

The Estimates Committee convened at 8.30 am.

**Mr CHAIR:** Good morning and welcome to the final day of Estimates Committee hearings.

I acknowledge that we gather this morning on Larrakia land and acknowledge their elders past, present and emerging.

## **GOVERNMENT OWNED CORPORATIONS**

### **POWER AND WATER CORPORATION**

**Mr CHAIR:** I welcome Mr Peter Wilson, Chair of the Power and Water Corporation Board. Could you please introduce the officers and officials accompanying you today?

**Mr WILSON:** Good morning, Chair, and members of the committee. Thank you for the opportunity to present to you today and to appear at this important hearing.

I am joined by a number of representatives from our executive team, including CEO Djuna Pollard, who is well known to you; Graciano Chatikobo, a new appointee to the position of Chief Financial Officer; John Pease, our Company Secretary, General Counsel and Acting Deputy CEO; Michael Besselink, on my right, is well known as the Executive General Manager of Core Operations; and Jason Howe is sitting in as the Executive General Manager, Customer, Strategy and Regulation.

Other members of management are here today to come in and assist the committee should that be required.

This is my second appearance as Chair of Power and Water. I was new last year, but it is great to be here. In the 15 months since my appointment in March last year, I have had the opportunity to spend a lot of time with the people at Power and Water and our customers to learn quite a lot about delivering services for power, water, sewerage and gas in the Territory.

We have a new board, not with us today. Last year I remember the committee asked me about only being a board of three. We have returned to a full complement. I will share a little about the new appointees. We have on the board Megan Corfield who is Chair of ConnellGriffin in Queensland and Unitywater. Megan was formerly CEO of the Brisbane Commonwealth Games under Peter Beattie, and is Chair of the Chief Executive Women in Queensland.

We also have Trevor Armstrong, who is former Chief Operating Officer of Ausgrid and is the interim CEO of one of the renewable energy zones in New South Wales.

Paul Italiano, who was CEO of Western Power and Transgrid.

Greg Martin was, until the mid-2000s, CEO and Managing Director of AGL. He has been a Director of Santos and is currently Chair of Hunter Water and Deputy Chair of Western Power. He also chairs Provaris, which is the hydrogen project on the Tiwi Islands.

Last but not least was Jodie Ryan, Chief Executive of DCF and Chief Minister and Cabinet until her retirement last year.

It is a very experienced and significant board. It is an honour to lead them. They are all committed to the task of modernising Power and Water's business and embracing a sustainable future with innovation.

That commitment underpins the purpose and different nature of Power and Water. We are a multi-utility, unique in the Australian landscape. We are committed to deliver all those services in a way that makes a difference to the lives of our Territorians.

Members of the committee will be aware of Power and Water's 25-year gas sale agreement with Eni to supply gas from the Blacktip field. Members will also be aware that we faced significant challenges in the last year with the reduction of supply from the Blacktip field and that it has been a continuing issue for us during the year.

We have a priority to ensure the supply of reliable energy to Territorians and other customers and to secure a long-term gas supply arrangement to support the Territory's economic development.

We have been able to meet the requirements for electricity generation and essential services customers in the Territory through a range of contingency measures. I point out we have had great assistance from the other gas producers in the Territory which have been quite responsive to the challenges we face and been open to help in whatever way they can to meet the shortfall in supply we have had that has impacted our operations.

We now have a formal dispute process with Eni to ensure it meets its contractual obligations. I am sure members of the committee will appreciate that these legal actions limit what can be said publicly. That matter is on foot.

We have a range of functions. I will peruse those a little. We connect thousands of Territory homes with electricity, gas, water and sewerage services. We cover those services across 1.3m square kilometres, which is the Territory, in a complex, challenging operational policy environment that I know members here understand extremely well.

In order to deliver safe and reliable services we refresh ourselves on not only the trends and what is happening in the marketplace but also our statement of corporate intent, which has been put forward to the parliament and includes a number of objectives we pursue.

We are moving to a clean energy future and looking to manage our networks for the longer term. We are committed to supporting vulnerable customers and building our capabilities for the new challenges in energy and service provision.

Water quality in remote areas is a major issue for the board. We are always spending time on how to improve that. More recently, we had to be focused on security in gas supply in the long term in a way that supports essential service and facilitates economic growth longer term in the Territory.

In line with the *Government Owned Corporations Act*, our objectives are to operate at least as efficiently as a comparable business and to maximise a sustainable return to the government. It is a credit to our people that we have enormous efforts towards those objectives. I commend them at this hearing today. The people at Power and Water Corporation are second to none in the work that they do and the efforts they apply to deliver our service to our customers.

This year in the statement of corporate intent we have added two years of projections beyond the formerly approved SCI period. The reason for that is the board found that with the AER regulatory period, there is another two years involved. We thought it was good to align our statement of corporate intent with the same time profile that we put before the regulator so that we are dealing with the same sets of projections.

This year controllable costs are forecast to be approximately 1.8% below budget. We are forecasting to meet all financial KPIs. Net profit after tax is in line with budget. Net profit after tax is improving year on year over the SCI, which enables returns to the Territory in the form of dividend payments. We predict \$144m from 2023–24 to 2028–29. That is against a background where we are looking to constrain cost growth and provide great service and to accommodate changes to our regulated revenues.

The next six years see a big challenge in terms of investment. We are looking at \$1.7bn of CapEx, capital investment, over the term of our regulatory period and the SCI. We have an ageing asset base. Unsurprising to the members of the committee is that there will be a major need to upgrade our ICT systems as they are getting to the end of life, many of which are manual. We need to do that in a way which accommodates the impact of renewables in our system as they require different system control market operation signals to be sent and managed.

Our debt-to-equity ratio, which is a key financial metric, is forecast to remain stable, peaking at 1.16 in 2028–29. We continue to manage that and look at improvements in operational and commercial performance to deliver sustainable value to the customer.

The organisation and the board take great pride in knowing our services impact the lives of Territorians. Our customers are at the centre of everything we do. To do that you need to talk to the customers. We have put in a lot of work over the last 12 months to understand their hopes and expectations and to form our plans consistent with those.

We make a submission every five years to the Australia Energy Regulator on our plans for investment and revenue and to get a regulatory determination from them. Our regulator networks are well known to members and include Darwin, Katherine, Tennant Creek and Alice Springs.

For more than 18 months, we have been talking to customers and stakeholders. I commend Djuna and the team for setting that up. It was before the new board arrived and we have sustained that commitment. We have a lot of information regarding what our customers are looking for.

The scorecard on consultation shows that we have met more than 450 people for detailed conversations. We have held more than 35 workshops and we have spent more than 150 hours listening and talking to our customers.

We heard that it is important to ensure that we have continued support for vulnerable customers with the need that our customers see the balance affordability with our investments in the network and the system and to continue to be an enabler of customers moving to a renewable energy future. There is no doubt that there is a very strong commitment to that.

Informed by our customers we have placed our initial proposal to the Australia Energy Regulator for the 2024–29 regulatory period. That was done in January, and they have that under consideration at the moment. We are engaging with them throughout their assessment period, which is about a year, and our submission will be refined as we move toward the final determination early next calendar year.

At Power and Water we value our role as a key enabler of the Territory's economic growth and the transition to a sustainable future in energy and water. I will give you a few examples of that. In February we awarded a \$6.1m contract to Circular Solutions to increase the output of the existing solar site at Wurrumiyanga on the Tiwi Islands by 100% and to install the appropriate battery energy storage system, which is necessary to firm up the provision of continuous supply.

That project was funded by the NT Government through the Remote Power System Strategy to increase renewable energy in remote communities. It is imperative that we will continue on for many years to come, but we are pleased to make that early progress. We look forward to working with the government to expand the provision of renewable energy services across the Territory.

Turning to water, probably a little less prominent but no less important, a secure sustainable water supply is critical to an enabling population and economic growth. In the Darwin region Power and Water is proud to be working with the Northern Territory and the Australian Government on two major projects to improve water supply to meet future demand in the Territory: the longer term Adelaide River Off-stream Water Storage, or AROWS as it is known; and the short to medium-term project of the return to service of Manton Dam. Once it is operational Manton Dam will deliver an additional 7.3 gegalitres of water into the system. Last month Manton Dam took a significant step in its project management, with the release of design and construction of critical infrastructure, including a refurbished intake tower, new pumping station pipeline and water treatment plant.

Funded by the Australian and Northern Territory governments, the new infrastructure will ensure that Power and Water can deliver safe, secure water to the Darwin region while the dam is maintained as a recreational asset for the community. You will appreciate that we have to treat the water quite vigorously after recreational use for general use.

Water in the bush is a big issue for us. In Laramba we have a recent success to provide reliable and good quality water beyond the major centres. Delivering a sustainable secure source of drinking water in remote communities is a challenge, because the water coming from underground sources can be challenging and complex in its nature, and you need to apply particular treatment processes which conform to that provision of water with the requirements of the Australia Drinking Water Guidelines.

An important day in April this year was when the new water treatment for Laramba was officially opened by the Minister for Essential Services, Hon Selena Uibo, your colleague, and the Central Desert Regional Council President, Adrian Dixon. In the case of Laramba we have an eye on exchange treatment process that successfully treats the community's water to remove uranium levels so that it is fit for drinking. Those uranium levels are now at barely detectable levels, thanks to the investment made on behalf of the people and residents of Laramba.

I congratulate the team for the extensive engineering efforts to identify the long-term solution for Laramba. It is a case of a project that was delivered expeditiously on time and budget and with the successful outcome. We certainly want to replicate that experience with other capital projects we have ahead.

We cannot make these changes without having good people. We are excited this year that our passionate people are coming up to the standard, and to their own expectations, for a great community with us. Recently, as an example of that, Georgena James from our power services team in Alice Springs was named Outstanding Apprentice of the Year as part of the Group Training NT Awards, and her colleague, Patrick Lucchese in Katherine was named as the runner-up in the same category. It is good competition and a healthy development of our younger people around which the future of this organisation will be built and developed even further.

On a closing note, one of the achievements of which I am proud of as Chair has been the recent launch of the Power and Water Reconciliation Action Plan, our second innovative plan from 2023–25, which is built on mutual respect and beneficial relationships about embracing and celebrating the value and diversity in our workplace and community.

With operations across the Territory we have a unique platform to listen, learn, educate and lead in reconciliation. In a demonstration of that commitment the Power and Water board has established a peak safety, sustainability and reconciliation committee chaired by Jodie Ryan. It is that committee's role to guide the development and implementation of policies and procedures to build a strong, culture-inclusive workplace where people are thriving in their roles.

We have great hopes through our reconciliation action plan journey. Our first plan embedded welcome-to-country and acknowledgement-of-country protocols in our organisational culture. It implemented cross-cultural training for all employees and directors—I assure you I have undertaken mine—and it has established a reconciliation action plan working group, which is doing great work.

The second innovative plan continues our journey to date. I commend everyone involved in its development, and I look forward to working with the teams to realise its objectives.

I will be pleased to take questions from the committee.

**Mr CHAIR:** Are there any questions in relation to the opening statement?

**Mr BURGOYNE:** What is the risk that the Territory will face blackouts in the next year due to a shortfall in gas supply?

**Mr WILSON:** It has not happened yet, and we are confident we will be able to maintain gas supply for essential services' needs.

**Mr BURGOYNE:** Quite confident?

**Mr WILSON:** We can never be certain, but we are confident.

**Mr BURGOYNE:** Last year's statement of corporate intent—SCI—made extensive reference to the shortfall in gas supply to the reduced gas revenue, yet when I read through the 2023–24 statement of corporate intent, there was little reference to it. Has this situation been resolved?

**Mr WILSON:** I cannot comment on that as the matter is subject to a dispute between us and the primary supplier. Speaking more generally, we note that ENI has taken a number of actions to rectify its own provision supply. Separate to that, as I said in my opening statement, we have had great support from other gas producers in the Territory to help us meet essential services needs.

**Mr BURGOYNE:** What is the current shortfall in gas supply to Power and Water Corporation under its current contract with ENI?

**Mr WILSON:** It is material, but I cannot go into the detail because it is subject to the dispute between us and ENI.

**Mr BURGOYNE:** I would not want you to mention figures but, as a percentage, people in the Territory would like to know what percentage of gas we are receiving currently from our, as you stated, 25-year gas sale agreement with ENI?

**Mr WILSON:** I can assure the people of the Territory that from our long-term contract and the other arrangements put in place we are meeting and will be able to meet essential services provisions.

**Mr BURGOYNE:** There is little mention of the current shortfall in the current SCI. Has this been deliberately left out?

**Mr WILSON:** Not at all. I reassure the committee and, through the committee, to Territorians that we will continue to meet essential services provision of electricity from gas as we move forward.

