then we can take it on notice and break it down.

Ms KINNEAR: It may be better to take it on notice only because we do have a provision for bad and doubtful debts, which sits in our operating budget. That only accounts for debt that is aged over 90 and 120 days, where we make a calculation on the extent to which it is recoverable. If you are looking for the total debt outstanding rather than that provision we would have to take it on notice.

Question on Notice No 11.4

Mr CHAIR: Member for Nelson, please restate the question for the record.

Mr MALEY: Can you provide the committee the amount outstanding to Jacana Energy in relation to customers in total and then a breakdown of commercial customers, civil customers and government customers?

Mr CHAIR: Chair, do you accept the question?

Ms DOLIN: Yes.

Mr CHAIR: The question asked by the Member for Nelson has been allocated number 11.4.

Mr BURGOYNE: In regard to the staffing levels mentioned previously, how many are executive positions?

Ms KINNEAR: Regarding the additional positions, the number of executive positions that report to me has not changed.

Mr BURGOYNE: What does that sit at?

Ms KINNEAR: It sits at four executive positions.

Mr BURGOYNE: Do those people all reside in the Northern Territory or are they interstate?

Ms KINNEAR: They all reside in the Northern Territory.

Mr MALEY: How many of your employees are on short-term contracts or a contract rather than full-time government permanent jobs?

Ms KINNEAR: Within our call centre we operate on a mix of ongoing or permanent employees and contract staff on the basis that we need flexibility in our staffing levels based on the volume of calls we take. As at 31 March of this year the total on contract, or casual or fixed term contracts was 25, which is about 30% of our employees.

Mr MALEY: How many are permanent employees? You said there are 35 on contract.

Ms KINNEAR: There are 25 on contracts and 49 permanent.

Mr MALEY: Why are there 25 on contracts? Is it to provide that flexibility?

Ms KINNEAR: Yes, particularly in the IT space. We bring people in on short-term contracts to run projects.

Mrs LAMBLEY: As a local member of parliament in Alice Springs, one of the most common problems presented to us is issues people have with billing by Jacana—paying their bills or trying to sort out problems. They cannot seem to access the right person to help them, often for a long period of time. I am thinking of one poor man who has been disputing his bill for months and months. What are your opening hours? How many officers do you have? Where are they? How often are they open throughout the Northern Territory?

Ms KINNEAR: We have officers based in Alice Springs and Darwin. Customers can get in contact with us through a number of different channels. The main channel is our call centre; there are operatives in Alice Springs and Darwin. We are seeing a significant uptake in the use of digital channels so we offer inquiries through Facebook Messenger, for example; we have online forms on the website; and we have given customers access to a lot of their information and details through our 'my account' online portal.

Mrs LAMBLEY: That is not much good for older people who do not access any of that. They are the type of people I see regularly in my office with all sorts of problems. It is awful for them. What advice do you give them? How often is the Alice Springs office open? What are the face-to-face hours?

Ms KINNEAR: There is a demographic who like to talk to us face-to-face. We do not offer a face-to-face service in Alice Springs.

Mr BURGOYNE: How long has that been gone?

Ms BLIZZARD: The Power and Water shopfronts, which offered Jacana Energy services over the counter—the last one closed in 2019.

Mrs LAMBLEY: Do you have a shopfront in Darwin?

Ms KINNEAR: No, we do not. That one closed at the same time.

Mrs LAMBLEY: No shopfronts at all? You cannot have a face-to-face conversation with anyone about a Jacana bill?

Ms KINNEAR: You can have a conversation over the phone or online with a customer service agent.

Mrs LAMBLEY: How does that go with people who have limitations? They cannot navigate that.

Ms KINNEAR: The majority of our customers are comfortable with the service channels, acknowledging that people who have other issues, may not be comfortable picking up the phone or are not sure how to do that, are usually reliant on support services. We engage with a number of welfare agencies in Alice Springs and Darwin. There are outreach services that customers can use if they need to contact us. In the last 12 to 24 months we formed an outreach program, partnering with outreach and welfare agencies, called Team Connect. That is where we offer face-to-face engagement and services to customers in remote and regional areas.

Mrs LAMBLEY: You acknowledge that it is a problem for some of your customers?

Ms KINNEAR: Not all channels are suitable for some customers, albeit a small number. We look for ways to go above and beyond to support those customers when we need to.

Mrs LAMBLEY: The year 2019 was a long time ago. You saved a lot of money by closing those shopfronts?

Ms KINNEAR: They were operated by Power and Water Corporation and we paid them a fee to service. It was not a material amount of money in that sense; it was not a cost-saving exercise. We are noticing a preference for the majority of customers to engage with us online—that is voluntary. Having said that, given the breadth and diversity of our customers, we need to ensure we can service the widest range of customers, not just a mainstream group.

Mrs LAMBLEY: Is there someone people can go to if they are having lots of problems with Jacana, like an ombudsman or a Jacana special person who looks after ongoing and difficult problems?

Ms KINNEAR: We have an escalation process and a resolutions officer within Trude's team. If there are multiple or ongoing issues a customer feels are not being resolved, we can put them through the resolutions process to work through the best outcome for that customer.

Mr CHAIR: We might take this opportunity to look at the NPS scores this year.

Ms KINNEAR: Despite the challenging circumstances we had with resourcing during the COVID period, which impacted call wait times, the team did an amazing job to maintain customer satisfaction levels. The highlights for Jacana Energy in customer service performance was an increase in our year-to-date net promoter score, year-on-year. We are at 56-plus. We were at 52, which suggests that the majority of customers are rating their interaction with us at probably a nine out of 10. When customers are interacting with us the team go above and beyond to try to resolve their issues. Customers report that 86% of the time we are resolving their issues on the spot.

Mr MALEY: How many people are employed in your call centres in Darwin and Alice Springs?

Mr CHAIR: While you are looking for that, it is worth putting the NPS into context.

Mrs LAMBLEY: What is an NPS?

Mr CHAIR: A net promoter score. The way that you get a net promoter score is not hugely scientific. It is done across the board. A plus-something score is unusual. To have 56-plus is extraordinary.

Ms KINNEAR: At Jacana we are proud of outperforming industry benchmarks. When a customer has had an interaction with us, we send them a survey. In that survey, we ask them if they are satisfied with the service they received and if they would recommend Jacana Energy to another person based on that interaction. If they say, 'Yes, absolutely,' then it gets a rating of between eight and ten. If they say, 'It was good, you are okay,' then it is a neutral rating of between five and seven. If they are unhappy then it is a negative rating, which is less than five. We use those scores to aggregate to a net promoter score.

Industry benchmarks of net promoter scores in electricity retailers are not high. In other retailers I have worked in, as well as my industry counterparts, you are happy with getting a plus rating at all. Some of the larger ones tend to have negative ratings.

Mrs LAMBLEY: Unfortunately, as members of parliament, we get the bad news not the good news. It is nice to hear the good news.

Mr CHAIR: A 56-plus is extraordinary. Banks and other financial institutions are in the negative.

Ms KINNEAR: To maintain that, particularly given the challenges relating to COVID over the last 12 months, the team have gone above and beyond.

Mr MALEY: Do you have the staff numbers?

Ms KINNEAR: For frontline employees, it is 48. The majority of our employees are frontline, about 60% of our total FTE account.

Mr MALEY: When you say frontline, is there a call centre set up where your job is to sit there and answer the phone?

Ms KINNEAR: That is the majority of those employees. We also have account managers in our large customer areas.

Mr MALEY: In Darwin?

Ms KINNEAR: Forty-eight in total. I do not think I have the breakdown.

Ms BLIZZARD: In Alice Springs, we employ six people.

Mr MALEY: They would be on the front line, answering the phone and other things?

Ms BLIZZARD: Correct.

Mr BURGOYNE: Have any consultants been used in the last financial period by Jacana and what was the total cost of those consultants?

Ms KINNEAR: As at 31 March 2022, we had engaged 13 consultancies. Five were based in the NT and eight were based interstate. The total cost was \$484,063.

Mr BURGOYNE: Who does Jacana Energy contract to read the meters?

Ms KINNEAR: That is the responsibility of Power and Water Corporation. It provides that service on behalf of customers.

Mr BURGOYNE: An issue that often relates to customers trying to get their bill is that the bill is given to them from Jacana, which has to wait for Power and Water to provide the meter readings. How often are the meter readings delayed?

Ms BLIZZARD: There are a few different components to delayed billing. I talked about this last year as well. At the moment we have 341 accounts that have billing delays over 120 days. We have processes in place to make sure accounts bill on time and to follow up with Power and Water Corporation to obtain a read if we have not yet received one. We work closely with Power and Water Corporation to get that process running as smooth as possible.

Mr BURGOYNE: For those 341 accounts that are over 120 days, what occurs? Is that person not paying for power?

Ms BLIZZARD: Not until they are billed, typically. It depends on the nature of the delay and the financial impacts. We reach out to customers to have the conversation and our recommendation would always be for the customer, while we are sorting things out, to keep making payments to their account to avoid a larger bill at the end of it. If that occurs we offer a range of flexible payment arrangements to help alleviate the impact.

Mr BURGOYNE: That has been raised with me. Whilst Jacana is quite happy to say, 'Just pay the money into the account', there are lots of elderly people who are on a pension and they want to know how much money they have for the remainder of the quarter. The ability to get their bill on time is important. Is there any reason why for two people living beside each other, both receiving paper bills, one would receive it on one day and one would receive it weeks or months later?

Ms BLIZZARD: Without knowing the specifics, there are a few different scenarios. The type of meter the customer has would have an impact. Basic meters are read at certain intervals by the network provider. If it is a smart meter, the read comes through digitally and it is read remotely. That would be the most logical explanation for that scenario.

Mr BURGOYNE: In order for customers to upgrade to smart meters so their bills could come on time, the cost is then worn by the consumer?

Ms BLIZZARD: Typically, yes. Power and Water Corporation has an upgrade program in place as well. If the customer requests an upgrade to a smart meter there is a cost associated with that.

Mr BURGOYNE: I have heard about the upgrade program; that is good to know. Hopefully, Braitling will be one of the first areas to receive some of the 25,000 meters.

Mr CHAIR: That concludes our session today. On behalf of the committee, Chair Dolin, I thank you, your team, everyone else out the back who may not have had a chance to come in and everyone else who has helped prepare the work. Well done on the NPS, my favourite element of this session.

The committee suspended.

TERRITORY GENERATION

Mr CHAIR: We will continue estimates 2022. I welcome Mr Dennis Bree, Chair of the Territory Generation Board. Can I ask you to introduce the officials and officers who are accompanying you?