**Mr BURGOYNE:** A large part of Power and Water Corporation's revenue over the previous years has been the sale of gas. How much has Power and Water Corporation lost in the last year as a direct result of the lack of gas supply out of Blacktip?

**Mr WILSON:** We provided a statement of our financial results, and we expect to be on plan. We have to wait, and I have to respect the Auditor-General's final determination of the accounts over the next two or three months. We are confident that we are on plan with our financial objectives.

**Mr BURGOYNE:** Surely there would have been a projected figure that you would be hoping to achieve from gas sales that either has or has not been met? I find it difficult to believe that, with the mention this morning of gas restrictions and the lack of supply, you would be able to continue to meet those targets. Having looked at this year and previous years there seems to be little deviation from that. How are you able to continue to meet those gas sale figures when there is clearly a restriction or reduction in supply that is coming from the Blacktip field?

**Mr WILSON:** Our primary objective is to use gas to secure electricity generation through the assets of TGen. We have achieved that objective but obviously we are not selling gas to the east coast as we do not have surplus gas.

**Mr BURGOYNE:** We do not have any surplus gas that we are selling to the east coast?

**Mr WILSON:** No.

**Mrs LAMBLEY:** You have a contract to sell excess gas to Incitec Pivot Phosphate Hill mine in north-west Queensland. Is that correct?

**Mr WILSON:** Yes.

**Mrs LAMBLEY:** You have a contract to supply excess gas to Incitec Pivot's Phosphate Hill mine in north west Queensland; is that correct?

**Mr WILSON:** Yes, we have a contract.

**Mrs LAMBLEY:** The company estimated the impact of the shortfall of gas could cost it up to \$90m by the end of this financial year. Is there a chance that you could be sued for not honouring the contract you have with them because Eni is not supplying you the gas that it is contractually obliged to? Is that a possible ...

**Mr CHAIR:** Just before you go on, Chair, I just remind you that you do not have to answer anything that requires a legal opinion. The question of whether you could be sued is a legal opinion.

**Mrs LAMBLEY:** Is that something you are conscious of?

**Mr WILSON:** The contracts with our industrial customers are commercial-in-confidence, so I cannot answer that.

**Mr BURGOYNE:** I have a range of questions on that coming up.

**Mrs LAMBLEY:** Are you supplying Incitec Pivot's Phosphate Hill mine with gas at all at the moment?

**Ms POLLARD:** Outside of the Eni Blacktip contract we have other sources of gas available to us, so we have been able to offer to supply alternative gas arrangements to our contracted customers should they wish to take up those offers.

**Mrs LAMBLEY:** What are those alternative gas sources that you can draw on?

**Ms POLLARD:** We have alternative gas arrangements in place with INPEX. We have discussions under way at the moment with Santos about some possible gas coming from the Darwin LNG facility, which is sourced from the Bayu-Undan field.

**Mr BURGOYNE:** Is Power and Water still paying for gas that is not being delivered under the take-or-pay contract with Eni?

**Ms POLLARD:** I am not able to answer that question. It is all subject to the dispute that we have on foot with Eni at the moment.

**Mr BURGOYNE:** You are either currently paying for gas or you are not.

**Ms POLLARD:** The gas that we take from Eni currently we pay for.

**Mr BURGOYNE:** Is that gas supplying Territory Generation here in the Northern Territory?

**Ms POLLARD:** Correct.

**Mr BURGOYNE:** What steps have been taken to compensate you for the shortfall that you are now buying from INPEX?

**Ms POLLARD:** The step that has been taken and is under way at the moment is the formal dispute process.

**Mr BURGOYNE:** Is the gas that you are buying from INPEX to make up the shortfall at market price?

**Ms POLLARD:** I cannot disclose what the prices are. They are all commercial-in-confidence and subject to separate contractual arrangements.

**Mr BURGOYNE:** You spoke about Santos. Has any backup gas yet been purchased from Santos?

**Ms POLLARD:** Until the end of December last year we also had an emergency gas supply agreement in place with Santos for the gas out of the DLNG facility. That expired at the end of December last year, so we are in discussions with Santos now to potentially secure more gas.

**Mrs LAMBLEY:** Should Territorians be concerned about these limitations put on our gas supply because of Eni's breach of contract? Is that something Territorians should be concerned about?

**Mr CHAIR:** I would like to clarify that until the matter is resolved ...

**Mrs LAMBLEY:** From your professional view.

**Mr CHAIR:** We have to make sure we do not determine a breach of contract.

**Mrs LAMBLEY:** Yes, we know that, Mr Chair.

**Mr CHAIR:** You just put it on record, so I am asking you to retract that bit because they are going through a legal process.

**Mrs LAMBLEY:** It is not up to you to determine what they can say.

**Mr CHAIR:** We are not asking for a legal opinion or anything that is going to prejudice the case.

**Mrs LAMBLEY:** Should Territorians be concerned about this situation?

**Mr WILSON:** Territorians should know and we have been quite open. We have a dispute with Eni. As we said earlier, through the basic contract we have with ENI and other arrangements, we have been supplying gas for essential services confidently and we expect to keep doing that.

**Mr BURGOYNE:** Last year's SCI stated that a shortage in gas required arrangements adversely impacting the financials. Surely you can show us what the estimated loss is in these financial documents as a result of having to access more costly gas than what you previously would have.

**Mr WILSON:** Those arrangements have been quite variable through the year. As you know, gas prices have been volatile. We will have to defer on that until we have released our annual accounts.

**Mr BURGOYNE:** Right now I have an SCI in front of me. Are you saying that it may or may not be accurate because of the variable gas price?

**Mr WILSON:** Which SCI do you refer to? Is it 2022–23 or 2023–24?

**Mr BURGOYNE:** It is this one sitting in front of me for 2023–24.

**Mr WILSON:** We put that together on the basis of the best estimates we believe and the information we have, and we stand behind it.

**Mr BURGOYNE:** What is the projected loss as it currently stands for the 2023–24 financial year?

**Ms POLLARD:** The assumptions that we made about gas supply at the time of writing the 2023–24 SCI were very much based on what we were anticipating at the time. We expected the work undertaken by Eni would be successful and completed by April this year. Unfortunately, it has not at this stage proven to be as successful as the assumption that we put into our SCI. As you will appreciate, this matter is complex. Part of the reason that we are progressing with the formal dispute is so we can get in and understand the reason for the undersupply. That is still not clear to us.

**Mr BURGOYNE:** I will try to clear things up because I have been hearing that the mud coming through the original well has meant a reduction in supply. I have heard that the new flows from the new wells that have been drilled are basically not delivering what they had hoped.

From what you have just said, your assumptions in this statement of corporate intent will be irrelevant because the gas supply has not been rectified. The 25-year agreement we have with Eni is now not delivering on what it should.

I think Territorians should rightly be extraordinarily concerned. Are you, in your role, concerned about the future gas supply to the Northern Territory?

**Ms POLLARD:** As we have outlined, we have a number of other sources to continue to provide gas to electricity generators in the Northern Territory. Obviously, the largest one of those is Territory Generation.

**Mr BURGOYNE:** What amount of money has been paid to INPEX in the last financial year? That figure should be easily accessible, seeing as it is just like anything else—gas sales, gas purchases?

**Mr WILSON:** It is subject to a confidential contract with INPEX, so I am not sure. I do not have the information off the top of my head. I will take that on notice. It may be commercial-in-confidence, which prevents me from sharing that with you.

**Mr CHAIR:** We will go through the process to take it on notice, noting that if it is commercial-in-confidence, they will come back and tell you that.

**Mr BURGOYNE:** I am sure that a total figure would not give away how much they are paying per gigajoule.

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#### Question on Notice No 10.1

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

**Mr BURGOYNE:** How much has Power and Water Corporation paid to INPEX in the last financial year for gas supply?

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

**Mr WILSON:** Yes.

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

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**Mr BURGOYNE:** We have spoken a little about it this morning, but what impact has the gas shortage had on Power and Water Corporation's 10-year guaranteed supply agreement with Incitec Pivot to supply gas to the Phosphate Hill fertiliser plant at Mount Isa?

**Mr WILSON:** Again, that is the subject of a commercial contract with Incitec Pivot and is commercial-in-confidence.

**Mr BURGOYNE:** I am not asking for any commercial information. I am asking what impact it has had on the supply.

**Mr WILSON:** Obviously it has interrupted supply. We have had regular discussions with it and with our other industrial customers to manage expectations on the reality of the shortage that has come from Eni Blacktip. That is normal commercial practice and we have done that.

**Mr BURGOYNE:** When you say 'interrupted', let us be honest—there is none.

**Mr WILSON:** That is not correct. There has been variation, but that is a matter for us and Incitec Pivot to deal with commercially.

**Mr CHAIR:** I remind everyone that we are going to statements of fact, so you have to be able to substantiate them. I am not saying that they are not true, but we need to be aware of that.

**Mr BURGOYNE:** I am trying to get to the bottom of the truth of that.

Is there gas currently flowing to Incitec Pivot?

**Mr WILSON:** Yes.

**Mr BURGOYNE:** Is it just not coming from the Blacktip well?

**Mr WILSON:** There is a range of sources in the pipe.

**Mr BURGOYNE:** Power and Water's contractual agreements mean that it must supply gas to Incitec Pivot. If you can no longer supply that gas to them from the Blacktip well—as was said earlier, you are using that supply to power the Territory—where are you getting that supply from to supply Incitec Pivot?

**Mr WILSON:** I referred to that earlier.

**Ms POLLARD:** I will add to that. We are taking gas from the Eni Blacktip field as it stands today. At times, depending on demand for gas—that fluctuates on any given day—we also need gas from alternative sources.

**Mr BURGOYNE:** Could you elaborate on those alternative sources?

**Ms POLLARD:** The alternative sources I outlined earlier from INPEX.

**Mr BURGOYNE:** Once again, we are paying another corporation to purchase gas to supply an existing agreement, or is someone else paying for that gas?

**Ms POLLARD:** The gas we provide under an emergency arrangement gets passed through to whoever the customer is for that gas.

**Mr BURGOYNE:** We are hitting the nail on the head here. We have an emergency arrangement in place; who is that arrangement with currently?

**Ms POLLARD:** We have emergency gas arrangements in place with INPEX and, up until 31 December 2022, we had an emergency gas arrangement with the DLNG facility as well.

**Mr BURGOYNE:** Let us get this right. We have a 25-year gas sale agreement with Eni that is currently not delivering on what it should be. We are, therefore, purchasing gas from other wholesalers and businesses so we can continue to ensure we are living up to our contracted agreements with other corporations around Australia. I can only imagine if we were to be in breach of our own contracts it would lead to legal action being taken.



**Ms POLLARD:** In terms of our contracted customers, outside of essential generation customers, we can offer that emergency gas arrangement to them. They are not obliged to take that gas from us. They can source gas from the east coast gas markets, as an example, if they choose to do so. It is a commercial decision for those contracted customers.

**Mr BURGOYNE:** Without giving away the details of that commercial contract, I would have thought it would be an agreed figure initially. If they are now having to purchase gas on the spot market, that would be at an increased rate.

**Mr WILSON:** It depends whether it is gas or some other substitute fuel.

**Mr BURGOYNE:** Is it anticipated that there will be further reduction in supply from Eni Blacktip over the forward periods?

**Mr WILSON:** That is the matter of the dispute we have; what is the quantum of any shortfall?

**Mr BURGOYNE:** What are you being told in regard to that?

**Mr WILSON:** The amount they are supplying, as we have been told, is subject to the dispute.

**Mr BURGOYNE:** Have there been no forward projections as to the supply rate going into the future?

**Ms POLLARD:** That is one of the matters we are looking to understand further as part of the formal dispute process.

**Mr BURGOYNE:** Right now, going forward, we have very little information as to the continued supply of gas from the Blacktip fields.

**Mr WILSON:** We have information, but it is of concern to us because it is not meeting our expectation.

**Mr BURGOYNE:** You have serious concerns about the future viability of the Blacktip fields?

**Mr WILSON:** That is the subject of the dispute we have with Eni, yes.

**Mr BURGOYNE:** Are you aware how many wells Eni has drilled at Blacktip?

**Mr WILSON:** Three.

**Mr BURGOYNE:** Have any of those wells eased supply pressures?

**Mr WILSON:** Yes.

**Mr BURGOYNE:** Are all three of those wells currently online?

**Mr WILSON:** That is getting into the detail of issues we have with what Eni is doing, so I cannot answer that.

**Mr BURGOYNE:** Is it expected that there will be a process of bringing further wells online into the future?

**Mr WILSON:** That is an open issue; it is part of the dispute.

**Mr BURGOYNE:** Last year's SCI stated that gas supply limitations are expected to be resolved in January this year. You can understand, sitting here today, that having the current SCI making very little mention of those gas supply restrictions or difficulties, it beggars belief that we are in this position. Why has more not been made of these risks that affect the financial and commercial sustainability of Power and Water Corporation? In last year's SCI it was rated as extreme, yet when I look at the current risk grading, I see that it has been reduced to very high. I would have thought that the rating should continue to be at extreme.