Mr BREE: Chair and committee members please allow me to introduce our Chief Executive, Gerhard Laubscher; General Manager Finance Business Services, Maria Walters; and General Manager Operations and Maintenance, John Greenwood. In the Elsey Room there is General Manager Commercial and Project Due Diligence, Eddie Mallan; General Manager Legal Governance and People, Hieu Nguyen; and General Manager Assets and Engineering, Minh Tran.

Mr CHAIR: I invite you to make an opening statement should you wish. I will then call for questions relating to the statement. The committee will then move on to consider questions regarding the corporation's 2022-23 statement of corporate intent. I will invite the shadow minister to ask their questions first, followed by committee members and finally other participating members. As has been the custom, we will let anyone join in on the line of questioning so it flows. Thank you for your time and attendance.

Mr BREE: I am proud to be representing Territory Generation to provide an overview of our statement of corporate intent, say a few words of introduction and then answer your questions.

Our 2022–23 statement of corporate intent has been developed with a focus on supporting the stability and security of the power system amidst the predicted increase in penetration of renewable energy. We continue to fully support the government's renewable policy.

Over the past 12 months TGen continued to achieve major milestones. Operationally, TGen performed well despite the impacts of COVID-19. We continued to operate and maintain our plant and equipment while complying with the Chief Health Officers' directions, implementing initiatives to minimise the threat to our people while keeping safety at the core of everything we do.

TGen successfully completed all actions allocated to it as recommended by the Northern Territory Utilities Commission in its report on the 2019–20 Alice Springs system black event. The lessons learned from the event have been transferred to other sites, including Channel Island, Wardell, Katherine and Tennant Creek.

Our oldest power station, Ron Goodin Power Station, remains operational to provide required system security to the Alice Springs power system. Some machines will continue to remain operational until Owen Springs Power Station has proven it can provide all the capacity and system services reliably. Ron Goodin Power Station continues to provide additional black start and peaking capability as required, and essential additional redundancy for the network.

TGen remains vigilant on the continual growth of solar penetration in the Territory behind the meter, and in solar and utility scale solar farms. The growth continues to impact on the electricity system with the increase in requirements for essential system services. TGen's key role in the delivery and assurance of energy generation reliability for the Territory is maintained by ensuring we have adequate installed capacity to meet peak load demands reliably.

TGen will continue to support government's direction and commitment to reach the dual renewable objectives of 50% renewables by 2030 and net zero emissions by 2050. We continue to take the responsibility of reliably providing energy, system security, stability and a number of essential system services while government progresses the implementation of the interim Northern Territory electricity market.

The large energy storage project for the Darwin-Katherine system is going well with major milestones achieved to date. The engineering procurement and installation contract has been signed and long-lead items ordered. This large battery will not only facilitate increased renewables penetration but will strengthen the system further by providing additional security on the Darwin-Katherine interconnected system.

As the demands for system security on the corporation continued to change due to increasing minimum loads, our plan remained for an additional \$70m in borrowings over the SCI period to fund the future capital program, which focuses on delivery flexibility, efficiency and reliability to the corporation's fleet. We continue to incorporate the operational savings from smaller, more efficient machinery in the dispatch modelling for future years.

We have taken the first step in our fleet transition plan with the purchase of the TM2500 gas turbine generator for Channel Island Power Station. The fleet transition plan aims to reposition our fleet with more flexible generation which is smaller in size, fast start and hydrogen capable to meet the future demands of the power system. As our legacy fleet ages over time we will evaluate the sustaining capital investment required against the merits of new technologies. A flexible fleet transition that adapts to rapidly changing technology landscape and power system requirements is the key to ensuring the reliable, efficient and sustainable supply of energy and system services.

We are maintaining system security and capability in Yulara to support tourism and the local businesses by installing four new sets at the Yulara Power Station.

Financially, we will continue to effectively manage our controllable costs. We expect to again provide a dividend to government. At the direction of government TGen has built in a \$3.5m per year reduction in our controllable costs.

Our asset management philosophy is to increasingly allow for predictive maintenance regimes, such as advance condition monitoring programs, the ongoing improvement of our maintenance strategies and the effective delivery of planned work. We continue to strive towards a zero-harm workplace with an inclusive behavioural safety culture where safety is always our highest priority and at the core of everything we do.

I pay tribute to the management and staff of TGen who carry out their roles diligently 24/7, 365 days per year to provide power to Territorians while ensuring that safety is the number one priority.

Mr BURGOYNE: What was the net profit and loss for this current financial year and what are you projecting?

Ms WALTERS: It is approximately a \$14m profit but bear in mind that this financial year is unaudited and we have year-end adjustments to go through in June.

Mr BURGOYNE: How does that compare to 2020–21?

Ms WALTERS: That was about \$10m profit.

Mr BURGOYNE: Have there been any changes to the board or governance structure at TGen?

Mr BREE: No.

Mr BURGOYNE: That is good to hear. Are there any board executive vacancies?

Mr BREE: The three board directors all reached the end of term on 30 June this year. I have been reappointed and the process for the other two directors is happening.

Mr BURGOYNE: The Territory has a fixed-cost gas contract but we have just heard that it is not as secure as we may have hoped and input costs will be rising. How have inflationary pressures impacted TGen? What is the financial impact of rising costs?

Mr BREE: In broad terms, our gas contract, which is the biggest input in what we do, is based on a long-term contract that Power and Water has with Eni. Increases are CPI related. It is not subject to fluctuations of the market.

Mr BURGOYNE: There has been no change to the cost TGen is paying for gas, even though we heard today there is a dispute between Power and Water and Eni over the supply of that gas?

Mr BREE: That is correct.

Mr MALEY: You have access to enough gas?

Mr BREE: The contract PWC has goes through to 2034. The answer to that is yes, because we are using a lesser amount than what was originally predicted when the contract was written because of the changes to solar and penetration of solar. Through Power and Water we have access to gas from Santos and INPEX for specific purposes. For example, I am not sure what the regularity is but Eni has to close down their plant every couple of years to do overhauls, maintenance and stuff like that. We are covered by contracts with INPEX and Santos. We have recently tested the INPEX gas and find that it works well in our system.

Mr MALEY: Have you suffered any shortfall from gas from the Eni contract which has forced you to get gas somewhere else?

Mr BREE: No, we get our gas through PWC effectively. We have been fully supplied.

Mr MALEY: You get it from Power and Water, they get it from wherever and you get as much as you need. You do not have to deal with getting it from different suppliers?

Mr BREE: Correct. We talk to a fair bit because it is an important input. They organise it.

Mr MALEY: You get as much gas as you need from them and where they get it from is their business?

Mr BREE: Yes.

Mrs LAMBLEY: You do not have the arrangement with Santos and INPEX, it is Power and Water?

Mr BREE: Yes.

Mr BURGOYNE: In the statement of corporate intent it says in relation to the Alice Springs code black 'most actions arising from 13 October had been implemented'. Did you say that all have now been implemented?

Mr BREE: Yes, that is correct.

Mr BURGOYNE: What is remaining to be done?

Mr BREE: We recently covered off on it.

Mrs LAMBLEY: We have had a good year in Alice Springs. Well done.

Mr BURGOYNE: How much is Ron Goodin Power Station costing per year to keep open?

Ms WALTERS: The total cost is \$4.7m per year. However, they are producing megawatt hours, which would otherwise be produced by Owen Springs at a cost. The additional cost of keeping Ron Goodin open is about \$1.1m.

Mr BURGOYNE: Is Owen Springs still going through compliance testing?

Mr LAUBSCHER: It is a complex question. The answer is yes. We decided we will not make the same mistakes we made in the past; we are slowing down with things. We promised our board we will do exactly that. We are working closely with the guys who operate the system. We are working on a system plan, which is far developed—probably a week or two away from finalising it. The Jenbacher has gone through all its testing. The system controller is happy with them; TGen is not. There are two or three things where our operators and management would like to see what we do and we just want to make dead sure that we are right. As a power station, Owen Springs is almost there.

Mr BURGOYNE: How long has Owen Springs been operational?

Mr GREENWOOD: Stage one was completed eight or nine years ago, and stage two has only just recently been completed.

Mr BURGOYNE: That is what I am trying to better understand. How long has this compliance testing been going on for? Has it just been happening since 2019 when we had the issues?

Mr BREE: Largely, yes. That is the process that we have been going through. Some things had showed up—that black showed up—that we had been working on.

Mr LAUBSCHER: We have done it systematically. We completed the system black and answered all the questions asked. We made sure we did that. In all of that, we realised there are things we can do better. For example, there is a certain installed capacity but when it is really warm—and it gets really warm in Alice Springs—the machines do not operate at capacity. It happens with all machines in the world. If you take all of that into consideration, it is marginal—the system and network. There are a few modifications we are doing, like cooling of the engines and engine bays, to up the capacity.

There are other projects we are talking to other people about so that there can be some other commercial load. We are being cautious with that. We are making sure that we do all those things perfectly.

Mr BURGOYNE: What is the capacity of Owen Springs in megawatt hours?

Mr LAUBSCHER: It is about 72, give or take. It is low 70s.

Mr BURGOYNE: That is why I ask every year, because it is important. During winter, what is the demand on the Alice Springs grid? I think we can go online now and look? There is daily forecasting.

Mr LAUBSCHER: That is right. The lowest we have—this is what TGen produces, not all up; it does not include the solar—is about 6.39 in the Alice Springs system. Typically, the highest is 48.7%. Again, that is what Territory Generation provides. It is somewhere in the low 70s for capacity. Probably all up, it is low 50s.

There are times of cloud cover and the capacity of all machines declines because of temperatures. It becomes extremely marginal. If you start talking to people who want to speak about commercial other load—that is why we just commissioned the plan recently. We are re-looking at capacity all up and making sure all of our people are happy to stay—every one of us, including the operators of the power station.

Mr BURGOYNE: Would you be operating the Ron Goodin Power Station over winter in Alice Springs if it was not stipulated by the minister? It was my understanding that you were told to run the Ron Goodin Power Station as a backup.

Mr BREE: No, we were not directed by the minister regarding how to run the plant. Winter is the low load.

Mr LAUBSCHER: Two years ago we said we will keep it open because we were unsure after what happened. Last year the statement Dennis made was that we would run two or three of the Ron Goodin units to make sure that we can run one through this summer and winter. That is what we are doing now.

For the last four months we have been on one unit only. This is part of the Jenbachers testing. In Owen Springs the operators are getting the feeling—and this all goes back to inertia of the system, and making sure that Power and Water is happy. They control the site. We are happy.

We are taking it slow and running one unit. It goes further than that. We are testing the people. People are getting older, so we are doing succession planning and training operators. We are using Ron Goodin—it will be there for a few years, probably for a system black start up. Even though we shut the last unit down, it will still be available. There will be two or three machines that we will hardly do maintenance on, but they will be available, just to make sure that we are covering the system.

Mr BURGOYNE: With that maintenance cost, what was the expected life span of those generators?

Mr LAUBSCHER: The station is 50 years old next year.

Mr GREENWOOD: It is a bit of a trick. We have reached the end of life on those machines. We are pushing the boundaries now.

Mr BURGOYNE: That is what I am getting from this line of questioning. We are relying on a 50-year-old piece of—yes, it has been maintained over the years and a lot of money has been spent on it, but it was in the process of being decommissioned at one point, was it not?

Mrs LAMBLEY: For about 10 years.

Mr BURGOYNE: Yes. It had to be brought back online to provide stability to the grid in Alice Springs whilst Owen Springs undergoes testing.

Mr BREE: That is broadly correct. It was expected to close by now, there is no question about that. The current state of it is that we are confident in the machines we want to use. We can keep operating the way we are but we are gradually reducing our reliance. We are not certain that we will not keep it there for some years, just in case, because there is growth occurring in the system. We have to watch that and be careful.

Mr BURGOYNE: Is there any plan by TGen to run a new feeder into town in Alice Springs?

Mr BREE: That would be Power and Water.

Mr BURGOYNE: Finding qualified workers is a huge challenge in many sectors of the Territory economy. How is this impacting TGen? How many employees do you have and how many positions are vacant?

Mr LAUBSCHER: We have 187 people; our cap is 207. What makes up the difference is open positions, people on long service leave and a few contract roles.

Mr BURGOYNE: Do you have expressions of interest out for the 20 vacancies?

Mr LAUBSCHER: Probably not all 20, it comes and goes. Tomorrow or the next month it will change.

Mr BURGOYNE: In your statement of corporate intent, you stated that the impact of solar has been somewhat ameliorated by a slight increase in demand, breaking the trend in recent years. Can you explain what this is based on and how reliable those estimates are?

Mr BREE: I cannot really explain it because we can only see it coming through a system. We have to make an assumption about some of the figures we see come through. Growth can signal one of two things: a growth in the activity, and we are starting to be pretty sure that is the case; and weather. Usually we can work out what that is because we can all feel it that month. For instance, March was a killer of a month in the Top End and we could see the demand due to that.

Mr BURGOYNE: The more energy that people use, the better off TGen is.

Mr BREE: You feel conflicted when you are sitting at home sweating, but it is good for the books.

Mr BURGOYNE: What is the amount of behind the meter solar in the system at this time? We have a few different figures, I am wondering what yours is.

Mr BREE: We would only have the figure from the Utilities Commission, which is about 100 megawatts. We do not have a vision of that.

Mr BURGOYNE: What is the total behind the meter solar scheduled to come online in the next year to 15 months? Those estimates also vary.

Mr BREE: We are not the source of that information. For operational and commercial reasons we want to know that ourselves.

Mr BURGOYNE: Your SCI says 68 megawatts; Power and Water Corporation has 77.

Mr BREE: To be fair, they would more likely be right. People do not come and tell us.

Mr BURGOYNE: While it has slowed, additional rooftop solar continues to come online. What threats and opportunities does that pose for TGen?

Mr BREE: The big issue for us with increasing solar is how much spinning reserve we need to have to keep the system is stable. That continues to be a challenge for us but we are working through it. When we get our battery in the Top End bedded down it will give us more confidence. We will be able to do it at a lower cost because that will be, effectively, a machine.

Mr BURGOYNE: How would household batteries affect that? Should we be doing more to encourage the uptake of home battery systems to ensure grid stability?

Mr BREE: It would depend on how we use home batteries. One of the things that will be important in an ongoing sense is that they can be controlled centrally so they are available to the system as a whole rather than just to the individual home. If they are connected as a virtual big battery then they would make a big difference.

Mr MALEY: If they are just connected by themselves, they will not make much difference?

Mr BREE: I do not know the technical answer. It would be less valuable.

Mr BURGOYNE: Is Territory Generation overseeing the BESS project?

Mr BREE: Correct.

Mr BURGOYNE: The tender for the BESS battery has been awarded to Hitachi Energy. Where is the installation process at?

Mr BREE: The major contracts have been let. Hitachi has ordered the batteries. Long lead items have been ordered. There is a separate smaller contract that we are handling ourselves, which is the preparation of the site. The physical work on that has only just commenced. This is a complicated project. I am a bit loathe because you will come back to me next year on this.

Mr BURGOYNE: I am about to ask you about a time frame.

Mr BREE: As of now, we are still on target to finish the physical works this calendar year. Subsequent to that, we have to commission and get connected to the grid.

Mr MALEY: We have heard that will take anything up to 42 months for the power plant. Would that be a valid estimate?

Mr BREE: That would be incredibly disappointing.

Mr MALEY: That is reasonable. We heard that for a new energy input system it could take up to 42 months to get tested. Owen Springs is being tested now and that started three years ago.

Mr BREE: There is no doubt that you learn a lot with new technology. We learned a lot with the work that we have already done and we are trying to learn from other people, too. We have spent an enormous amount of upfront time working through a system control and what their requirements are.

If I put it this way: we have a plan for commissioning to take place in the first half of next year. The dependency is that we provide to system control what we say we will. If we build it properly and we do the things we said we would do, we should have it through by the middle of the year. I would not like to underestimate the difficulties; it is technical. People are learning things all the time with these batteries because they are new in the system. There are questions that you do not foresee have to be answered.

Mr BURGOYNE: Is there a time frame for when that BESS will come online?

Mr BREE: Our target is the middle of next year, about six months.

Mr MALEY: I am sure that the solar farms have the same information and will work hard to get their solar farms connected. They are taking up to 42 months to get tested. Owen Springs started in 2019 and it is still going through compliance testing. Is it reasonable that the battery will take longer than expected, based on the other two power-producing entities taking 42 months or multiple years to get compliance?

Mr BREE: We are aware of these matters and it is concerning. We have focused enormously on trying not to make the same mistakes as other people. It does not mean that we will not make our own. We learned a

lot from seeing what is happening out there. Are we being overly ambitious? I simply do not know. I will be able to better report next year, but we need a target. We have a detailed plan to work through. It is not just hope. We have talked to all the stakeholders in the business. We have had a lot of pre-contractual cooperation with regulators and so forth. I have been pleased with what the team has put together but I will not try to convince you that we are the first ones to get the right answer.

Mr MALEY: How are you going in relation to the budget for buying the battery and getting it installed?

Mr BREE: We are within budget and, apart from the normal variations that may occur in a contract, we are pretty right. We locked everything in, including things like foreign currency.

Mr BURGOYNE: Have there been any learnings from the battery in Alice Springs, what occurred there and the installation of this BESS?

Mr LAUBSCHER: We did a 'lessons learned' exercise a long time ago. A paper is going to the board on Monday. We are opening it again to bring it to the surface. One of the biggest learning was the commercial process we had in place. I will elaborate a little on the battery further. There are a few things: long lead items; the transformers are ordered; the switchboards are ordered; batteries; inverters—all of them seem to be on the way. It will be delivered in September/October and then factory testing will be done in Darwin at Hitachi. That is why Dennis can say with confidence that by December we will have stuff connected and happening.

We are working closely with system control with the GPS to see that we comply with everything we should. The modelling takes a lot of time; we have learned that out of the battery itself. We started that a long time ago and there is nothing hindering us. We know about everything that can go wrong and, so far, we are addressing all of that. We have conversations with system control often.

Mr BURGOYNE: Is the goal for this battering to reduce the amount of spinning reserve that you need at any one time?

Mr BREE: Correct. The business case behind it largely revolves around savings on gas expenditure.

Mr BURGOYNE: How many tonnes of emissions will be eliminated through the installation?

Mr BREE: It is 58,000 tonnes per year.

Mr MALEY: If we have to run on this battery because there is a storm, how much power is in it and how long with it run?

Mr BREE: It will run for an hour at about 35 megawatts. It is built around one of our machines out there. In a sense it is about the same size as one of our big machines.

Mr MALEY: It will run for one hour and then it has to be recharged?

Mr BREE: Yes.

Mr MALEY: How long does recharging take?

Mr GREENWOOD: Depending on how much it is required to discharge, the battery can last a bit longer than that at lower levels. If it is discharged it will take up to 5 hours for recharging, but that is on a sliding scale.

Mr BREE: Operationally it is there to quickly take up load. The normal process is that they then start turning on another gas machine. We can do that in half-an-hour. The hour gives a half-an-hour buffer.

Mr BURGOYNE: What technical upgrades on the Territory Generation side will be required to ensure that the battery is operated at peak efficiency? That is, outside the cost of the battery you will have to upgrade your own infrastructure.

Mr GREENWOOD: Most of the infrastructure for control of the output and where it goes is already in place. As part of the package it is like a one-stop shop on that side of it; the control is already built in. The inverters within the unit will control it so there is not much more to do.

Mr MALEY: What about lightning strikes? It is an area where there are heaps of thunderstorms. Is it programmed for that?

Mr GREENWOOD: It has a provision in it for enhanced protection from lightning. Our biggest risk is the power lines taking it away. We do not get hit that much at Channel Island, if at all. We are lucky that we have a power line sitting behind us that drags lightning to it, rather than us.

Mr MALEY: Where will the battery be sitting?

Mr GREENWOOD: Channel Island.

Mr BURGOYNE: You have spoken about the previous business case. Have you worked out total cost savings to TGen as a result of the installation of the battery?

Mr BREE: There is probably a five-year payback on the cost. On the upside, it is unusual in our industry. It was \$45m.

Mr MALEY: What is the expected lifespan?

Mr BREE: The specification for the battery is for it to achieve its rated power at 10 years of life. We expect deterioration after 10 years. It will not just shut off, it will run down. That is how we do our economics.

Mr BURGOYNE: Last year we spoke about the aging infrastructure. The lead time on ordering some generators can be extensive. We are in-between trying to reach the 50% renewables target, installing batteries and the need to upgrade existing infrastructure. I have looked at the capital expenditure and the approved capital expenditure. What plans do you have to replace generators within the short term under the approved capital expenditure of \$30m for this financial year and \$29.9m for next financial year?

Mr BREE: We refer to this as our transition plan. You identified one of our biggest challenges, which is what we do over the next eight to 10 years. If we knew what we were going to be doing in the mid-2030s we would be better placed. Our strategy has been to respond to the change in the shape of our demand curve with solar, which is changing how much variation we can get in the system. We are doing that by buying new generators which are smaller, 20-odd megawatts instead of 30-odd. They will be more efficient in the system because of that and working closer to their most efficient spots. They will also be hydrogen capable. That is one of the preparations for the future because at some stage we expect hydrogen will become a fuel in our system.