**Mr WILSON:** We have considered the various options in our risk setting, including information from Eni. Behind that document we have put our best view forward. There is some variance around that; any estimate has that.

**Mr BURGOYNE:** Do you now see the risk as having reduced since last year?

**Mr WILSON:** Is that 2023–24?

**Mr BURGOYNE:** In 2023–24, the current risk rating to financial and commercial sustainability of Power and Water is classed as very high. This has decreased since last year when it was rated as extreme. My question goes to that exact strategic risk. Has the risk reduced since last year or has it increased?

**Mr WILSON:** The risk is stable. That is part of the dispute that we are trying to get into with Eni about the substance of flow in future and what we can rely on. Our risks are constantly open to reassessment, including this one. That is why we need to pursue this case with Eni to understand.

**Mr BURGOYNE:** From last year's SCI, where it was expected that it would be resolved by January this year to now having not been resolved, how has the risk been reduced? Is this not misleading to Territorians that the current risk rating is only at very high compared with the extreme risk rating for last year?

**Mr WILSON:** That gets into the information we have from Eni, which I cannot go into. That, plus the other sources we have, together with future production that might come on stream—for example, Beetaloo—all these ingredients have come into our assessment of the risk of gas supply to Territorians. The current risk setting is sensible, but it is subject to constant review.

**Mr CHAIR:** What will Beetaloo do for the gas market in the Territory if we see some of the providers like Empire and Tamboran come off?

**Ms POLLARD:** It will provide alternative sources of gas going to the broader ability for the Northern Territory to continue to diversify its gas supply portfolio.

**Mr BURGOYNE:** Mr Chair, you have raised a very good point. What is being done to expedite some of that gas into the future from Beetaloo? How many years away is that from coming online?

**Mr WILSON:** There are various estimates available for the marketplace. We have active discussions with Empire and Tamboran about enabling that supply to come to Darwin. It is very early stages. They have yet to inform the market of the proven up time to delivery, the quantum and the timing of that. The beginning and the end of 2024 has been mentioned, but we do not know yet. It seems imminent so that is positive.

**Mr BURGOYNE:** Going forward, is the Territory's gas supply, especially as it relates to the Eni Blacktip field, currently under a cloud because we do not know the reliability of that gas supply?

**Mr WILSON:** We have issues about the reliability—you have expressed it well, Member for Brainting—but we have a little bridge through the next year or two. It is known that we had problems with Eni. The longer term prospects for gas supply in the Northern Territory are very strong with Beetaloo. We have to navigate this dip, which we have been able to do to date. Hopefully, Beetaloo will give access to Territory customers and businesses in the future. It could be a major driver of economic growth in the Territory. We have to get to there from here, and we are managing that. That is the issue. I am very optimistic about the longer term provision of gas to the Territory.

**Mr BURGOYNE:** Looking at the statement of corporate intent, you would be budgeting for future gas purchases from INPEX and Santos. What effect will that have on your bottom line over the next 12 months?

**Ms POLLARD:** As we said earlier, we need to understand the cause of the under-supply issue we currently are experiencing with Eni from the Blacktip field. The dispute process will help to inform that, which is why we have commenced that process. Regarding the overall impacts into the future it is difficult to quantify at this point until we understand what the cause of the under-supply issue is.

**Mr BURGOYNE:** Do you have to get a Treasurer's Advance to ensure the viability going forward and that you have money in the bank should you have to purchase additional gas from INPEX and Santos?

**Ms POLLARD:** No. As a government-owned corporation we do not access the Treasurer's Advance.

**Mr BURGOYNE:** What is your ability to access funds, in the short term, should you need it to purchase additional gas?

**Mr WILSON:** Through cash flow from our operations.

**Mrs LAMBLEY:** When did the dispute with Eni formally commence?

**Mr PEASE:** It commenced last week.

**Mr BURGOYNE:** This is separate litigation to what had previously taken place? My understanding is you were in arbitration.

**Mr PEASE:** As we indicated, it is a 25-year relationship with ENI. Like every long-term relationship there is potential for disputes. The agreement provides mechanisms to resolve those disputes. We have taken steps to enliven that mechanism.

**Mr BURGOYNE:** In the last couple of years there have been multiple litigations that have occurred between Power and Water and Eni?

**Mr PEASE:** No, there has not.

**Mr BURGOYNE:** Last year, the information we were given was that there were legal proceedings under foot. The latest information we had was that it was in arbitration. Now you said that there was litigation that started a week ago. Can you clarify what has exactly happened in relation to those?

**Mr PEASE:** It is a matter of public knowledge that litigation commenced last year in the WA Supreme Court; that has concluded. There was a separate dispute resolution process that is the matter we referred to as commencing recently.

**Mr BURGOYNE:** That would be two?

**Mr PEASE:** Yes.

**Mrs LAMBLEY:** In which court is the current litigation happening?

**Mr PEASE:** It is not a court process; it is the dispute resolution process that the agreement mandates.

**Mr BURGOYNE:** I see. Has arbitration ended successfully in regard to the previous legal action that was taken last year?

**Mr PEASE:** No, it did not. As a matter of public record, the question at issue in the WA Supreme Court was whether there was sufficient urgency that entitled Power and Water to have access to information. The court felt that it was not sufficiently urgent, dismissed the action and referred that issue to arbitration at that point in time.

**Mr BURGOYNE:** Power and Water Corporation, essentially, lost that action? Is that right?

**Mr PEASE:** That is correct.

**Mr BURGOYNE:** Has Power and Water Corporation gained access to the information—the books and records—you were after?

**Mr PEASE:** As I am sure you and the community of the Northern Territory would expect, we are seeking to enforce our full entitlement under the 25-year agreement with Eni. That is the subject of part of the dispute resolution process that is currently in place.

**Mr BURGOYNE:** You were not able to avail yourselves of what you were attempting to achieve through that litigation?

**Mr PEASE:** That is correct; the court did not accept our argument.

**Mr BURGOYNE:** Mr Wilson, do you currently have the total net debt for Power and Water Corporation?

**Mr WILSON:** Yes, I do. From memory, that is \$1.16bn. We have our CFO here, so I will ask him.

**Mr CHATIKOBO:** Current debt is \$1.185bn.

**Mr BURGOYNE:** Looking at the statement of corporate intent over the forward years, and you spoke about an expectation that there will be profits into the future, what was the actual dividend paid to the government at the end of the last financial year?

**Mr CHATIKOBO:** The dividend was \$10m.

**Mr BURGOYNE:** What was the net operating loss or profit for last year?

**Mr CHATIKOBO:** The dividend is based on a cash profit. The published accounts noted there was a profit but that was adjusted for non-cash items. That is where we pay dividends.

**Mr BURGOYNE:** I am trying to confirm whether there was a net loss for the last financial year but you continued to pay a \$10 dividend.

**Mr CHATIKOBO:** No, there was a profit.

**Mr BURGOYNE:** What was the profit?

**Mr CHATIKOBO:** I will take that question on notice.

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#### Question on Notice No 10.2

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

**Mr BURGOYNE:** What was the net profit or loss after tax for the 2022–23 financial year?

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

**Mr WILSON:** Yes.

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

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**Mr BURGOYNE:** The projection for this year's net profit after tax was for \$30m. Are we on track to meet that?

**Mr WILSON:** I do not think it was \$30m.

**Mr BURGOYNE:** The net profit after tax in 2023–24.

**Mr WILSON:** The amount is \$21.2m in the current SCI.

**Mr BURGOYNE:** Are we on track to meet that figure for this current SCI?

**Mr WILSON:** On the best available knowledge we are. That is a revision down from the 2023 SCI's net profit after tax of \$30m. It has been revised.

**Mr BURGOYNE:** Are you expecting that to be further revised down?

**Mr WILSON:** Not at this stage.

**Mr BURGOYNE:** Is this level of debt of \$1.185bn sustainable into the future?

**Mr WILSON:** Yes. We are comfortable that we can meet our debt covenants. The debt-to-equity ratio, with the investment we are making and the build-up of assets, is sustainable for the organisation. That matter has been put before the regulator.

**Mr BURGOYNE:** My concern is that we have a gas sale agreement, which is currently under arbitration, and a supply issue relating to our gas supply and we therefore have to purchase gas from elsewhere. I would have thought that our profits in the future would be looking shaky because it hinges on the gas supply coming back online to supply the Territory for the remainder of the sale agreement. How will we sustain those profits in the future if we have to continue to purchase gas from other suppliers?

**Mr WILSON:** We are confident of being able to do that. The market price for gas has gone up and down, but there is a wholesale price cap. We are comfortable on the best information that although the purchase price for gas will be a bit higher, it is manageable and consistent with us making profits in the next year and beyond.

**Mrs LAMBLEY:** You said that you lost the court case in the WA courts last year. Is the information about the court case publicly available? Are you able to talk about the outcome of the court case and any costs involved?

**Mr PEASE:** The Supreme Court has published a decision that is available on its website. Aspects of commercial confidentiality are not included in the judgement, but there are aspects that are public. As part of the court's decision in dismissing our claim, we were ordered to pay costs to Eni.

**Mrs LAMBLEY:** What were the costs?

**Mr PEASE:** It was an agreed amount. I will take that question on notice so that I do not give out an inaccurate number.

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### Question on Notice No 10.3

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

**Mrs LAMBLEY:** What were the costs paid to Eni of the WA Supreme Court action?

**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 the number 10.3.

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**Mrs LAMBLEY:** Given that you lost the court case, what does that mean, exactly? In brief, what was the determination?

**Mr PEASE:** Very briefly, the court's finding was that there was not sufficient urgency to justify Power and Water going outside the mechanisms for dispute resolution that the agreement with Eni includes.

**Mrs LAMBLEY:** What was the intent of the court case? What were you claiming when you went into that court case? What were your allegations? I do not come from a legal background so I will not ask the question particularly well along these lines, but what were you alleging when you went into that court case?

**Mr PEASE:** The court case sought access to documents and information.

**Mrs LAMBLEY:** Did the court deny you that information?

**Mr PEASE:** Technically it did not deny us the information. It denied us using the court process and said that we should pursue that via the dispute resolution mechanism in the contract with Eni.

**Mrs LAMBLEY:** What was the information you were specifically asking from Eni?

**Mr PEASE:** A range of information, but primarily looking at the reasons for the shortfall in gas that we are getting.

**Mrs LAMBLEY:** Now you find yourself in dispute resolution. Is that taking place in the Northern Territory? Is that physically happening here, or is it happening in WA? Where are you having that dispute resolution?

**Mr PEASE:** It is a tiered mechanism, so initially it envisages officer to officer, then CEO to CEO discussions. The intent is that they will occur either in Darwin or using technology depending on people's availability.

**Mrs LAMBLEY:** Who facilitates that dispute resolution?

**Mr PEASE:** Ultimately it ends up in an arbitration process.

**Mrs LAMBLEY:** How long is it envisaged that this dispute resolution process will take? It might be difficult to answer.

**Mr PEASE:** It is a bit like, 'how long is a piece of string?' It will depend on the attitude of the parties on the way through and the issues that are raised on the process.

**Mrs LAMBLEY:** This legal process is obviously costing a lot of money, including the court case from last year and now the dispute resolution process you find yourself in at the moment. What has been the cost over the last 12 months of this legal battle that you have become ensconced in with Eni? Are you able to provide figures on that?

**Mr WILSON:** That is an extension of the previous question, Chair, if we could take that on notice and have that content of the question.

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#### Question on Notice No 10.4

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

**Mrs LAMBLEY:** What is the total cost of the legal proceedings between Eni and the Power and Water Corporation over the last reporting period?

**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 the number 10.4.

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**Mr BURGOYNE:** In your statement of corporate intent and the forecast for gas sales and revenue, they are projected to increase where they reach \$400m in 2028–29. What are these projects based on?

**Mr WILSON:** For longer term supply of gas in the Territory.

**Mr BURGOYNE:** Based on what?

**Mr WILSON:** Expectations that we will be able to put in new arrangements with—not just inter-arrangements, new arrangements—with producers primarily in Beetaloo and the expectation of a huge amount of gas being available to the Territory from the extensive resource there.

**Mr BURGOYNE:** We are not sure when that gas will actually be coming online. When I look at the forecast for this current year 2023–24—sorry, 2022–23—it is forecast for \$239m from gas sales. We have heard a lot about the hope that this dispute would be resolved in January, and it has not. We have heard about the assumptions that were made. Obviously, those assumptions have not come to pass, and you spoke briefly about some of those changing circumstances. Where do we currently sit as it relates to gas revenue for the current financial year?

**Mr CHATIKOBO:** The revenue is not materially different to what we forecast for this financial year, mainly because there has been, as you know, an attractive gas market. We have been able to take advantage of those prices where we could.