We are trying to spin out the lives of our older machines. As an example, we work on hours of life. If it has 2,000 hours left, we can do that over three months if it is run all the time or we could spin it out over five, six or seven years if we put it on the reserve bench. We are trying to make sure we use our newer and younger machines as hard as we can and keep capacity in the system by looking after older machines and not using them as heavily. That is the strategy. It is important to keep our options open as long as possible for the future. We do not want to invest in the wrong area.

Mr BURGOYNE: Do we risk getting to a point where ageing infrastructure fails and we have to replace it?

Mr BREE: That is our challenge but it is what our job is: to identify problems; watch the machinery carefully; look after it properly; and be realistic about how many hours it really has left.

Mr MALEY: It is realistic that sometimes it comes to value for money. You are spending so much money on old machines. If you had ordered a new machine five years ago, you would have had it by now. You are spending so much on maintenance to keep old machines off the bench and on the field. Has it been a lack of foresight to order a new machine?

Mr BREE: It is possible that if you looked back from the mid-1930s, you would be able to say that. I would not say that has occurred yet. I do not think that with any of our decisions to date we would think, 'Oh gee, I wish we had bought something earlier'. We are going pretty steady. By our nature, we are conservative in preparing the system and looking after it. We are on the right track. We will be going out for another TM25 soon.

We also have a model of the system, called Plexus, which is complex and allows us over a long period of time to look at it in detail and plug in all of our machinery, their capacities and details. We can run a model, which will tell us when things should be maintained and what sort of capacity we will have left at different points in time. We are able to look forward pretty well. Our sense is that, with our transition plan, we are pretty comfortable. If anything, we will move a little more quickly than we might have otherwise.

Mr MALEY: Is that TM25 a new or second-hand generator?

Mr BREE: It is kind of second-hand but made new. In the game, they spent a lot of money before they sold it to us.

Mr MALEY: Who pays for it? You are buying second-hand generators that have had a lot of money spent on them. Is that the same price as buying one at zero hours as new?

Mr BREE: No, there is a difference.

Mr BURGOYNE: When will that TM25 gas generator be delivered?

Mr BREE: It is on-site now but not connected. It has only just arrived.

Mr BURGOYNE: What is the commissioning process behind that?

Mr LAUBSCHER: The best information I have, at this stage, is that the installation contract will be awarded in July/August and it will take nine to 12 months for the full installation.

Mr MALEY: Did that TM25 generator go out to a competitive tender?

Mr LAUBSCHER: Yes.

Mr MALEY: Were there many tenderers who applied with different models or did you say, 'We definitely need a TM25. We don't want to look at anything comparative. We just want that particular one'?

Mr LAUBSCHER: Maybe I should explain that a bit better. We went for a specific model because it could do it. There is not a lot of people who can supply that. The market was limited, but we opened it up. I cannot remember how many there were. We went with GE because the majority of our machines are GE. They work unbelievably well. We have a great relationship with them with our machines.

Mrs LAMBLEY: With 90% of the electricity in the NT gas-generated, the onus seems to be more on Territory Generation to make the massive changes. TGen will be transformed, literally, within the next seven-and-half to eight years. It is a massive undertaking.

Mr BREE: It is a great challenge, but one we are up for. People are excited by it.

Mr BURGOYNE: The approved capital expenditure I spoke about before—when are you hoping to get the future years approved? You cannot plan very far ahead. I have had a look at what you are hoping to spend on projects into the future. When will that major capital expenditure be approved by the shareholding minister?

Mr BREE: That normally occurs on a project-by-project basis. We put forward a business case. We put in our figures and they are broadly accepted as a way forward. At each individual decision point we have to provide all our documentation and business case to get approval.

Mr BURGOYNE: As the Member for Araluen just alluded to, you will be under a lot of pressure to invest in renewable technologies going forward. On top of that, can Territory Generation now invest in large-scale solar?

Mr BREE: The answer to that is yes, we can. We have been given permission to do that. We have not made a decision on any particular project as yet.

Mrs LAMBLEY: Power and Water told us earlier that they have \$850m in capital expenditure planned for the next five years. Yours is nothing like that?

Mr BREE: No, we probably average \$50m or \$60m a year.

Mr MALEY: Do you have anything to do with the connection of the solar farms in Batchelor and Katherine?

Mr BREE: No. We do at arm's length in the sense that we have to keep the system stable while they fiddle around with whatever they are doing.

Mr BURGOYNE: Have any of the proponents from those solar plants tried to sue Territory Generation as a result of the new generator standards?

Mr BREE: No.

Mr BURGOYNE: After the large-scale blackout in 2020 with Channel Island being cut off, a report was released in March that included recommendations. Have those recommendations been fully implemented to ensure that we do not have a repeat of the event?

Mr BREE: Power and Water are taking care of the gas issue.

Mr BURGOYNE: Power and Water would have received that report, not Territory Generation?

Mr BREE: Correct. We were briefed on it and their actions and we were happy with that.

Mr BURGOYNE: You spoke about Yulara and the four new gensets in your opening statement. Are they all gas?

Mr BREE: No, there is no gas at Yulara anymore.

Mr BURGOYNE: What are they? I remember that was always the dream.

Mr BREE: They are diesel. The gas at Yulara was compressed natural gas trucked from Alice Springs. About a year ago the supplier told us that the plant was getting old and could no longer be guaranteed. We were on a month-by-month contract with them. Sadly, one of their trucks rolled over and that was it. We had to go to diesel.

Mr BURGOYNE: Was hydrogen not the dream? I thought that the plan for Yulara was that it was going to be a bit of a test case run on hydrogen generation with solar and batteries.

Mr BREE: That is correct. We developed a proposal that involved diesel, stroke gas—because at that stage there could have been some gas in it—battery and solar. As an adjunct to that we had a model that could develop hydrogen and plug into it. Lots of things happened, but it is no longer on the table. Then there was COVID and demand at Yulara dropped like a stone. We have just been keeping up with it until it settles down again. We are still dusting off and having another look at that as a long-term proposal. Possibly hydrogen—there are a lot of things about that—but certainly a better system that will involve diesel, battery and increased solar.

Mr BURGOYNE: What was the cost of the four new gensets at Yulara?

Mr BREE: The cost was \$5m.

Mr BURGOYNE: Would you consider diesel generation old technology?

Mr BREE: It has been around a long time but it is reliable.

Mr BURGOYNE: What would be cleaner to burn, gas or diesel?

Mr BREE: Gas.

Mrs LAMBLEY: Is there much or any solar feeding into the grid there?

Mr BREE: Yes.

Mrs LAMBLEY: What percentage of the power would be generated by solar?

Mr GREENWOOD: It is about 15% when the resort is fully engaged. The system talks to in our system and we have to compensate for it.

Mrs LAMBLEY: I remember seeing a lot of panels on the buildings.

Mr GREENWOOD: They are owned by the resort.

Mr LAUBSCHER: They are working on a hybrid solution. It is getting to end and we are looking at more with the resort—more solar, maybe a battery. A few people are involved. There is still talk of having a hydrogen option there.

Mr BURGOYNE: Did Territory Generation take that proposal to the minister? Was it knocked back on cost?

Mr BREE: It was a bit more complicated than that. We were trying to get ARENA, the federal government agency, to support it. We got initial indications of support but it was a timing issue and we decided not to go forward.

Mr BURGOYNE: What would the cost have been?

Mr BREE: It was substantial for what we would get there; it was \$50m.

Mrs LAMBLEY: In the transition to renewables are you planning on focusing on different parts of the Northern Territory, communities or is it across the board? Yulara might be a site where you could trial 50% renewables before somewhere like Darwin. What is your strategy regarding how to transition?

Mr BREE: Up to now we have been reactive to solar coming into the system. We do not yet have a plan together on how we will be proactive in that area. We are working on it and getting pretty close. Clearly, there is interest in doing things in a place like Yulara where fuel is expensive and solar is much lower in cost; that has to be attractive. As soon as the demand settles down and we are all comfortable that we know what we are doing, we will do stuff. In the larger systems solar is being driven by others. Although we are free to act in that space, our key job is to keep the system stable and reliable.

Mr BURGOYNE: Of the capital investment that has been approved for 2021–22 and 2022–23, how much is for new generation assets and where will they be located?

Mr BREE: The TM2500 installation and the battery are the two big ones.

Mr MALEY: Do you have people to operate and service the TM2500s? Are they new technology?

Mr GREENWOOD: They are not particularly new technology. A lot of it will fit in with our existing maintenance regimes. There will be some upskilling of people. The technology is well proven and we are not envisaging having great problems in that area. There is some work we have to do with our staff to bring them up to operate it efficiently and maintain it.

Mr MALEY: They are gas generators?

Mr GREENWOOD: Yes.

Mr MALEY: They can run on hydrogen if it becomes available?

Mr BREE: Yes, if it becomes available. It is about 70% hydrogen—it would be a mixed fuel.

Mr LAUBSCHER: The project costs include training people, specifically for the battery. We have a lot of guys who are extremely good at what they do. They are similar types of machines. We have a service contract with GE for the machines, too. For the battery, it is all in the project—a lot of training and time spent with our people.

Mr MALEY: What is the total cost for the TM25? There is one there now and another one is on its way. Are they all on one contract or two different ones?

Mr BREE: No, we will go out to the market. There are two contracts. We do not have the installation contract in yet, our estimate for the whole thing was about \$32m. That is with two machines, plus the transformers. We have to do extra work at Channel Island for the first one that we will not have to do for the second one.

Mr BURGOYNE: How many megawatts of power does that produce?

Mr BREE: We get close to 2,500, but we are unlikely to get that out there.

Mr BURGOYNE: Your other capital expenditure in the SCI is projected to increase sharply over the next four years from \$27m this year to \$46m in 2025–26. Can you explain what those increased costs will cover?

Mr BREE: It will cover the second TM2500.

Mr BURGOYNE: Is that cost spread over five years?

Mr BREE: It is not over five, it is over two at least. There will be the tail costs of the battery and a number of large overalls like when we did something to the hot section of Weddell Number 2, which cost us \$6m. That is a lot. Other overhauls are millions of dollars each.

Mr BURGOYNE: It is the maintenance? When I look at the maintenance it is going up, but not hugely. A lot of the increased other capital expenditure is being spent on maintenance rather than new equipment?

Mr BREE: Big things like overhauling the hot section of Weddell 2, while it might look like maintenance, are capital in our books. It is to keep the value of the asset alive.