**Mr BURGOYNE:** Although we may not have sold as much gas, the gas we did sell sold for an incredibly high price.

**Mr CHATIKOBO:** That is correct.

**Mr CHAIR:** Mr Wilson, we heard that we have some supply issues with Eni, and it is going through a dispute process, but we have a sustainable source available to us through INPEX with the current contract, we are looking to renegotiate with Santos, and you believe that is financially sustainable. Would that be right? Territorians should be comfortable knowing their power will continue, their lights will stay on and we have a plan to remediate the Eni piece.

**Mr WILSON:** That is correct, yes.

**Mr CHAIR:** And we are just waiting for the Beetaloo. Somewhere in 2024; we see those two, although minor, players in the gas market, which have a substantial share in Beetaloo, coming online. It is, like you said, navigating that little dip, but Territorians will not be affected with their power supply.

**Mr WILSON:** That is our strong belief.

**Mr BURGOYNE:** It is well and good to talk that down, Mr Chair, but the reality is that the current situation is that we do not know when it will be fixed or when the Beetaloo will come online, and we will have to continue to purchase gas off other providers while we still have a gas sale agreement in place with Eni.

**Mr WILSON:** That is also correct, but we have been navigating that confidently, and the numbers we put forward reflect that. We are an aggregator. The point to recognise is that Power and Water is a gas aggregator, so we have different sources of supply. We have essential service customers, industrial customers and, where there is excess, we can sell it into the market. We provide an aggregator function; it is not just all about the Eni contract. It is making our way through that, sensibly and commercially, that we have the skills for and are confident about.

**Mr BURGOYNE:** The personnel and direct costs are budgeted to be almost \$17m, or 11%, higher in financial year 2023–24. What is driving that increase in costs?

**Mr CHATIKOBO:** As you know, Power and Water just set an enterprise agreement that is backdated to the last agreement from 2021. What you are seeing is the increase accumulating from the expiry of the previous agreement.

**Mr BURGOYNE:** Am I not correct in saying that those increases only account for 3% of that 11%? You are saying that the whole 11% of personnel direct costs that are increasing by 11% is due to the accumulated amount that will now be paid to people.

**Mr CHATIKOBO:** It is not the cumulative increase. From 2021 we supposed there would be increases, so if you add 3% for each of those years to 2024, cumulatively it gets to that number.

**Mr BURGOYNE:** Was \$15m of operating costs converted to capital costs in 2021–22?

**Mr WILSON:** I think that is of the right order. 'Capitalised' is the term.

**Mr BURGOYNE:** What impact has that had on the change in the financials?

**Mr CHATIKOBO:** Can you repeat the question?

**Mr BURGOYNE:** We had \$15m of operating costs converted to capital costs. What I am trying to get at is that this would essentially make the income look higher, would it not?

**Mr WILSON:** The profit. And we have caught up—the regulator has a standard for the capitalisation of costs, which we have adjusted to, to match the other energy and regulated utilities. We have met the regulator standard capitalisation and the Accounting Standard on it. We have been through that. Graciano and I are both accountants, so we have been through that with the Auditor-General, who has done rigorous checks. We have aligned ourselves to the practice used extensively.

**Mr BURGOYNE:** Has a similar conversion been performed for this year?

**Mr WILSON:** Yes.

**Mr BURGOYNE:** How much is that figure?

**Mr CHATIKOBO:** Similar to the forecast you have seen, this is a standard commercial view of a utility business because we exist to service a network. What you are seeing there is the background support functions that make things happen on the network. In the past we did not reflect that functionality within the section for assets, but this is what we are doing going forward.

**Mr BURGOYNE:** The reality is that by doing this it therefore makes your profit look a lot higher, whereas if you had not done it, there would be a huge loss.

**Mr CHATIKOBO:** That is correct, but it is also a correct measurement of our costs.

**Mr WILSON:** That was not the purpose; that is the effect.

**Mr BURGOYNE:** That is the effect.

**Mr CHAIR:** We have to make sure we do not put any imputations in there, Member for Braintree.

**Mr BURGOYNE:** Not at all. It is a statement of fact that by moving the operating costs and converting them to capital costs it therefore makes the profit higher.

**Mr WILSON:** In the long term, no, because those capital costs are then depreciated out, so it comes back into future profit. There is a near-term effect, but longer term there is no effect.

**Mrs LAMBLEY:** The total net debt of the Power and Water Corporation is sitting at \$1.185bn. The debt has been sitting at that level for a long time, am I correct? Could you tell me just how long it has been sitting around the billion-dollar mark?

**Mr CHATIKOBO:** I think it has been two or three years around that level. I think it is a reflection that we have been utilising our cash generated from the corporation more than debt to fund our capital expenditure.

**Mrs LAMBLEY:** I have a question about the budget. I noticed that Power and Water Corporation is anticipating an increase in revenue next year of over \$30m. Can you explain that?

**Mr CHATIKOBO:** A number of factors are in that budget. There is improvements in revenue and the management of costs. Even though we have had increases in the enterprise agreements and things like that, there has been a reduction of costs in other areas of the business. There is an improvement in our revenue, but also management of costs.

**Mrs LAMBLEY:** I am looking specifically at the revenue. In Budget Paper No 3 on page 116, it says that the revenue will increase by \$30.388m. I am curious to know why there has been such a significant increase in revenue.

**Mr CHATIKOBO:** Let me clear this and say that this is not revenue for Power and Water; this is revenue to the government from Power and Water for the tax that we pay.

**Mrs LAMBLEY:** Okay.

**Mr CHATIKOBO:** It is important to note that included in our statement of corporate intent is a grant for the Manton Dam return to service. Under tax legislation we are required to pay tax on that grant, so next year we are expecting to receive \$90m, and we will pay 30% of that as tax. However, to make sure that the tax payment does not impact on customers, we have an arrangement with the Department of Treasury and Finance for that to be paid back as equity. If you look at our statement of corporate intent on page 45, you will see in the shareholders equity section there is an increase in contributed equity of \$30m, from \$49.4m to \$79.4m. That is the Department of Treasury and Finance paying back that tax to us to make sure there is no impact on customers.

**Mrs LAMBLEY:** I noticed that in your statement of corporate intent PWC has borrowed \$30m. When you refer to Manton Dam is that the \$30m of borrowing you are talking about in 2023–24? Next year it goes up to \$29.4m, then it drops down again to \$4m.

**Mr CHATIKOBO:** I was referring to the \$30m tax payment to the government, first of all, in 2024 that we are forecasting. However, to make sure the payment does not impact customers, it is paid back to us as an equity injection from the government. That is what I was referring to in our statement of corporate intent on page 45, the shareholder's equity section. That is at the end of the balance sheet. Contributed equity for 2024 goes up to \$79.4m. That is an increase of \$30m from \$49.4m.

**Mrs LAMBLEY:** Going back to page 46 of the statement of corporate intent, I am looking at the borrowings. Can you explain why the borrowings will go up from \$5m in 2022–23 to \$30m in 2023–24 and \$29.4m the following year and then back down again? Why are you borrowing that amount of money for those two years? Can you see what I am referring to?



**Mr CHATIKOBO:** Yes. We borrow specifically to fund capital expenditure. I should explain that is standard practice in our industry, and regulators expect the same. In fact, we were expected to borrow at a much higher gearing ratio than we currently have by regulators.

If you look at that and compare it to our capital expenditure—we are actually funding most of our capital expenditure from cash from operations. That is just the residual of what we can fund from cash from operations.

**Mrs LAMBLEY:** What percentage of your revenue is provided by government?

**Mr CHATIKOBO:** In the form of?

**Mrs LAMBLEY:** In the form of—I forget the terminology.

**Mr CHAIR:** Maybe I could follow with a question on that? Looking at receivables in your forecast budget for 2023–24, where is the service obligation in that? There was a subsequent question I would have asked later. In terms of the national energy regulator and the determinations they have made in other states, how are we faring in the price increase determination, or where do you suspect that will end up in comparison to other states? I have seen 25% and 15% increase determined by the national energy regulator. Where do Territorians sit with that? How does the CSO play into it?

**Mr WILSON:** That is publicly available in our submission to the regulator. There would be different rates for different customers. You can indicate the general amount.

**Mr CHATIKOBO:** It is important to note that Territorians are part of the government price order, therefore are not impacted by what we submit to the regulator. In saying that as a business our responsibility as a GOC is to commit a commercial view of what we should recover. That is what ties into the decisions government makes on what they get. That CSO does not come to us; it comes to either the generators or the retailers—I am not sure.

**Mr BURGOYNE:** It is offset. Speaking about those borrowings, what are the interest rate assumptions on new borrowing by Power and Water into the forward estimates? Will you be affected, as everyone else is, by interest rate rises?

**Mr WILSON:** Yes, we have captured a higher rate of interest because of the increase. The regulator also has to make its own determination. Mr Chatikobo, you might elaborate on what we have put forward in our thinking.

**Mr CHATIKOBO:** Our forecast is based on what is happening on the market currently. We are forecasting in our SCI our debts to peak at about 6.5% cost of debt as we refinance our current debt levels.

**Mr BURGOYNE:** As I look at government loans under current liabilities, the projection to 2028–29 is \$1.5bn. Is that correct?

**Mr WILSON:** It rings a bell.

**Mr CHATIKOBO:** That is page 45?

**Mr BURGOYNE:** Yes, 45.

**Mr CHATIKOBO:** Which financial year?

**Mr BURGOYNE:** At 2028–29 the projection is that you will have government loans in excess of \$1.5bn.

**Mr CHATIKOBO:** That is correct.

**Mr BURGOYNE:** What is that assumption based on? We have heard today that the debt has been steady. Is that because of those interest rate increases?

**Mr CHATIKOBO:** No, that is because of increasing capital expenditure. As the Chair alluded in his opening statement, we will be spending \$1.7bn in renewing the network. You will find that the increase does not correspond to that. We will be using more of our cash generated from operations.

**Mr BURGOYNE:** Will a lot of the funding for that capital expenditure over the next four projections be from borrowings?

**Mr CHATIKOBO:** A lot of that will be cash from operations. We will spend \$1.7bn. Our debt is increasing by only \$400m.

**Mr BURGOYNE:** You will have profits projected over the forward estimates, so that will all come into effect.

**Mr WILSON:** It will be a mixture of sources.

**Mr CHAIR:** In the CapEx that you speak about, where does the underground power roll out sit? How do you see that playing out?

**Mr CHATIKOBO:** The undergrounding is funded by the government and therefore is not included in our borrowings.

**Mr CHAIR:** Perfect. You will be rolling that program out, starting ...

**Mr WILSON:** It is under way.

**Mr BURGOYNE:** What is the projected dividend for this financial year?

**Mr CHATIKOBO:** The dividend will be assessed by the board once we have audited the accounts. We have to reassess whether or not the profit is cash based. That assessment happens only after the audit is completed.

**Mrs LAMBLEY:** How does PWC pay back its loans? What sort of regime or plan does it have to pay back this debt?

**Mr CHATIKOBO:** Being a government-owned corporation, the Territory will borrow through the Treasury Corporation. Any other commercial business would have instruments that expire and refinance each year. If you refer to our statement of corporate intent on page 45, you will see there are borrowings under current liabilities that show what expires each year and we have to refinance each year. It is a process of refinancing those instruments as they fall due each financial year.

**Mrs LAMBLEY:** For the layman out there who might be listening, at some point will Power and Water ever pay back this enormous debt?

**Mr CHATIKOBO:** I do not think we have to. As a commercial business, we have to use our balance sheet effectively and give the shareholders a return. That is the responsibility that we have. The regulators expect us to borrow 60% of what we use in our capital expenditure.

**Mrs LAMBLEY:** Have you been given a debt ceiling?

**Mr WILSON:** No.

**Mr CHAIR:** It is private.

**Mr WILSON:** In a growing economy, for a utility such as PWC, you would expect the asset base and the debt to grow because we have such strong services to provide. In terms of what the government wants for the Territory, yes, our debt is expected to grow but we have to keep it in a balanced measure.

We borrow through the Northern Territory Treasury Corporation and loans mature. We might extend them with new finance and there is new debt added to that. As long as that grows commensurate with our assets, we will maintain a steady growth and financial stability to meet the various needs of the parliament, the Treasurer and the market generally.

I want to see our assets and debt grow because that is a sign of a growing Territory economy rather than a mature economy where you do not borrow anymore because it is all stationary and you are able to pay off debt because you are in a shrinking economy. We do not want that.

**Mr BURGOYNE:** In your opening statement you spoke about the board. How many board members currently reside outside of the Northern Territory?

**Mr WILSON:** Five of the six members.

**Mr BURGOYNE:** What is the current remuneration for board members?

**Mr WILSON:** I do not have the individual numbers. From July 2022 to March 2023, nine months, the cost of the board fees were \$852,000.