Mr BURGOYNE: On that, when we look at the R and M expenses in the future, Ron Goodin is there up until 2025–26. Is the expectation that it will continue to run into 2025–26?

Mr BREE: That is what we are allowing for. We are not locking into that.

Mr BURGOYNE: Does Territory Generation carry net debt? What is that net debt figure?

Ms WALTERS: Our net debt as at March was \$196m.

Mr BURGOYNE: Write-offs and retiring of equipment over the next few years are not in this SCI. Is it your expectation that over the forward period you will not be retiring any of the existing infrastructure, such as the gensets?

Mr BREE: It may be because they reached zero value on our books.

Ms WALTERS: The plan is not necessarily to run them to end of life. We will put them into cold storage in case we need to fire them back up again. They are not at end of life when we are not utilising them. We will use the new machines but keep them as a backup.

Mr BURGOYNE: The asset remains there?

Ms WALTERS: Yes. The bulk of the asset value will have been depreciated.

Mr MALEY: If you need to replace a generator, what is the lead-time to work out what is needed, get it and have it installed?

Mr LAUBSCHER: It depends. We had an old engine at Weddell we had to quickly replace; it was a problem. It took about six weeks to get the new engine on-site. It depends on the type of machine, what is in stock, where we can get it and which engine. If it is one of the problematic engines, which we had never considered replacing, it would probably take a year.

Mr MALEY: How long did it take to select the TM25 generator, find it and do the tender up? I thought it might take years.

Mr LAUBSCHER: That is right, because we had to go through the whole process. Now that we have done that we have the business case and the selection. It is the same with the battery. If we need another battery, it will be far less than half the previous time.

Mr BREE: It would have been about 18 months from decision time to now. It just arrived on-site. There is no question that it does take a while.

Mr BURGOYNE: The statement of corporate intent no longer lists the cost of sent-out generation. I thought the point of SCI is to communicate how the government-owned corporation is operating against its targets. In previous years generation has sat at approximately \$55 or less per megawatt hour. Could you give that cost for this financial year or is it a secret?

M BREE: I am unsure of the history but I am told we do not have it today.

Mr BURGOYNE: Could you take that on notice so we can compare to previous years as to what it is costing to produce electricity? I understand it is different across different areas.

Ms WATERS: Do you want that by region?

Mr BURGOYNE: If you could give that to us by region that would be fantastic.

Question on Notice No 12.1

Mr CHAIR: Member for Braiting, please restate the question for the record.

Mr BURGOYNE: Could you please provide the generation cost per megawatt hour by Territory Generation per region, and an overall cost of generation?

Mr CHAIR: Mr Bree, do you accept the question?

Mr BREE: Yes.

Mr CHAIR: The question asked by the Member for Braiting has been allocated number 12.1.

Mr BURGOYNE: The statement of corporate intent indicates that forecasts are based on assumptions, including population. On page 13 it states that the population expected to grow substantially in Alice Springs, which I am happy to hear, yet Treasury projects population growth under 1% over the forward estimates. What are those figures based on?

Mr BREE: We take ours from the Utilities Commission.

Answer to Question on Notice No 12.1

Ms WALTERS: All costs per megawatt hour including energy are: Channel Island, \$127.63; Weddell, \$108.03; Katherine, \$458.63; Tennant Creek, \$269.35; Ron Goodin, \$326.21; Owen Springs, \$212.76; Kings Canyon, \$664.46; and Yulara, \$466.24.

Mr BREE: With Ron Goodin, as we reduce our usage the average is going to go through the roof.

Mr BURGOYNE: I find it interesting. It is good to see the cost per megawatt hour across the Territory. That gets levelled out and charged?

Mr BREE: That is right, yes.

Mr BURGOYNE: Do you receive a CSO?

Mr BREE: No.

Mr MALEY: Do you see costs of generating the megawatt hours going up in the foreseeable future?

Mr BREE: Not significantly. We tend to have an escalator that is around CPI; our costs come through like that. The big difference in some of the stations, when you are looking at that figure, is how much we are producing. You take all your costs and average it out by a number so if, at the margin as you go up for the first bit of going up the curve before you have to make a big investment, you are making money on it. If you go down, the reverse is true.

Mr BURGOYNE: Electricity sent out remains steady but tails up in the outer years, 2025–26. What are the assumptions underlying this?

Ms WALTERS: The predicted growth rate from the Utilities Commission report and our assumptions on our market share—when we think the solar will come online.

Mr BREE: That is a significant factor as solar comes in.

Mr BURGOYNE: That will reduce the amount of electricity you produce?

Mr BREE: Yes, without reducing our costs, apart from the gas.

Mr BURGOYNE: Do you foresee that with the increased solar coming onto the grid your cost per megawatt hour will increase?

Mr BREE: It should go up.

Mr BURGOYNE: Territory Generation does not receive a consumer service obligation from the Northern Territory Government?

Mr BREE: No.

Mr BURGOYNE: CPI is listed in your statement of corporate intent at 1.4% this year and 1.8% next year. It is out of line with Treasury estimates. We are seeing inflation increase at alarming rates. Where do you see that figure going forward and will you have to revisit it?

Mr BREE: We will have to revisit it. We take them from Treasury, but the process is such that we would have started this last calendar year.

Ms WALTERS: We used the latest rate available to us from Treasury at the time. We get the updated rates and put them in.

Mr BREE: Our next SCI will reflect what Treasury is putting out now.

Mr BURGOYNE: What is the estimated profit/loss for Territory Generation for this financial year, 2021–22?

Ms WALTERS: That is out of the \$14m.

Mr BURGOYNE: That is right; we did go through that.

Ms WALTERS: Bear in mind, it is an unaudited year and adjustments need to be done. That will change.

Mr BURGOYNE: Have there been any safety incidents in the past year?

Mr GREENWOOD: We had one LTI incident in the past year in September when one of our staff members partially amputated the tip of a finger while working on a fan motor.

Mr BURGOYNE: How does that relate to the previous financial year? Were there any lost time incidents?

Mr GREENWOOD: There were no lost time incidents in the previous year.

Mr BURGOYNE: It is just up by that one incident?

Mr BREE: We have been up to over 1,000 days without an LTI.

Mr BURGOYNE: Until that one in September?

Mr BREE: Yes.

Mr BURGOYNE: The statement of corporate intent mentions a new thermal generation asset. How many existing generators are at their end of life and when will those need to be replaced? Will you continue to expand the life of them as long as you can until you make your decision about what you will do?

Mr BREE: We will keep what we do with them constantly under review. We have another TM2500 plant coming, after the one that has just arrived. We have another battery planned.

Mr BURGOYNE: Do tell about the new battery that is planned.

Mr BREE: We are just doing the planning work. In the Darwin-Katherine system plan that has been released, there is requirement for quite a few more batteries before 2030. We are planning to suggest that we do one of them.

Mr BURGOYNE: What size would that battery be in megawatt hours?

Mr BREE: The same as we are getting. We have not arrived at that stage yet but, logically, 35 megawatts to 40 megawatts is what we should see.

Mr BURGOYNE: I always found the battery being used in the Alice Springs grid slightly undersized. Are there any plans to increase battery usage in the Alice Springs grid?

Mr BREE: We are also looking at that.

Mr BURGOYNE: What size would you be looking at for Alice Springs?

Mr BREE: Once again, we have not arrived at that stage, but about 10.

Mr BURGOYNE: An additional 10?

Mr LAUBSCHER: It comes with additional load, too, so we are just talking with people at this stage.

Mr BURGOYNE: For some time smaller generators were spoken about, to be able to spin up the reserve quickly. It seems we are going away from that now, putting in large generators that can give us the inertia required to sustain grid stability. Will you be investing in smaller generators or just large ones? A TM2500 is a fairly large generator.

Mr BREE: It is smaller than what we have. That is why we say it is smaller, because it is just smaller than what we are replacing. We are reducing our capacity if we retire the machine completely.

Mr LAUBSCHER: The nice thing about the SCI is that every year we reverse everything, which includes all our machines. We go back to Engineering 101 and look at the Plexus model for what is required and what has happened with solar in the system. South and north—we can reverse it and we do that on an annual basis.

Mr BURGOYNE: We have spoken about hydrogen a fair bit today. What is Territory Generation doing about utilising hydrogen fuel cell gensets into the future? How far away are we, practically, from that being a possibility? We have spoken about the new generators having the capability.

Mr BREE: 'When' is the big question; we do not know. People see us as a potential user of hydrogen. A number of companies are looking to do things in the Territory. Our broad answer is that we will stand in the market and when the price is right we will take it.

Mr BURGOYNE: You also have the government's policy of 50% renewables by 2030 hanging over you. It is not just a matter of 'We'll take it, hopefully in year 2029, and get the best value for money', you also have to be looking ahead and say, 'We need to be at the 50% target by then'. Are you waiting to invest in that technology until later?

Mr BREE: The system has to be 50% by 2030, not TGen, which is different. If you think about it, we are providing a lot of the stability in the system to allow the 50% to come in. Our decision-making is based more on reliability and stability than the 50%. We accept the 50%. We will do our best but what we do best is provide backup in the system.

Mr BURGOYNE: Has any modelling been done on how much renewables Territory Generation has to provide to assist the Territory to reach its targets?

Mr BREE: No, because the way it operated up to now is through decisions by private companies and individuals to bring solar into the system. A lot of that is happening as expected. The office of renewable energy probably has the policy position for this. Our role is more about keeping the system intact. Now that we have been given permission to look at solar, we will.

I gave you this answer a couple of years ago about our transition plan. We brought it along and explained that our next step, now that we think we have that in place to get us through to 2030, is starting a strategic

planning process that will hopefully answer some of these questions. We are starting our first workshop on it next week, but it will take the rest of the year to work through. We are trying to look through the cloud you have identified around 2025 to 2030—that you are not quite sure.

If hydrogen works economically it is a fantastic answer because a lot of the skills in our system transmit—it is just a different gas you are putting through machinery. It will be more complicated than that. There will be batteries and hydrogen gradually coming in. What else, we do not know. That is what we will start interrogating to see if we can get a better handle on it.

Mr BURGOYNE: Is Territory Generation looking at the cost per kilowatt hour of different forms of electricity, whether it is solar—now the policy position has changed and Territory Generation is allowed to invest in large-scale solar—versus gas versus hydrogen?

Mr BREE: Yes.

Mr MALEY: What about nuclear energy? Is that off the table because it is an Australian policy?

Mr BREE: Apart from any other issues, scale here would not be possible.

Mr BURGOYNE: Have you done any modelling around the cost per kilowatt hour to provide solar?