**Mr BURGOYNE:** Were individual board members paid different amounts, or is it based on meeting fees?

**Mr WILSON:** Broadly, the director's fee is about \$100,000 per annum. The Chair's fee is twice that amount. There is no Deputy Chair fee.

**Mr BURGOYNE:** Each board member has a direct—receives \$100,000. Is that what you are saying?

**Mr WILSON:** Yes, a fixed annual fee of \$100,000 paid fortnightly.

**Mr BURGOYNE:** You spoke a lot about renewables in your opening statement. When will the 100 megawatts of solar power currently awaiting certification finally be allowed to connect to the grid?

**Mr WILSON:** There is a complex process involved in connecting renewables. It has been traditionally been a plant that backs up the primary generation. The social expectation and requirement is that it now comes to the front row. It is a variable generator of power which means, consistent with the Australian regulatory standards, they have to go through probably four types of tests.

The technical requirements for that plant must be appropriate and meet standard specifications. There are tests that its connection to the system is appropriately constructed and ensuring how they switch in and out is well constructed. An individual plant is like any motor, and there are performance standards on how they perform. There is a lot of data through each of those tests, and Michael Besselink is involved with the inflight generators.

All the in-flight generators or the private plants are currently under testing, and they have all progressed through but it is a painstaking process. It needs to be done right, not done quickly. We are committed to doing that and have been working hard on the generators to connect and despatch power to the grid.

**Mr BURGOYNE:** Some of these projects have been waiting for three years to be connected. Is that an acceptable time frame for the commissioning process?

**Mr BESSELINK:** The time taken to connect any major connection—solar, a new gas generator or a major load—is defined by a publicly available and published connection process. That process has standards which have been established through consultation with market participants and approved by the Utilities Commission as being appropriate for the Northern Territory.

They are established to ensure that any connection to the Northern Territory network does not create a situation where the new plant destabilises the network and results in unplanned and unwanted network outages across our networks. If the plants meet those standards, they are considered compliant and will be certified to operate.

When we talk about connections, all the plants which are in flight are connected to the network but are not yet at a standard where they are compliant.

**Mr BURGOYNE:** To export?

**Mr BESSELINK:** To be exported and operating in a commercial manner. The process we use is consistent with the National Electricity Market—which was where it was originally designed—and it requires the proponent that brings the plant to the connection provides a model of how the plant will operate. Before it is connected it should show that it will not destabilise the network.

Normally the process after that, once it has been approved and shows the modelling does not affect the network under various network conditions—various things happen on the network where generators can drop off and plants have to ride through all these activities—we start the compliance testing process to ensure that the plant meets the requirements shown within the model.

In the current situation with in-flight generators, these models have not been completed or put forward and approved. The plants have been built prior to the models being in place. We are working with those proponents with on-grid testing to make sure we can see what the compliance is, whilst they are still building their models. As we go through the process it is a more delicate process, because we are now dealing with plants we do not have a model behaviour on; therefore, we do not understand how it will work.

Over the course of the last year we have assisted a number of the proponents by allowing extended periods of online operation. Whilst not fully commercial operating, we have had extended periods of online operation so we can see how the plant performs when there are system disturbances. Going through that process we have found that they do not meet the requirements of the agreed standards in a number of different places. The concern to us is that continued operation at that level, or higher levels of output, may well destabilise our networks, because we have had a number of occasions where we had very low loads on the network—not much to be able to absorb it.

We have allowed this testing and we have some real life data. We have mitigated the risk of that at those times by having additional support via the gas generators on the network to cover in case things fall over. They have shown the number of issues that are there.

We have one piece of plant there—I will not name who it is—that has gone through the modelling and compliance process and has passed all of those tests and meet the requirements of their firm output generation targets is heading towards a full commercial operation of that plant.

The process can work, it just takes time because we are not following what that process is and we are having to back-fit a number of things with live tests.

**Mr BURGOYNE:** I find that interesting. Some of the time when you had those systems online and testing them in a real-world situation, you had the back-up generators spinning to stabilise the grid. Did those solar arrays destabilise the network during that testing period?

**Mr BESSELINK:** When system events have occurred, the behaviour of the plant, on a number of occasions, did not meet the requirements that we have for the standards.

**Mr BURGOYNE:** What are those standards that it failed in relation to?

**Mr BESSELINK:** In the network performance standards there are things that talk about how they should support voltage if it drops. You have voltage support. There are a couple of others—it is starting to get into a technical area for me—but they are ones that have the potential to cause problems, including oscillations and things like that.

**Mr BURGOYNE:** For the one proponent that is getting through this stage, have you noticed is there a larger battery in place? What is enabling it to continue along this process and what is holding back the other proponents?

**Mr BESSELINK:** If you have the model plant originally that will then work out the requirements you need for your design. At the moment, we do not know what the overall system is that those proponents have because we do not go into the technical design of their plant. We just know that however they have either configured it or set it up it has some problems with how they operate.

**Mr BURGOYNE:** It sounds to me like under certain loads the voltage is not able to continue at a rate within certain differences that you are happy with; is that correct? Are you seeing voltage drop?

**Mr BESSELINK:** There is mechanisms around voltage support and there are mechanisms around how they respond to faults on the network. It is around those fault ride throughs and support requirements that each of the generators are supposed to bring to the network.

**Mr BURGOYNE:** There has been a lot of talk about this. Eni has come out and called the failure of Power and Water Corporation to finalise the connection process as onerous. Do you see what is currently being undertaken as very onerous for these proponents?

**Mr BESSELINK:** One of our proponents has actually gone through the process and passed the generator performance standards. There are 17 requirements in the generator performance standards plus the requirement to have a model that shows all the performance of their piece of plant.

It is a similar process to what is used in the National Electricity Market. I do not think we are any more onerous than we would be looking at in any ...

**Mr WILSON:** It is rigorous, not onerous.

**Mr BURGOYNE:** Rigorous—I like that, Mr Wilson.

Will the 100 megawatts of unconnected solar be able to be brought online before the large battery at Channel Island is completed?

**Mr BESSELINK:** I will not go into the battery at Channel Island because TGen has a purpose behind the battery. The general requirements to bring on a generator is that the generator is to do no harm to the existing network. That is the basic parameter of it. Everything that the generator needs to have to support itself on the network and not do any further harm to the network should be brought by the proponent when it does the final design.

At the moment we have a situation where not all of that is in the current designs. It is up to the proponent as to how that will be resolved.

**Mr BURGOYNE:** You said that for anyone connecting to the grid there should not then be that onus on Power and Water to have to firm up the grid. Is there an estimated cost that you have worked out over the next five years to firm up the grid so that you can have more large-scale solar connected to it?

**Mr BESSELINK:** A number of factors are at play. The factors at play for requiring the grid to have a change in what the assets are on the grid also relate to the amount of solar and the displacement of the gas generators to provide the essential system services those gas generators currently provide.

The gas generators inherently bring with them, whenever they start up, a degree of essential system services, which includes system strength, voltage support and inertia from the rotating mass of those plants. As we get more and more solar on board, we will not have room to run the gas generators because any gas generator that runs will ultimately displace the ability for solar to come in and do that.

To get more solar on we need to then firm up networks with those essential system services in a way that it does not actually produce energy at the same time. There are multiple things we need to deal with.

**Mr BURGOYNE:** To confirm, are none of those large-scale solar proponents currently dispatching in a commercial way?

**Mr BESSELINK:** That is correct.

**Mr MALEY:** Do you have any idea when they will start dispatching the power? Can you give us an estimate of when they will be online and working?

**Mr BESSELINK:** At the moment, as I mentioned before, a number of issues are currently being worked through. Those issues need to be worked through by the proponent before we can actually ...

**Mr MALEY:** Do you have an estimate of time when you think that will happen?

**Mr BESSELINK:** They have not given us an estimate of time.

**Mr MALEY:** Is it open ended?

**Mr BESSELINK:** They have not given us an estimate. That is all I can say.

**Mr BURGOYNE:** Does Power and Water Corporation have a memorandum of understanding or another agreement with Sun Cable currently?

**Ms POLLARD:** My understanding is we do not currently have an MOU with Sun Cable.

**Mr BURGOYNE:** Is one under negotiation?

**Ms POLLARD:** Not to my knowledge.

**Mr BURGOYNE:** How much has been spent to date on the Alice Springs Future Grid project? Is that something that Power and Water Corporation is involved with?

**Mr WILSON:** We might have to take that on notice.

**Ms POLLARD:** I will add to that. We are involved with that project. We are part of the consortium. We are also providing in-kind support across the five different project streams in total for the project. We are heavily involved in it. In terms of the cost, we would need to take that question on notice.

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**Question on Notice No 10.5**

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

**Mr BURGOYNE:** How much has Power and Water Corporation spent to date on the Alice Springs Future Grid project?

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

**Mr WILSON:** Yes.

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

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**Mr BURGOYNE:** Earlier this year Power and Water announced that 20,000 smart meters would be installed in Darwin, Katherine, Tennant Creek and Alice Springs. How many have been installed so far?

**Mr BESSELINK:** Between July 2022 and 2023 we installed more than 9,000 meters. By the end of June 2024 that number will total 25,000 meters. That is the latest, but that will bring the whole of the Territory's numbers up to about 50,000.

**Mr BURGOYNE:** Just to confirm that final figure?

**Mr BESSELINK:** From July 2022 to 2024 there will be 25,000 meters installed, and that brings the total up to about 50,000.

**Mr CHAIR:** We will adjourn for 10 minutes for morning tea.

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The committee suspended.

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**Mr CHAIR:** Welcome back, everyone. There is an answer to a question on notice.

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**Answer to Question on Notice No 10.2**

**Mr WILSON:** Question on notice was 10.2 was about the net profit or loss after tax for this financial year—that is, 2021–22, the completed financial year. The statutory net profit after tax for 2021–22 in total was \$59.4m but, excluding revaluation, the underlying net profit after tax was \$26.7m, and that is the number used primarily for dividend determination.

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**Mr BURGOYNE:** In last year's SCI, it was stated, 'Overall gas sales volumes have reduced by approximately 10% over the four-year SCI period, resulting in an EBITDA reduction of \$50m for gas services when comparing the published SCI to the current SCI forecast to 2024–25'. Can you confirm whether that figure is increasing?

**Mr WILSON:** We will take that on notice to be exact for you.

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**Question on Notice No 10.6**

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

**Mr BURGOYNE:** In last year's SCI, it was stated, 'Overall gas sales volumes have reduced by approximately 10% over the four-year SCI period, resulting in an EBITDA reduction of \$50.1m for gas services when comparing the published SCI to the current SCI forecast to 2024–25'. Can you confirm whether that figure is increasing over the forward estimates and do you have a current figure of losses?

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

**Mr WILSON:** Yes.

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

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**Mr BROWN:** My question is in regard to the solar sites. I am looking at the map on page 4; at what stage is this map at? There are a couple of communities in my region—Minjilang, Waruwi, a solar site at Maningrida and Wurrumiyanga. Is this completed or ongoing?

**Ms POLLARD:** I can confirm that this map is correct at the time of publishing our 2023–24 statement of corporate intent. We have done quite a bit on rolling out solar to the remote Aboriginal communities across the Territory. A number of years ago we were successful in securing some federal funding through ARENA and we rolled out solar to just over 20 remote communities, looking to displace the use of diesel in those communities.

Moving forward—our Chair mentioned that Wurrumiyanga is the community where we are increasing the solar arrays, as well as a battery. We have further plans and are doing quite a bit of work with the Department of Industry, Tourism and Trade in the Remote Power System Strategy and will potentially be involved in more of that work as that progresses.

**Mr BURGOYNE:** How much has Power and Water Corporation spent on the Manton Dam return to service project to date?

**Mr CHATIKOBO:** The preliminary work is close to \$7m to date.

**Mr BURGOYNE:** Stage one is \$230m in total. Is that correct?

**Mr CHATIKOBO:** That is correct.

**Mr BURGOYNE:** Do you have a current time line for the completion of that project?

**Ms POLLARD:** It is the 2025–26 financial year.

**Mr BURGOYNE:** What is the estimated total draw from Manton Dam after the return to service project is completed?

**Ms POLLARD:** Once the Manton Dam return to service project is completed, we will yield an additional 7,300 megalitres per annum into the water system.

**Mr MALEY:** Will that have an impact on the recreational use of Manton Dam?

**Ms POLLARD:** No. Recreational use will continue once Manton Dam has been returned to service.

**Mr MALEY:** Will it lower the water level? At the moment, if you go to Manton Dam for recreational use where the beach is, people sit there and put their feet into the water, and the boat ramp comes down. If water is being drawn out at the end of the Dry Season, will the water level drop below the boat ramp or will it stay the same? Will we notice the difference?

**Ms POLLARD:** Not to my knowledge through the assessments we have done so far.

**Mr MALEY:** Will that amount of water not lower the level of water in the Dry Season?

**Ms POLLARD:** There are a number of contributing factors, including evaporation. There is a whole raft of issues that we consider as part of that analysis. I am not aware of there being any significant impact.

The figure that I have provided would be an average per-annum yield.

**Mr BURGOYNE:** The AROWS project is projected in the SCI to cost approximately \$1bn. How much has been spent by Power and Water Corporation so far?

**Ms POLLARD:** Our role so far has been the pre-planning and planning work activities, working collaboratively with the Department of Industry, Tourism and Trade. It has the lead on the detailed business case assessment.

We have also been doing de-risking activities, including looking at environmental impact studies, engineering and design for a project such as this.

I cannot remember the exact figure off the top of my head in terms of our spend to date. I can provide the exact number. We have just secured a further \$18m from the federal government to progress the de-risking activities in the build up to a fuller submission and, hopefully, more federal funding to flow to be able to undertake the project.

**Mr BURGOYNE:** What is the de-risking process specifically focusing on? What do we need to de-risk?

**Ms POLLARD:** There is a raft of things involved in that, including engineering, design, environmental aspects, land clearances, native titles and engaging in consultation with pastoralists and the broader community. It is a bundle of activities that we label as de-risking. It is quite a substantial program of work.

**Mrs LAMBLEY:** I mentioned earlier the forecast increase in revenue by \$30m in 2023–24 that is in Budget Paper No 3. The note to that said that the increase is mainly due to an expected improvement in profitability, combined with tax obligations associated with significant capital grant funding for major projects.

This is what was referred to. What does that mean in terms of improvement in profitability? How is PWC becoming more profitable?

**Mr WILSON:** Our profit is built from the surplus above provision of our services. In the case of a number of projects with high public interest, the government funds us for the grant. As we are tax-equivalent structured to match the private sector activities the grant is taxable from the government that gives it to us. It is payable back to them, which is what you have to do, and the government has returned that to us. Our profit is a mixture of the surplus generated from normal operations plus what the government has injected and, in this case, the equalising grant to neutralise the tax going back.

**Mrs LAMBLEY:** Are you charging your customers more for what you are providing them?

**Mr WILSON:** There are two things. The regulatory determination we are going through sets the rate at which we are charging customers, and there is an electricity price order set by the shareholder minister to determine what rates customers pay. With inflation and increased interest rates, yes, those rates go up over time.

**Mrs LAMBLEY:** What percentage have they gone up in the reporting period—that you are charging your customers?

**Ms POLLARD:** To add to what our board chairman just commented on, the submission we made to the Australian Energy Regulator in January this year does the electricity network revenues on our three regulated networks increasing, largely driven by the higher cost associated with borrowing. Predominantly, we have tried to keep our operating costs in check, and that is not a large or significant contributing factor.

We are not sure yet where the AER ultimately is going to land with their decision. We are expecting a draft decision to be made by the regulator in September this year. Subject to what that looks like we will then have an opportunity to respond to that draft decision. That is due in December this year, then ultimately the AER will hand down their final determination in April next year.

We have looked at glide path arrangements around what electricity price increase trajectory would look like. We bill our electricity retailers off the back of that final decision once the regulator has made it. In terms of the impacts to electricity customers across the Territory that is a decision for the Northern Territory Government through its electricity pricing order mechanism as to whether those increases will be passed on or not.



**Mr CHAIR:** You will increase the cost if the AER says so and pass that on to Jacana. Then—for those listening—the community service obligation goes directly to Jacana to offset the power price, not being handed over to the Territory consumer. Is that how that ...

**Ms POLLARD:** That is correct.

**Mrs LAMBLEY:** What is the percentage increase in the price of electricity you have been charging your customers over the last reporting period? Or can you give us an actual figure of what it has gone from—to.

**Ms POLLARD:** I do not have the figures with me for the prior year increases. In terms of what we have included in our submission to the AER earlier this year, we are looking at a smooth price path arrangement which will potentially see approximately an 8% increase and then looking for that to reduce by the last year, which would be financial year 2028–29. We do not know where it is going to land in terms of the regulator's final decision. We will know that in April next year.

**Mrs LAMBLEY:** Does that process happen every year?

**Ms POLLARD:** As Peter mentioned in his opening statement, this is a large proposal or submission that we need to put forward to the Australian Energy Regulator covering off on our plans for the next five years; this is just for electricity networks. Ultimately, the government will decide what it will do in terms of the outcome of that decision from the AER.

**Mrs LAMBLEY:** Has there been an increase in your charge of electricity to your customers over the last reporting period?

**Ms POLLARD:** I will take that on notice. We do not have that at the ready this morning. We can provide electricity and network price increases between the financial years 2021–22 and 2022–23.

**Mrs LAMBLEY:** Territorians are interested in what has happened behind the scenes and how they end up with their bills.

**Ms POLLARD:** The process with the Australian Energy Regulator is published. The AER conducts public forums. As Peter mentioned in his opening statement, we have had extensive engagement with customers in the build up to our five-year plans. We are looking to educate more in this space. It is a public process.

**Mrs LAMBLEY:** You are proposing an 8% increase in the price of electricity over the next five years.

**Ms POLLARD:** That is for electricity networks to retailers such as Jacana Energy. Ultimately, how that translates to customers is up to the government to decide.

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#### Question on Notice No 10.7

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

**Mrs LAMBLEY:** Could Power and Water Corporation provide the electricity network price increase for our regulated networks from the financial year 2021–22 to 2022–23? What is the additional cost to commercial users over the last financial year?

**Mr CHAIR:** Do you accept the question?

**Mr WILSON:** Yes.

**Mr CHAIR:** The question asked by the Member for Araluen has been allocated the number 10.7.

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**Mr BURGOYNE:** Were the board position appointments all open competitive processes?

**Mr WILSON:** Absolutely. The positions were advertised in the *Financial Review* and other national newspapers, and the process was open for some months. It concluded late last year. There was a large number of high-quality applications. I was appointed first as the incoming Chair, and I was on the selection committee for the subsequent appointments. I was heartened by the high-quality applications and those who were subsequently appointed.

**Mr BURGOYNE:** Are the price increases we heard about from the Member for Araluen different from commercial users? What has been the increase in power costs for commercial users?

**Mr WILSON:** There are different rates for different classes of customer. That is true.

**Mr BURGOYNE:** Could you provide those increases that have occurred over the last financial year?

**Ms POLLARD:** I can provide them as part of the previous question on notice.

**Mr BURGOYNE:** Thank you; just as a percentage.

**Mr CHAIR:** Mr Wilson, thank you for coming before the committee this morning. I know a lot of hard work goes into it and we do not go into everything you prepare for.

**Mrs LAMBLEY:** It is always fascinating, thank you.

**Mr BURGOYNE:** Thank you, I appreciate your time.

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The committee suspended.

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**Mr CHAIR:** Mr Wilson, thank you for coming before the committee this morning. I know hard work goes into it and we do not always get to everything you prepare for. I give you the opportunity to thank your staff while on the record and then we will go from there.

**Mrs LAMBLEY:** It is always fascinating. Thank you, so much.

**Mr CHAIR:** We will do a change of place while Jacana Energy comes before the Estimates Committee.

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The committee suspended.

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### JACANA ENERGY

**Mr CHAIR:** Welcome, Mr James, Chair of Jacana Energy board. Mr James, please introduce the officials accompanying you today.

**Mr JAMES:** Thank you, Chair. I have with me Louisa Kinnear, Chief Executive Officer; and Jo Conway, Chief Customer Officer.

**Mr CHAIR:** Mr James, I invite you to make a brief opening statement, then I will call for questions relating to the statement. The committee will then move on to consider questions regarding the corporations 2023–24 statement of corporate intent.

I invite the shadow minister to ask questions first followed by committee members. We have agreed that other members may join in on the line of questioning with the shadow minister.

Mr James, would you like to make an opening statement?

**Mr JAMES:** First, I acknowledge the former Jacana Energy Chair, Michele Dolin, who sadly passed away late last year.

The 2022–23 has been a pivotal year for Jacana, with the introduction of our new vision, 'Leading smart energy solutions' for the Territory. The vision better reflects the modern energy retailer that Jacana Energy represents, acknowledging our customers' desire to access more renewable energy sources and our role in delivering energy solutions that benefit all Territorians.

Supporting our vision, we also introduced our refreshed strategy initially focused on a pathway to improve financial performance and getting the basics of our business right, followed by an upskilling of our business to harness the growth potential associated with customer demand for renewable energy.

We have also invested in the long-term leadership and cultural program focused on building leadership capability, guided by our culture statement of, 'Give trust, assume positive intent', which goes to the heart of how we interact with each other, our stakeholders and our customers. I am pleased to say that, under the leadership of Louisa, we are on track to deliver this strategy.

Over the past two years, Jacana has demonstrated a return to financial stability and profitability underpinned by positive customer service and satisfaction scores. The prior year of 2021–22 continued to present some of the challenges from the impacts of the pandemic. Isolation requirements, lockdowns and lockouts impacted resources and, at times, our ability to service our customers.

Despite these challenges our customer service team combined to deliver exceptional results with both our first call resolution scores and our customer satisfaction scores exceeding targets.

Employee engagement has also improved significantly, with an increase of 10 points over the year. That score has been maintained into the 2022–23 year. In this time, employees have reported significant increases in motivation, inspiration and pride in working with Jacana Energy.

An engaged organisation is a productive one and I will highlight some of our key achievements to date. In 2021–21 Jacana Energy returned a small profit for the first time in three years. I am pleased to say that will again return a healthier profit in 2022–23.

Financial stability allows us to invest in products and services and support our customers' future energy needs with the focus on smart energy solutions. For example, Jacana Energy is a project lead in the Alice Springs Future Grid program, delivering Northern Territory's first virtual power plant trial where customers with solar and battery systems are incentivised to consume or discharge energy to and from the grid when it is most needed.

In addition, Jacana Energy is committed to working with regional and remote customers with pre-paid meters and helping them commit rooftop solar systems to provide more continuous and affordable electricity.

Work has led to the development of further trials to commence next year when Jacana Energy customers in government housing will be provided with rooftop solar systems with lower energy tariffs to make their energy bills more affordable.

These trials build the capability to roll out larger-scale programs to support the uptake of renewable energy and battery storage systems in a way that benefits all types of customers, while supporting grid security and stability.

We also focus on continuing to service our customers through their channels of choice. Particularly through the pandemic, our online and digital channels ensured we continued to service customers despite isolation and lockdown requirements.

Jacana Energy manages 25,000 interactions with customers every month and 16,000 Facebook messages every year. Our online My Account portal gives traction with customers, with Jacana Energy servicing more than 6,000 requests via this portal in one year. A total of 51,000 customers now request electronic bills, which is almost 60% of our customers, with e-billing growth at 4% to 5% per year.

For 2022–23, our net promoter score remains high at +34, and 77% of all customer inquiries are resolved with the first interaction with Jacana Energy.

Looking to the future as we move into the next stages of our strategy, Jacana will continue to invest in product trials and digital services to meet our customers' needs. This includes working with our large commercial and industrial customers helping to decarbonise by producing more renewable energy contracts and environmental certificates.

For our residential and small business customers, continuing to streamline our service channels to make it easier to interact with us remains a strong focus.

As a maturing retail energy business, our commitment to customers is to make electricity easy and fair in finding smart renewable energy solutions for the future.

**Mr BURGOYNE:** Mr James, the consumer service obligation is increasing by approximately \$25m from 2022–23 to 2023–24. What is driving this?

**Mr JAMES:** I will hand over to Louisa, but we are at the end of the value chain so we absorb all the costs of our suppliers, whether that is the power stations or network systems, and the small margin is added to that in negotiation with Treasury to sort out those numbers.

**Ms KINNEAR:** Just to add to what our Chair said, the primary driver of that is in relation to generation and network costs. They account for 90% of the total costs we incur in any year. When they increase, essentially the CSO increases accordingly.

**Mr BURGOYNE:** How much have they increased over this last financial year in a percentage term?

**Ms KINNEAR:** In regard to percentage of the increase in the CSO or the percentage of cost increase?

**Mr BURGOYNE:** The cost to you through generation and network costs.

**Ms KINNEAR:** For the current financial year or between the current and next?

**Mr BURGOYNE:** You can give us what you have.

**Ms KINNEAR:** We might take that on notice just because we would have to do some calculations. We have an overall total cost increase, but that is not necessarily related to generation and networks.

**Mr BURGOYNE:** Could you provide us with that total cost increase?

**Ms KINNEAR:** Yes, we can.

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#### Question on Notice No 11.1

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

**Mr BURGOYNE:** Can you please provide the increase, as a percentage, to generation and network costs over the last financial year?