Mr BREE: We are reasonably aware of the cost in the marketplace, but we have not dived down on a project basis yet. That is when we will really find out. We are at the early stage of thinking about how we will get involved in solar. It is not necessarily that we will build a solar farm. There are a lot of synergies between our thermal generation and solar farms, clearly in the system because we are providing support. If there a more direct relationship, for instance, between a solar farm and us to provide the essential system services it might end up being a better way of doing it. They are the sorts of things we are testing.

Mr BURGOYNE: You brushed over the cost per megawatt hour of solar before. We have a few lists of different generations. Comparatively, how much is the cost of generation per megawatt hour?

Mr BREE: It would be sub-100. It would depend on the circumstances. On large-scale ones down south, the pure energy cost—remember, there is a lot of other services that have to be wrapped around it, which is what people forget. The pure energy costs on a big scale is probably 30 or 40.

Mr BURGOYNE: In regard to the Desert Bloom Hydrogen project, will there be any collaboration between Territory Generation and the production of hydrogen for domestic use? For example, in Tennant Creek where the project is most likely to be located. Have there been any conversations?

Mr BREE: We will be signing an MOU. We are placing ourselves in the position of purchaser of hydrogen. We will work with them rather than being an investor.

Mr BURGOYNE: You will not be putting any money towards it?

Mr BREE: I would not say none because it will probably cost us something to engage, with staff time and all that, but not a capital investment.

Mr BURGOYNE: Is there any expected end date or production point for the Desert Bloom Hydrogen project or is it all up in the air?

Mr BREE: We are talking seriously but there are not any dates we would be confident talking about.

Mrs LAMBLEY: A question about your borrowings. As of now, how much does TGen owe?

Ms WALTERS: We have \$230m.

Mr BURGOYNE: In borrowings?

Ms WALTERS: Correct.

Mr BURGOYNE: Does that not affect your net debt?

Ms WALTERS: Yes, net debt is \$196m and borrowings is \$230m. You can pretty much work out the cash. Current debt is \$230m and our net borrowings is \$196m.

Mr BURGOYNE: Do you have any direct subsidies from the Northern Territory Government? How many direct subsidies do you receive?

Ms WALTERS: We do not get any subsidies.

Mrs LAMBLEY: You borrow through the NT Treasury, like Power and Water?

Ms WALTERS: Correct.

Mr CHAIR: That concludes this session. Thank you Mr Bree, all your officers and everyone else who has done work. Thank you for appearing today.

We will now move on to the Department of the Legislative Assembly. We will have a short break and come back at 12.30 pm.

The committee suspended.

SPEAKER'S PORTFOLIO

DEPARTMENT OF THE LEGISLATIVE ASSEMBLY

Mr CHAIR: The committee will now consider output groups relating the Department of the Legislative Assembly. While the Administrative Arrangements Order puts responsibility for the Department of the Legislative Assembly with the Chief Minister, by convention the Speaker administers the department and will answer questions.

Mr Acting Speaker, I welcome you and invite you to introduce the officials accompanying you.

Mr ACTING SPEAKER: With me at the table today is the Acting Chief Executive Officer of the Department of the Legislative Assembly, Ms Marianne Conaty; the Acting Deputy Clerk, Mr Russell Keith; and our department's Chief Finance Officer, Ms Diem Tang.

Mr CHAIR: Mr Acting Speaker, I invite you to make a statement. I will then call for questions relating to the statement. The committee will then consider any whole-of-government budget and fiscal strategy-related questions before moving on to output-specific questions and finally, non-output specific budget-related questions. I will invite the shadow minister to ask their questions first, followed by committee members. Finally, other participating members may ask questions. The committee has agreed that other members may join in on a line of questioning pursued by a shadow minister rather than waiting for the end; this will help things flow a bit better.

Mr ACTING SPEAKER: I appear before you today as the Acting Speaker. The former Speaker, Hon Ngaree Ah Kit, resigned last month prior to her appointment as a minister.

The committee is aware that the Speaker has no legislative responsibility for the Department of the Legislative Assembly budget; however, it is the usual practice that I step forward as the relevant portfolio minister. The DLA remains under budget and on track this year, as it has in previous years, in order to deliver on its priorities and required outcomes on time and within resources.

It is not news to people that COVID-19 has been a multifaceted challenge for everybody. It has given us numerous new tasks in order to reduce the number of risks to members, staff and the public. It also reduced the staff available to do those tasks, through absences and various lockdowns. As that occurred across the government sector the department managed effective systems for working from home and the implementation of the vaccination mandate.

For the implementation of the vaccination mandate the department ran three management systems. One system was consistent with that led by the Northern Territory Public Sector Commissioner for Public employment; a second was adapted for members' staff, who are not public servants but employed under the *Contracts Act*; and a third to monitor compliance with the mandate by members.

Another critical element of the Department's COVID response was enabling members to participate remotely by videoconferencing in the Assembly sittings. The department procured the necessary equipment to enable participation through Microsoft Teams in anticipation of such a demand. It then set up the Chamber for videoconferencing soon after movement restrictions prevented two of our members coming to Darwin with the assistance of its audiovisual contractor, Audiovisual Projects, and the Department of Corporate and Digital Development. The procedures and logistics for remote participation continue to be refined and were used in recent months. Special thanks to the staff employed by the Department of the Legislative Assembly, Corporate and Digital Development and their technicians for making it a seamless process.

Under the Assembly's resolution, the end of the declaration of a public health emergency brings an end to remote participation; however, remote participation is allowed under any future declared emergency or disaster situation.

Moving on to some of the practicalities, one of our technological challenges for sittings has been our clocks and timers. The analogue systems installed when Parliament House was built are failing, and interim solutions have been implemented while long-term fixes are explored. We have a project in train to install new Chamber timers.

Remuneration Tribunal Determination No 1 of 2021 provided new terms and conditions for electorate office staff. This generated significant work for the department over the previous year, such as transitioning staff onto new contracts and managing the changes from previous arrangements. I am pleased to note that provision of new entitlements for the workplace health and safety of liaison officers of bush members came into effect in 2022.

Last year our education and outreach team, which is a magnificent team within our department, saw the restoration and expansion of its work. As COVID restrictions eased, the department resumed its school visits and public tours. I am pleased and proud that nearly 1,000 visited Parliament House between July 2021 and March 2022, and parliamentary role plays were run with over 500 students. This is critical to us building the knowledge of our democratic process. It is a critical function of my department. I had firsthand experience in my electorate at Stuart Park Primary School of being involved in some of the role play and seeing the quality and talent of our staff at play.

Adult education resumed. Know Your Assembly seminars were held in Darwin, Katherine and Alice Springs over the last year. The department has provided programs to a range of visiting groups and a session for OCPE's Foundations of Public Sector Governance course.

Work has continued throughout the year to keep Parliament House working effectively. Parliament House is at an age where parts of it are falling apart due to significant maintenance and renewal—a bit like us all; we are getting older. Major works over the last year included the replacement of the diesel fuel tanks and the emergency lights on Level 1 and 2. Funds have been committed to upgrade the lifts over the coming year and to complete the replacement of emergency lights.

There are problems with the drainage on the Speaker's Green, which has been assessed as requiring significant work at some point in the coming years. The department prioritises these and other smaller works on the advice of the Department of Infrastructure, Planning and Logistics, which manages the procurement and implementation of those projects on our behalf.

Maintaining security at Parliament House and electorate offices has been another priority for the department. Parliament House is rightly a venue for people expressing their views. The department works to ensure that any demonstrations remain peaceful and respectful and do not interfere with the work of people at Parliament House and those visiting the building. While the vast majority of such demonstrations occur without incident, constant vigilance is required to ensure that this continues.

As is well known, public dissent regarding COVID-19 measures contributed to more aggressive demonstrations over the last two years. The department works closely with police and others in the area to ensure the keeping of the peace, and is grateful for assistance they have given us.

At some electorate offices there were incidents of vandalism. The department has worked on a range of measures to address this.

The department continued to score well in all areas of its annual survey of members. The department considers the annual survey to be an important means of obtaining an understanding the satisfaction—or

otherwise—of members against key areas. At the same time, the methodological issues make it a somewhat blunt instrument and care is required to understand what any variations mean. The survey results are given careful consideration by the senior executive, the board of management and the staff forum.

I thank the committee for the opportunity to make this opening statement. I welcome any questions.

Mr YAN: Thank you, Mr Monaghan, and the Legislative Assembly staff who are here with you today. On behalf of the CLP I specifically acknowledge the hard work of the Acting Clerk and her dedication to the role over the previous 12 months—particularly for the long hours you worked. We wish you all the best. Thank you for your services, we appreciate it.

It is interesting that today is the two-year anniversary of the independent speaker, the Member for Goyder—in that role on this day two years ago. There is a little anecdote for everybody.

Mr Monaghan, you spoke about the COVID health restrictions. I welcome the ability and the use of technology in relation to video link-up services in the Chamber so that members could still participate. Do you have the costs associated with setting up the video link-up system for the Chamber?

Mr ACTING SPEAKER: The total cost was \$6,661. The breakdown was: hand sanitiser at \$587; hand sanitiser dispensers at \$2,042; cleaning products at \$3,041; face masks at \$187; Chamber Perspex barrier at \$3,200; and an additional security officer at \$304. As far as the costs associated with the IT aspect, I will have to take that on notice.

Question on Notice No 13.1

Mr CHAIR: Member for Namatjira please restate the question for the record.

Mr YAN: In relation to the installation of video link-up services in the Chamber to facilitate sittings, can I have the cost of setting it up?

Mr CHAIR: Mr Acting Speaker, do you accept the question?

Mr ACTING SPEAKER: Yes.

Mr CHAIR: The question asked by the Member for Namatjira has been allocated number 13.1.

Mr MALEY: Will the guard come down in the near future?

Mr ACTING SPEAKER: I am pleased to say that it will come down ahead of the next time you take your place in the Assembly.

Mr YAN: The recruitment of our new Clerk happened. Who conducted the recruitment?

Mr ACTING SPEAKER: The recruitment was conducted by CMC.

Mr YAN: Do you know how long that process took? Was there a cost associated with it?

Mr ACTING SPEAKER: That is a question for CMC. We do not have those details.

Mr MALEY: This was the second round of recruitment. Were there any complaints in relation to the first round?

Mr ACTING SPEAKER: We were not involved in that aspect of it. That question should be directed to CMC.

Mr YAN: We noted that the seating plan for the Chamber has not been updated on the LA website. It was last updated after the Daly by-election. Do you have a time frame for when this will occur?