**Mr CHAIR:** Mr James, do you accept the question?

**Mr JAMES:** Yes.

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

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**Mr CHAIR:** I have one in the same line of questioning in regard to CSO. What will be the percentage increase to Territorians on their power bill come next financial in comparison to other states and jurisdictions?

**Ms KINNEAR:** Prices for residential and small business customers are regulated by government, which means we receive a CSO for the difference between those prices and our cost to serve and supply. My understanding is that the actual percentage increase is only about 2.7% to customers in the mass market for next financial year, in comparison to what is happening around Australia, particularly the national energy market. That is a significant difference to some of the costs we are seeing on the east coast right now.

**Mr CHAIR:** What would be an example of one of those?

**Ms KINNEAR:** For example, the tier one retailers on the NEM have spoken about 20% to 25% increases to electricity bills.

**Mr BURGOYNE:** What are the percentage increases to the commercial suppliers you have?

**Ms KINNEAR:** I cannot give you too many details about that because it is commercially confidential, but for customers who do not come under regulator prices, it depends on who the customer is, what industry they are in and the time of recontracting as to what their actual bill increase might be. It is highly variable depending

on how the energy is used. Some customers will experience a small increase, and some will experience a larger increase. It is dependent on the timing in the industry.

**Mr BURGOYNE:** What would the larger increases be as a percentage?

**Ms KINNEAR:** Again, it varies extensively depending on the customer.

**Mr BURGOYNE:** Provide us with some examples.

**Ms KINNEAR:** I would want to take that one on notice to ensure we provide accurate statistics on industries.

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### Question on Notice No 11.2

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

**Mr BURGOYNE:** Are you able to provide a percentage increase in the commercial price of electricity that Jacana provides per industry for last financial year?

**Mr CHAIR:** Mr James, do you accept the question?

**Mr JAMES:** Yes.

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

**Mr BURGOYNE:** How much of Jacana's current generation input mix is directly from Territory Generation?

**Ms KINNEAR:** It is just over 80%.

**Mr BURGOYNE:** And what makes up the remaining 20%?

**Ms KINNEAR:** We have a combination of gas from another supplier, and the remainder is predominantly rooftop solar.

**Mr BURGOYNE:** TGen's wholesale generation prices are increasing, which is therefore increasing your costs. As a percentage, how much has that increased over the last year?

**Ms KINNEAR:** We cannot discuss pricing through commercial-in-confidence contracts.

**Mr BURGOYNE:** A percentage is fine. I would not expect you to have to lay out a dollar figure.

**Ms KINNEAR:** I generally would not give that in relation to—because I know they publicly disclosed some of their generation costs last year so I would be concerned about disclosing commercial-in-confidence information.

**Mr BURGOYNE:** Solar farms like those at Manton Dam, Katherine and Batchelor would be supplying electricity. Would the solar farms, if they were online, provide cheaper electricity into the grid that you could purchase and on-sell?

**Mr JAMES:** Yes.

**Mr BURGOYNE:** You want to see those operations come online as much as anyone?

**Mr JAMES:** We are aware of the Territory's target of 50% renewable by 2030 and we can be part of that solution.

**Mr BURGOYNE:** If Beetaloo comes on in 2024 putting more gas into the market would you see the same reduction in wholesale pricing or more competitive pricing?

**Mr JAMES:** We would hope to.

**Mr MALEY:** Are you undertaking any legal action against any of those solar farms for not dispatching power into the system as per agreements or contracts?

**Mr JAMES:** No, we are not taking any legal action. We are in active discussion with Eni while they solve their problems with connecting to the system—active discussions in recent times.

**Mr MALEY:** What are the active discussions about?

**Mr JAMES:** Our view is that a negotiating position is better than a legal solution.

**Mr BURGOYNE:** The cost to Jacana as a result of not being able to buy cheaper electricity from those solar farms—you made previous announcements which said that generation would be cheaper from those solar farms. What has the hit to Jacana been?

**Mr JAMES:** There has been a hit to our bottom line.

**Mr BURGOYNE:** Do you have any projections as to a dollar figure?

**Mr JAMES:** I think we have to take that as a commercial-in-confidence, subject to any possible legal issues later on.

**Mr BURGOYNE:** You would be buying from a swathe of proponents. You are not going to be purchasing from one. At the end of the day if there is a hit to your bottom line should it not be reflected in the financials that you put forward?

**Mr JAMES:** It is certainly reflected in an increase in our costs at the moment.

**Mr BURGOYNE:** What is the increase to those costs?

**Mr JAMES:** I do not have that number at hand. We will have to take it on notice in terms of percentage.

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#### Question on Notice No 11.3

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

**Mr BURGOYNE:** What are the increases in costs been to Jacana Energy as a result of not being able to buy solar electricity as you would have forecasted?

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

**Mr JAMES:** Yes.

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

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**Mrs LAMBLEY:** What percentage of the market does Jacana hold at the moment?

**Mr JAMES:** Around 80%.

**Ms KINNEAR:** Yes, factoring in the full mass market it is probably more around 90% to 98%.

**Mrs LAMBLEY:** How many other competitors are there in the Northern Territory market at the moment? I will not ask you to name them.

**Ms KINNEAR:** My understanding is that there is one very active competitor. There are a number of other organisations that hold the retail licences for the Northern Territory but that does not mean that they are active.

**Mrs LAMBLEY:** The market is not particularly competitive at the moment? In actual practice is it competitive? Is just having one active competitor in the market competitive?

**Mr JAMES:** I can answer that in two ways. Firstly, the presence of a competitor makes it competitive, yes. Secondly, customers can now solve problems themselves by putting their own solar panels on their roof. We not only have competition from another competitor but customers take their own position in their hands by putting up solar panels, and we are happy to work with them to do that. We recognise the change in the environment. It is our role as a retailer to broker between the wholesale and retail market because it helps customers get a better outcome.

**Mr BURGOYNE:** What was the effect when the tariff rate people on the ground were receiving changed? Jacana was paying that; what did you see as a reduction in the amount you had to pay out as a result of those tariffs changing?

**Ms KINNEAR:** When the reduction in the feed-in tariff occurred—because the original feed-in tariff was a significant number that was over and above the value of that electricity in the market—we were receiving a CSO associated with that. Essentially for us, the change in feed-in tariff ends up being cost neutral where we reduce our costs as a result of that coming down but we receive less CSO, that is, revenue as a result.

**Mr BURGOYNE:** The amount that you were paying out to customers will have greatly reduced. What is that figure?

**Ms KINNEAR:** As all customers come off the premium feed-in tariff and transition to the standard tariff the value of that is around \$12m to \$13m. We have seen about 50% of those customers transition. Obviously, the total dollar value will shift slightly depending on how much volume of solar is being exported, but you could assume roughly about 50% of that cost reduction has been realised.

**Mr BURGOYNE:** The \$12m to \$13m payout that you have not had to do, is that over the last year?

**Ms KINNEAR:** About 50% of that has been reduced in the last 12 months or so, as 50% of customers come off the premium tariff and on to the standard.

**Mr BURGOYNE:** You spoke about the CSO—of how much it is taking out the CSO?

**Ms KINNEAR:** It is roughly an equivalent amount.

**Mr BURGOYNE:** The increased cost to serve is significantly higher than it was last year, increasing by 13% in a single year. What do Territorians get for that increase?

**Ms KINNEAR:** In terms of the increase in cost to serve, that is obviously driven by two main things. One is personnel costs and salaries; about 50% of our cost to serve is salaries. As you would expect in the current environment an increase to employees' salaries is warranted, given the current inflation environment. The other aspect is our additional operating costs associated with technology investment and system operation that we require to provide services to customers. As a result of that increase in cost to serve part of that is investment in technology and improving our service delivery for customers.

**Mr BURGOYNE:** You talk about improvements to customers. The increase in cost to serve has not been matched with better service. The annual report stated that only 42% of customers' calls were answered within 30 seconds compared to a KPI of 65%. Does that reflect the increase in cost to serve?

**Mr JAMES:** The investment is going forward. We invest in improved systems going forward. We should see the cost to serve come down. In context, the cost to serve is 4% of our cost stack. It is not a large number in itself. We invest in new systems today to improve service into the future.

**Ms KINNEAR:** It is also worth noting that the figures from the 2021–22 annual report were in the thick of COVID. The grade of service numbers that we reported was significantly impacted by the lockdowns, the lockouts and resourcing issues associated with the COVID pandemic. In some respects the team did well to meet those scores in what was a challenging environment.

The other thing to note is that grade of service just measures how quickly we answer a phone call. It does not give you an indication as to the level of actual service that is provided. If you look at our other customer service metrics around net promoter score, first call resolution, which measures how satisfied a customer is when they engage with us, they are still very high and well above industry bench marks. It is important that we do not just look at one element, which is, how quickly we can pick up the phone.

**Mr CHAIR:** What are the numbers on first call resolution? What are your stats on those?

**Ms KINNEAR:** For this current year we are sitting at 76% of customers feeling that they have their issues addressed within the first interaction, which is slightly above our target. We have started to hit well over 80% in the last month or so.

**Mr BURGOYNE:** Mr James, the executive officers for the last financial year—we were told that there were 10 on ECO contracts. What is the current figure?

**Ms KINNEAR:** It is about the same.

**Mrs LAMBLEY:** With the community service obligation funds that come into your organisation, what are the parameters around how you use that? Can you use that for paying for administration costs or any other costs that are incurred, or is it directly passed onto the customer?

**Mr JAMES:** It is basically a forwarding cost for the customer. We have a cost stack made of generation networks and our cost to serve, then a tariff is set and the CSO has a gap between where tariffs should be and where they are. It enables us to get compensation to pay our bills, with a small margin.

**Mrs LAMBLEY:** The regulations around how you use it, or the funding agreement, is quite tight, is it? You cannot use it to pay for cars, uniforms or operational costs?

**Mr JAMES:** There is a process between us and Treasury to determine the numbers, as an agreed process.

**Mrs LAMBLEY:** I probably should not be asking you this, but do other competitors in the market get CSO funding directly?

**Mr JAMES:** Yes.

**Mrs LAMBLEY:** So it is across the board; thank you.

**Mr BURGOYNE:** Back to the executive positions, how many total employees does Jacana Energy have?

**Ms KINNEAR:** At the moment about 75.

**Mr BURGOYNE:** Just to confirm, how many executive officer contracts are there?

**Ms KINNEAR:** About 10.

**Mr BURGOYNE:** How many people have you employed over the last 12 months? Have you had a large turnover of staff?

**Ms KINNEAR:** Our turnover has probably been higher than I would like. We experienced a change in the workforce following the lifting of the COVID lockdowns when we saw what a lot of businesses were experiencing, which was that employees were making decision about where they wanted to work and live at that point in time. We had quite a lot of movement in and out of the Territory at that point.

Also, the very tight labour force meant there was high mobility between organisations in the Northern Territory. We saw a lot of our employees take secondments or other positions elsewhere.

**Mr JAMES:** More broadly, it is a problem for all industries around Australia.

**Mr BURGOYNE:** Last year, written questions showed Jacana had two ECOs living outside the Territory. Is that the same or has that number changed?

**Ms KINNEAR:** I think all the executives who report to me reside in the Territory. At the moment we have one or two ECO positions vacant. While we recruit permanently to those we often have people outside the Territory fill them for a short period of time, when we cannot find that skillset in the Territory. On a permanent basis, we look to fill all our employee positions within the Territory.

**Mr BURGOYNE:** Looking forward, with increasing costs is the only way you can continue to provide affordable electricity to Territorians by increasing CSO?



**Mr JAMES:** It depends on where the tariffs are set. It is a policy issue as to the balance between where tariffs are and where costs are.

**Mr BURGOYNE:** You do not set the tariffs; you just work with them. Currently, are the tariffs set at a rate that ensures Jacana is viable into the future?

**Mr JAMES:** We are comfortable with it, that with the CSO compensation we are viable into the future.

**Mr BURGOYNE:** That CSO will have to increase with increasing costs.

**Mr JAMES:** We have to pay our bills. If tariffs do not increase, the CSO has to.

**Mr BURGOYNE:** As you look forward with your projections, do you see those costs increasing? Are you projecting them to increase?

**Ms KINNEAR:** In our current SCI we are forecasting the driver of our costs, being generation and network costs. They are forecast to increase collectively, so you would expect that either the CSI has to move or tariffs do.

**Mr BURGOYNE:** At what percentage are they increasing into the future?

**Ms KINNEAR:** We have already taken that question on notice, Member for Braiting.

**Mr BURGOYNE:** Quite possibly; I just thought I would ask one last time.

**Mr CHAIR:** Out of curiosity, and excuse my ignorance, how many other government-owned corporations equivalent to Jacana do we see in other states and territories? Or is the Territory the only one?

**Mr JAMES:** Aurora Energy is in Tasmania. Synergy is in Western Australia, in remote areas, and they are very similar to Jacana.