Mr ACTING SPEAKER: You are covering off on all the things I have been doing this week. I sent advice to my department regarding the new seating arrangements. That will be confirmed after the election of the Speaker and Deputy Speaker at this afternoon's Assembly.

Mr YAN: We should see a change on the website within the next week or so?

Mr ACTING SPEAKER: Yes. As soon as that is confirmed on the floor of parliament those things will be put in train. It will be circulated to members initially.

Mr YAN: I have an interesting question. Are electorate officers considered Department of the Legislative Assembly employees or are they employees of the Department of the Chief Minister and Cabinet?

Mr ACTING SPEAKER: They are neither. They come under the *Contracts Act*.

Ms CONATY: Electorate office staff are employed under the *Contracts Act* pursuant to a delegation given to the person in the role of Clerk and Chief Executive for an on behalf of the Northern Territory of Australia. The delegation is signed by the Chief Minister.

Mr YAN: There are 31 staff in the Legislative Assembly and with 25 MLAs and their associated electorate officers, part-timers and liaison officers, the number did not add up. Management oversight of those employees sits with Legislative Assembly?

Mr ACTING SPEAKER: Support for those officers sits with our department. The Remuneration Tribunal has determinations on any allowances et cetera.

Mr MALEY: Which section of the budget does the money for contracts appear?

Mr ACTING SPEAKER: The complete RTD funding is part of our budget allocation. It is \$17.138m out of the \$33m.

Mr MALEY: That is where the electorate office wages come from?

Mr ACTING SPEAKER: Correct, and any allowances.

Mr YAN: Any questions about the finances and employment arrangements relating to those staff would be directed through Legislative Assembly or the Speaker's office?

Mr ACTING SPEAKER: Correct. We support any questions from the electorate staff; the RTDs determine allowances and expenditure.

Mr YAN: They do not seem to have anyone with specific responsibility for them, like for a ministerial officer?

Mr ACTING SPEAKER: Correct, they come under the direct supervision of the member.

Mr YAN: I wanted to clear that up, where the responsibilities are. Of the DLA staffing profile, how many vacancies are there?

Mr ACTING SPEAKER: The current staffing head count for the DLA is 49, of which there are 29.3 FTEs. One of the issues with vacancies is that it is made up of 23 casuals who are employed by Hansard at the time of sittings. They are not required all the time and there may be vacancies in those spots. As far as normal staff FTE vacancies, I will take that on notice.

Question on Notice No 13.2

Mr CHAIR: Member for Namatjira, please restate the question for the record.

Mr YAN: Of the staffing profile for the Legislative Assembly, how many vacant positions are there?

Mr CHAIR: Mr Acting Speaker, do you accept the question?

Mr ACTING SPEAKER: Yes, with a caveat that it will exclude the casuals at any given time.

Mr CHAIR: The question asked by the Member for Namatjira has been allocated number 13.2.

Mr YAN: As part of general recruitment and staffing activities, do you report payouts, termination payouts and other matters in dispute?

Mr ACTING SPEAKER: Normally we would through annual reporting but there have not been any. It is under our PSEMA obligations.

Mr YAN: You are the Acting Speaker and possibly soon to become the Speaker in a few hours. Are there any costs associated with changing Speakers per se?

Mr ACTING SPEAKER: No costs that are significant. We have a budget for the Speaker's office. There might be stationery names or a bit of branding but no significant costs.

Mr YAN: In the agency global questions on page seven there was zero dollars listed for international and interstate travel. Further it stated that they, 'do not include travel undertaken by members using remuneration tribunal determination entitlements or by staff of the Office of the Speaker'. Is there any reason why these are not reported?

Mr ACTING SPEAKER: They are recorded but not in that aspect because the RTD is responsible for costs associated with members' travel. Up to this point the CPA member travel had an expense for 2021 of \$24,183, which is quite low in the sense of a normal year because of the last two years of COVID. People have not started travelling until this year. Any other costs associated come under the RTD.

Mr YAN: The CPA relates to members. Are costs of staff or people within the Office of the Speaker recorded in the same place?

Mr ACTING SPEAKER: No, because they are not part of the agency. They are contracted.

Mr YAN: As part of the discussions regarding the use of video link-up for the sittings because of the declaration of the health emergency, you mentioned that it will be used under any further declared emergency. Does that mean it can be used after the cessation of the emergency, which finished this week?

Mr ACTING SPEAKER: It is during a period of a declaration as per the bill that was passed at the last sittings—in that motion. It has ceased, which means there is no declaration currently. If that were to occur in the next two years then it could be reinstated.

Mr YAN: If the health emergency is declared again at any time, then the use of video link-up services for members comes back into play. I want to clarify this because there will be questions about it at some stage. The health declaration has ceased and under the Chief Health Officer's two years of powers—that does not move across to cover the use of VLU in the Chamber unless a further health emergency is declared?

Mr ACTING SPEAKER: That is correct. Under the Assembly's resolution that we passed at the last sittings, the end of the declaration of the public health emergency brings remote participation to an end. However, remote participation is allowed under any future declared emergency or disaster situation. It does not necessarily have to be for health, it can be for another disaster.

Agency-Related Whole-of-Government Questions on Budget and Fiscal Strategy

No questions.

OUTPUT GROUP 1.0 – PARLIAMENTARY SERVICES Output 1.1 – Assembly Services

Mr YAN: The Department of the Legislative Assembly does not have its own system providing search functionality for *Parliamentary Records*. Instead, Territory Stories, which is administered by the library, is used. The DLA website states that this system provides advanced search functionality but it is cumbersome to navigate, unlike the old Lotus Notes system used by the DLA.

Even though the Parliamentary Library staff provide excellent assistance in finding information, can you advise if there are any plans to improve the system in the future, which will bring the search function in line with other jurisdictions?

Mr ACTING SPEAKER: It is a good question; one that we have heard about in the last six to eight months. Territory Stories is the platform used to host our *Parliamentary Records*. It is provided free of charge to the

DLA by the NT Library. It has been used since Lotus Notes was decommissioned. The DLA does not have a budget to commission a bespoke repository of *Parliamentary Records*. We are grateful to the NT Library. The DLA uses Territory Stories to provide online access to the Assembly's *Parliamentary Records* and tabled papers. The parliament NT section of Territory Stories contains up to about 50,000 items.

Guides are available and the Table Office is there to support members in accessing whatever they need if they find it clunky to manoeuvre their way through. As you can imagine, many of the other jurisdictions you are talking about are much bigger and much more financially capable of providing the Rolls Royce. We have to look at saying, 'What is reasonable at the current stage? What is fit for purpose going ahead?' They are considerations I am looking at, bearing in mind the parameters of what is a reasonable cost to the Territory people.

Mr YAN: Yes, I understand that. I know the difficulties with IT systems. The upside for us being a small jurisdiction is that the other jurisdictions have been there and done it. We might have the opportunity to piggyback off work that has been done elsewhere to pick up something that works for us, at a lesser cost than to the people who had to develop it.

It is a difficult question to ask, and you may not be able to answer it, but will the Department of the Legislative Assembly seriously consider replacing this system in the future to make it easier for members and the public to search through *Parliamentary Records*?

Mr ACTING SPEAKER: You are right, it is a difficult question to ask—predicting forward. What I am able to say is that the systems going forward will be fit for purpose.

Mr YAN: In your opening statement you spoke about COVID. Earlier this year the former Speaker closed the galleries to the media and the public, despite holding the Australian of the Year Awards event in the main hall on 21 January. This did not match up with the CHO directions at the time, which included pubs, clubs and other places of business. Just this week, former member Gerry Wood was refused access to estimates because of COVID rules.

In relation to Assembly services, there were previous issues with conflict between the CHO directions and what has taken place in Parliament House. Will you commit to ensuring greater access to the parliament while still ensuring COVID-safe practices remain in place?

Mr ACTING SPEAKER: The galleries were closed in the past due to security and public health risk assessments. In saying that, as the public health emergency situation has concluded, I have directed my staff to advise MLAs and members that the pre-COVID room capacities will be reinstated. There will be greater access for people into parliament. We will not have those sorts of restrictions because the public emergency does not exist anymore. I may elect to close one or more of the galleries in the future, based on a range of reasons, of which security may be one.

Mr YAN: I am looking for a commitment that you will provide access for Territorians to Parliament House and the precinct based on some of those matters you just raised. I sincerely hope that you will commit to ensuring access in a fair and equitable manner because it has not, at times, seemed fair and equitable when other activities have taken place while people have been denied access.

Mr ACTING SPEAKER: I will put things in place that ensure the safety and wellbeing, first and foremost, of parliamentary staff, the MLAs and the staff who operate this building. There may be decisions about that. Decisions made regarding previous access due to COVID are no longer relevant. I had that cleared up a couple of days ago in a broadcast to MLAs and staff.

Answer to Question on Notice No 13.2

Mr ACTING SPEAKER: There are 31 funded positions—so staff on the books—at pay 31 March. Ongoing vacancies were due to leave or filled with contract staff. There 31 were funded positions at that period of time and 31 were filled.

Mr YAN: You said that extra security staff were required during COVID. Could you restate the cost for the additional security at Parliament House during the reporting period?

Mr ACTING SPEAKER: The extra expense for COVID requirements was \$6,661.

Mr YAN: That was not just security staff, that was also hand sanitiser?

Mr ACTING SPEAKER: That was the budget implication for us. Security staff cost was borne as part of the existing security contract.

Mr YAN: Was there an additional cost on that contract over and above what we would normally pay?

Mr ACTING SPEAKER: I think I know what the answer is, which is no, but I will double check it. We might take that on notice.

Question on Notice No 13.3

Mr CHAIR: Member for Namatjira, please restate the question for the record.

Mr YAN: As part of the standard security contract, were there any additional costs contract in relation to additional security services required because of COVID-19?

Mr CHAIR: Mr Acting Speaker, do you accept the question?

Mr ACTING SPEAKER: Yes.

Mr CHAIR: The question asked by the Member for Namatjira has been allocated number 13.3.

Mr YAN: If there were additional costs—and there may be COVID or something along those lines again—is it worth looking at additional security cameras or arrangements to offset them, particularly around the enclosed area of Parliament House?

Mr ACTING SPEAKER: Hypothetical situations are difficult to determine. I have not had any advice from our security team that there is a requirement for additional cameras. If there was natural disasters or whatever in the future it would be looked and, if needed, we would make an approach to Treasury and the Chief Minister for a one-off payment to support it.

Output 1.2 – Members' Entitlements

Mr YAN: The DLA provided an extensive COVID-19 response throughout Parliament House. Could you advise what services are being offered to electorate offices in this regard?

Ms CONATY: The department kept members and electorate office staff informed of applicable Chief Health Officer directions; especially the need to implement a COVID safety plan, and provided advice on the use of the check-in app and QR codes. During security visits to electorate offices, the issue of COVID safety was specifically canvassed. The department also installed paper towel dispensers in all electorate offices to replace the use of tea towels in kitchens, because that is better practice.

The department worked with the Department of Corporate and Digital Development to support remote access for people during periods of lockdown with enhanced use of ICT and virtual private networks on personal and supplied devices. We also put procedures in place for re-routing telephone calls, and automatic recording of telephone calls upon request.

Mr YAN: Could you provide a list of rents on all electorate offices?

Mr ACTING SPEAKER: That would be Northern Territory property management, under DCDD.

Mr YAN: Can you advise the cost of fit-outs, renovations and repairs for each electorate office, giving a summary of works provided?

Mr ACTING SPEAKER: In its 2020–21 program the Department of the Legislative Assembly allocated:

- \$93,000 to improve the amenities and security at the Namatjira electorate office
- \$21,320 to install an automatic entry door at the Gwoja electorate office

- \$1,587 to improve security and install a new power outlet and data at the Braiitling electorate office
- \$15,000 to install a security screen at the reception desk of the Gwoja electorate office
- \$10,000 for security upgrades at the Arnhem electorate office
- \$16,446 to install CCTV cameras at the Karama electorate office
- \$3,966 for minor upgrade works at the Fong Lim electorate office.

Mr YAN: A tender to fit-out a new electorate office at Casuarina Village was recently cancelled. Why was it cancelled? Will it be re-advertised?

Mr ACTING SPEAKER: That is a question for DIPL and the minister. We are the client and they do the operational aspects.

Mr YAN: I wondered if the Member for Casuarina was relocating?

Mr ACTING SPEAKER: The intention is that eventually, once we get the okay from DIPL, it can happen. The Member for Casuarina relocating has been approved.

Mr YAN: While we are on electorate offices, on 14 January this year the MLA for Blain posted on social media that his electorate office was moving to a new location a few metres away, on the other side of the Oasis Shopping Village. At the time, we submitted Written Question 288 to the Chief Minister asking for the details regarding the amount of taxpayer dollars spent moving the office. The former Chief Minister did not respond within the 30 days; it took over two months to get a response. The response that we got was one line that said to ask the Member for Blain. The Member for Blain cannot approve the move of his own office, that comes from the Legislative Assembly and the Office of the Speaker. Who approved the move of the Member for Blain's electorate office?

Mr ACTING SPEAKER: The Speaker approved the move, with the proviso that there was no cost to the Department of the Legislative Assembly. In March 2021, Northern Territory property management within the Department of Corporate and Digital Development approached the DLA advising that the owner of the shopping centre where the Blain electorate office is located was offering to relocate it to a tenancy with larger windows and increased visibility from the street at no cost to government. The relocation was to allow the building owner to accommodate a new national tenant within the shopping centre.

In August 2021, the Speaker approved the relocation of the Blain electorate office provided that it was at no cost to government, including the cost of any administration by public servants in facilitating the project. The DLA has not spent any money on the project, and is liaising with the DCDD to recoup the other costs of the relocation incurred by government.

Mr YAN: There was no cost in the relocation to NTG?

Mr ACTING SPEAKER: Yes, that is correct. The cost was borne by the owner. The move was approved and the lease was transferred.

Output 1.3 – Building Management Services

Mr YAN: The building management services budget has increased by \$174,000. Could you advise what the additional funding will cover?

Mr ACTING SPEAKER: We might need to take that one on notice to get the correct response.

Question on Notice No 13.4

Mr CHAIR: Member for Namatjira, please restate the question for the record.

Mr YAN: The building management services budget has increased by \$174,000. Please advise what the additional funding will cover.

Mr CHAIR: Mr Acting Speaker, do you accept the question?

Mr ACTING SPEAKER: Yes.

Mr CHAIR: The question asked by the Member for Namatjira has been allocated number 13.4.

Mr YAN: You spoke briefly about the Chamber clocks being old and based on outdated technology. We are seeing regular failures. When can we expect to see the issue resolved?

Mr ACTING SPEAKER: The clock above the main entrance to the Chamber failed in March 2022 at the meeting of the Assembly. Repairs for that were completed in May 2022.

The analogue speech timers on either side of the Chamber are still functional. However, the one on the opposition side of the Chamber, at times, experiences a slight delay and then catches up to correct the time remaining. As you can imagine, they are coming to the end of their life. The speech timers are original to this building and parts are no longer available. The fault cannot be fixed.

The Department of the Legislative Assembly will run a project in 2023 in conjunction with the Department of Infrastructure, Planning and Logistics to replace the analogue system with a new digital system. In the meantime, monitors placed on the tables will continue to display speech times. The analogue system will no longer be used. There will be digital clocks.

Mr YAN: What about the issues we have seen with the lights? They went out a couple of sittings ago. Is that being actioned?

Mr ACTING SPEAKER: Ongoing replacement is required with those lights. They will be replaced with energy efficient lights.

Mr YAN: As part of the agency global questions the answer provided to question 33 on page 9 stated that the annual power bill between 1 July 2021 and 31 March 2022 was \$687,000. Are you able to clarify whether this is an error? For the same period last year, the power cost was only \$87,000.

Mr ACTING SPEAKER: If that is the case, it does look like a discrepancy. We will take that on notice and get you the accurate figure.

Question on Notice No 13.5

Mr CHAIR: Member for Namatjira, please restate the question for the record.

Mr YAN: As part of agency global questions, an answer provided to question 33 on page 9 stated that the annual power bill between 1 July 2021 and 31 March 2022 was \$687,000. Can the Speaker clarify whether this is an error? For the same period last year, the power cost was \$87,000.

Mr CHAIR: Mr Acting Speaker, do you accept the question?

Mr ACTING SPEAKER: Yes.

Mr CHAIR: The question asked by the Member for Namatjira has been allocated number 13.5.

OUTPUT GROUP 2.0 – CORPORATE AND SHARED SERVICES **Output 2.1 – Corporate and Governance**

Mr YAN: What was the total spent settling legal matters, paying judgement and/or satisfying legal costs or orders in the last financial year up to 31 May 2022?

Mr ACTING SPEAKER: There were no legal matters in the period that you spoke of, only legal expenses for opinion.

Mr YAN: How many ICAC referrals have there been from your office? Are these resolved?

Mr ACTING SPEAKER: As most will know, that is a confidential matter. I cannot speak to any ICAC decisions or outcomes.

Mr YAN: I am not after decisions or outcomes. Have there been any referrals from your office?

Mr ACTING SPEAKER: I would assume that is also confidential.

Mr YAN: I will take that up with the ICAC Commissioner. How many agency vehicles were repaired for damage or written off? What was the total cost of these claims for the reporting period?

Mr ACTING SPEAKER: Our members and executive contract officers are provided with lease vehicles through NT Fleet and the Department of Corporate and Digital Development as requested. Vehicle servicing and repairs are coordinated through local providers with NT Fleet, except when an urgent repair required and it can be organised by an authorised driver.

The vehicle repair costs due to damage for the period from 1 July 2021 to 31 March 2022 incurred for MLA and executive contract vehicles were: \$30,641 for MLA vehicles in total; and \$599 for executive contract vehicles.

Mr YAN: How many freedom of information requests were lodged with your office for the reporting period?

Mr ACTING SPEAKER: There was one.

Mr YAN: From that freedom of information request, was all the documentation provided?

Mr ACTING SPEAKER: It was from the previous period, but the actual FOI was finalised in July 2021.

Mr YAN: With a few minutes to go, I recognise the work of Bob Daffey. Bob is retiring from security next week and he will be sorely missed. He has always been the face of security and for the few years since I have been here. People who have been here longer have known Bob and his service. He always has a smile on his face. Now that it is time for him to retire, we understand that he has a shed on a property in QLD. I am told by NASA that it can be seen from space.

Mr ACTING SPEAKER: That is a big shed.

Mr YAN: He has a very big shed. He will be spending his retirement restoring old Holdens, which is his love. From the Leader of the Opposition and the CLP team, we wish Bob all the best. I hope he enjoys his retirement and spends plenty of time with his old Holdens—because they are Holdens; they need a lot of fixing.

Mr ACTING SPEAKER: I concur with those sentiments. Bob has done a tremendous job. I have often asked him, at the most inappropriate times, to let me into my office because I have locked my keys in there. I am sure he will not miss that aspect of it. NASA can keep a close eye on him from above to see how his car repairs are going.

Output 2.2 – Shared Services Received

No questions.

Non-Output Specific Budget-Related Questions

No questions.

Mr CHAIR: That concludes consideration of outputs relating to the Department of the Legislative Assembly. Mr Acting Speaker, on behalf of the committee I thank you for appearing today and thank all your departmental staff for the work they have done.

Mr ACTING SPEAKER: I too, thank the officials from my department, not just for today but for the last two weeks. They have done a tremendous job, as they do every year that we have estimates. I also thank the team here today who prepared various briefs for me and got me up to speed in the last couple of weeks that I have sat in the acting role. I appreciate the hard work that goes on behind the scenes to do this, and the preparation for all the questions that we do not get asked, which they spend hours creating.

I also thank the Acting Clerk and Acting Chief Executive Officer, Marianne Conaty, for the time she has been in the role. I pass on my personal thanks for the seamless and uninterrupted way the department has progressed during her time in the chair in the past 12 months, and the skills and knowledge that she brought to that. I appreciate it, Marianne, and the support you have given me in my short time in this role. Thank you very much.

Mr CHAIR: That concludes the committee's public hearings on the estimates of proposed expenditure contained in the Appropriation (2022–2023) Bill and the statements of corporate intent for Power and Water Corporation, Jacana Energy and Territory Generation.

I remind officers that all answers to questions taken on notice must be given to the First Clerk Assistant by Monday 18 July 2022.

On behalf of the committee, I again extend my thanks to the ministers, board chairs and officials who appeared before the committee. I take this opportunity to place on the public record my appreciation for the assistance and support provided by agency staff, especially the Department of the Legislative Assembly staff—Julia and your team, thank you very much.

I thank the members of the committee, especially the Member for Arafura for sharing chairing duties with me over the last couple of weeks. That was a tremendous help. It allowed us time to rest and recuperate between different stints. I thank all other members who participated in the hearings for the work they put in and for the overall manner in which the public hearings were conducted. Over the past couple of weeks it has been civil and, hopefully, constructive for everyone.

I now formally close these public hearings of the Estimates Committee 2022–23 on the Appropriation Bill.

The committee concluded.