**Mr CHAIR:** Three.

**Mr JAMES:** That I know of.

**Mr CHAIR:** Thank you very much for coming in. I appreciate you coming in, and I understand there is a lot of work that goes into it for 30 minutes of questions before Estimates. We will see you in a year's time.

We will now move on to consider Territory Generation. We will give them five minutes to come in.

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The committee suspended.

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## **TERRITORY GENERATION**

**Mr CHAIR:** I welcome Mr Dennis Bree, Chair of the Territory Generation Board, to the Estimates Committee for 2023. Can you please introduce the officers and officials accompanying you today?

**Mr BREE:** I have with me Gerhard Laubscher, Chief Executive Officer; Joel Dwyer, General Manager Finance and Business Services; and Minh Tran, General Manager Assets and Engineering. In the Elsey Room are Hieu Nguyen, General Manager Legal, Governance and People; and John Greenwood, General Manager Operations and Maintenance.

**Mr CHAIR:** I will invite you to make a brief opening statement in a minute. I will then call for questions relating to your statement. The committee will then move on to consider questions regarding the corporation's 2023–24 Statement of Corporate Intent.

I will invite the shadow minister to ask questions first, followed by committee members and finally other participating members. The committee has agreed that other members may join in on a line of questioning, pursuant to the shadow minister's line of questioning.

Mr Bree, would you like to make an opening statement?

**Mr BREE:** I am proud to be here representing Territory Generation to provide you with an update on TGen's activities over the past 12 months and provide an overview of our 2023–24 statement of corporate intent. I want to say a few words of introduction, then answer your questions.

I am very proud of our organisation, which is embracing technological advances in electricity generation and investing in our staff. Territory Generation, as a business, has enjoyed another good year in an energy sector that is undergoing rapid change, locally and nationally. Our systems, processes and people are continually improving and adapting to the challenges and opportunities of the energy transition.

Territory Generation remains committed to supporting the government's objectives of achieving 50% renewable energy by 2030 and net zero emissions by 2050. We have developed more clarity and confidence in our role in the power systems we participate in and how we can be an ongoing contributor to decarbonisation. This clarity will support achieving our vision of being a trusted and respected employer and electricity generation business.

We have done a lot in the employee relations space. After several years in this challenging employment market our diversity and inclusion program, robust succession planning for critical roles and health and wellbeing program are starting to show results. We have increased our employee intake of Indigenous Australians and, to assist into the future, we have implemented the Northern Territory's Special Measures initiative.

Our enterprise agreement is a cornerstone instrument, and renegotiation of the agreement has been an important focus this year. Our negotiations have been undertaken in good faith with a view to achieving value for both parties and have reached a positive outcome in line with government policy.

I now turn to our 2023–24 statement of corporate intent. Our SCI has been developed with a continued focus on supporting the stability and security of the power system to enable the increase of renewable energy penetration. We are acutely aware of the ongoing expansion of solar energy penetration within the Territory, encompassing both distributor generation and utility-scale solar farms.

This expansion presents challenges for the electricity system, including an increased demand for essential system services. Territory Generation is the sole supplier of essential system services under the System Control Technical Code. We are committed to continuing to provide support services for new solar load in the absence of changes to the market in the NT.

Territory Generation plays a pivotal role in ensuring energy security for the Territory by maintaining adequate installed capacity to meet peak demands in a reliable manner. Over the next few years our key focus will be on providing essential system services more efficiently through battery energy storage systems and other technologies to unlock the greater level of renewable penetration.

Our 35MVA Darwin–Katherine BESS at Channel Island Power Station is well progressed, having reached physical completion of the installation works. The BESS will soon be progressing to the commissioning phase and to the requirements of the connection process.

We are also well advanced in planning for our second round of batteries that will be distributed around the power system, providing even more stability and targeted essential system services. The smaller, faster hydrogen-capable TM2500 gas turbine is progressing to the next phase with the public tendered installation contract being recently awarded. This is an important step in our fleet transition where we will progressively replace our ageing turbines with smaller and faster technologies that will be better suited and more efficient in the future power system.

With the demands of the power system changing, we still see a role for our oldest power station, Ron Goodin Power Station in Alice Springs. Ron Goodin complements the power system by providing additional capacity, redundancy and essential system services. The old and new technologies at Ron Goodin and Owen Springs provide a diversity that enables both efficient generation and machine characteristics, which contribute to stability in the power system. As the renewable transition is accelerating, it is imperative that we continue to leverage existing assets to support the transition at lowest cost. We expect the utilisation and demand for the Ron Goodin units will decline over time.

With a large program of capital works and decreasing energy demand through our traditional business, we recognise the importance of stringent cost control and prudent capital allocation to maintain the lowest cost of energy production. Financially, we continue to make a modest profit and pay a dividend to government.

I conclude by paying tribute to the management and staff of TGen who carry out their roles diligently, 24/7, 365 days a year, to provide power to Territorians. We continue to strive towards a zero-harm workplace with an inclusive behavioural safety culture where safety is always at the core of everything we do.

Thank you for the opportunity to make an opening statement. I now defer to the committee for questions.

**Mr BURGOYNE:** From a TGen standpoint, what are the chances of a blackout or a system black in the next 12 months?

**Mr BREE:** It is the same as it always is. It is what we work towards to prevent. Are you asking whether there is something that is occurring in the next 12 months that might impact?

**Mr BURGOYNE:** We have heard today about the disruption in gas supplies. I would like to know whether that could affect TGen.

**Mr BREE:** In terms of gas supplies there are a couple of things. Firstly, we are the priority customer under the contract with Power and Water. To date, we have been provided with gas as contracted. Secondly, we have backup supplies with INPEX and previously had with Santos. Third, we have the capacity to move over to diesel in a number of our machines to mitigate any drop-off.

The advice we received is that we should be confident that we will receive all the gas we need over the next 12 months.

**Mr BURGOYNE:** In regard to major mechanical breakdown, what is your risk at the moment—obviously, with ageing infrastructure—of something failing in the next 12 months?

**Mr BREE:** With machinery, things can happen, but we have a system that is built with redundancy in it—what is referred to as N-2. We have enough capacity in the system at any time to provide the peak load when our two biggest machines are off. That is the way we designed our system. The failure of a machine is not a catastrophe; that is what we need. That situation is still the case; we have enough capacity to allow our two biggest machines to go off and still provide the peak load for the year.

**Mr BURGOYNE:** You spoke about that backup gas supply previously. Over the last 12 months, have you accessed any of those backup gas supplies?

**Mr BREE:** We have used INPEX gas this year.

**Mr BURGOYNE:** Are you able to enlighten the committee with a dollar figure of how much that has cost TGen?

**Mr BREE:** We are still paying under our contract with Power and Water. There are circumstances such as if we receive emergency gas, we will pay more. In the normal running of events, which it has been, we just pay the same price.

**Mr BURGOYNE:** Have you received emergency gas over the last 12 months?

**Mr LAUBSCHER:** I am not quite sure. Generally, we budget for one or two of those per year. It is not a big deal for us; it is in the budget. There was an event recently—can you remember, Minh? We have not seen more costs generally this year.

**Mr MALEY:** How much gas did you get from INPEX? You said that you cannot tell us the prices, but how much percentage-wise of your gas have you got from INPEX, rather than in previous supply?

**Mr TRAN:** We have only recently used INPEX gas, but for a short period of time. We do not really distinguish between INPEX or Eni gas, as long as the specification for gas works for the machine we are using. At the moment, we are running on Eni gas.

**Mr DEPUTY CHAIR:** Mr Bree mentioned the contract with Power and Water. Can you extrapolate that a little about the type and term of contract to seek to clarify the confusion? There is no difference between Eni or INPEX? It is just gas and you have a contract for it.

**Mr BREE:** Yes, we have the contract with Power and Water to provide gas to us. It is an annual contract that is renewed. We understand that it is essentially back to back with the Eni contract. We do not have visibility of that, but that is our understanding.

**Mr BURGOYNE:** In regard to the genset replacement, how many generators will need to be replaced over the next five years? What are the plans for replacing those units?

**Mr TRAN:** In our asset retirement plan and replacement plans, the only assets in the Darwin–Katherine due for replacement are the Frame 6Bs. We have four Frame 6s at the moment. They are about 35 to 40-year-old machines.

Our first replacement is the replacement for C1 at Channel Island. That is with the TM2500 which is on site. For the replacement plans for the other three units, we need to make the decision as it comes closer to those dates. Replacement for those units is in about 2026–27. That depends on what the load is doing at the time and the power system requirements.

**Mr BURGOYNE:** We have seen projections as to what we expect the load to be into the future. There is obviously a huge capital cost to replace those. Do you expect or have you ordered yet—we often talk, when you come before us, about the length in time it can take to order one of these genset machines. How many have you already placed orders for? When do you expect them to arrive?

**Mr BREE:** The first TM2500 has been ordered and a contract has been let for its installation. We have not ordered any others, but you are correct; the lead time is significant. We take that into account in our planning. We have included some replacements in our four-year capital works program, so we will work back from those dates and start the planning at an appropriate point.

**Mr BURGOYNE:** You spoke about Ron Goodin in the opening statement, then you continue to say that that will operate to shore up grid stability. That is ageing infrastructure. When was that meant to be retired?

**Mr BREE:** In our planning process we have no costs in our forward SCI past 2025–26. The views on Ron Goodin changes with circumstances in this business. We have an operating model at the moment that is allowing us to get incredible efficiencies out of the Jenbacher at Owen Springs because we have the standby for Ron Goodin, so we can confidently run them at very high efficiencies.

Our judgement is—I think we reported this last year—that the net cost of keeping Ron Goodin open is in the order of \$1m a year. It is probably less now with the efficiencies we are gaining from the Jenbacher. We are conservative by nature, but we are still comfortable that that is a pretty good insurance premium to pay.

**Mr BURGOYNE:** I thought in previous years we were told it was \$10m a year to keep Ron Goodin open.

**Mr BREE:** No, there is an overall cost and then there is the net cost. I think last year we said that the actual cost is about \$5m to \$6m. When you take into consideration their displacement of generation at Owen Springs, because it has to be produced at one place, the net cost is around \$1.2m.

**Mr BURGOYNE:** I think this is the same conversation we have every year. The reality is Owen Springs should be able to provide Alice Springs, especially through winter, with all the power it requires. It is large enough and the capabilities are there, but for some reason—namely, the blackout that occurred in Alice Springs—we now have a policy of ensuring that two power stations are always operating to ensure stability in the grid. Is that correct?

**Mr BREE:** Yes, I think that is fair to say. There is no question that the blackout in Alice Springs spooked us.

**Mr BURGOYNE:** You talk about the lowest cost and improving efficiencies. The Ron Goodin Power Station is a very old, inefficient way of producing power; is that correct?

**Mr BREE:** I do not think I would put it like that. In a sense, most of the equipment there has been written down in terms of value, so you are displacing no capital. It is costing us more than if we just ran Owen Springs. There is no question about that.

**Mr BURGOYNE:** That is the point I am trying to make. It was always due to be decommissioned and retired. Due to the blackout it has been brought back online. The cost to the taxpayer is around \$5m to \$6m a year to continue to run Ron Goodin. I can understand what you are saying about the net cost, but at the end of

the day we are spending \$5m to \$6m a year to continue to have a power station that should have been decommissioned a long time ago, provide power to Alice Springs.

**Mr BREE:** I would not agree that it is \$5m to \$6m on our bottom line. That is not what we are saying. It is less than that, but that is the actual cost of keeping it.

**Mr BURGOYNE:** There was \$17.6m budgeted for CapEx this year, according to the statement of corporate intent, but \$58.6m budgeted, so I believe \$17.6m is what has been expended in 2023–24. Why is the expenditure so low for the previous year when compared to the next, when it was our understanding that around \$36.8m of CapEx was approved by the shareholding minister for 2022–23? You had obviously outlaid quite a large amount of money to be spent. It was not spent and now it has been moved forward. What has happened over the 2022–23 financial year which meant that money did not go out the door?

**Mr DWYER:** As at 31 May capital spend is \$26.9m year to date. We are forecasting to come in at around \$47m. That is under what we initially budgeted for in the 2022–23 SCI, which was \$62m.

**Mr BURGOYNE:** What has led to that? Are you not investing in the repairs? What has led to that decrease of some \$11m?

**Mr TRAN:** The main driver for the CapEx being underspent is some of the projects, especially the large ones, are taking a bit longer to execute so the payment milestones are taking a bit longer to expend and will follow in the next financial year, rather than no expenditure on the right capital projects.

**Mr BURGOYNE:** Which are the larger projects that have been delayed?

**Mr TRAN:** The TM2500 and the battery project.

**Mr BURGOYNE:** How much is currently being spent per year on repairs and maintenance, specifically on the ageing equipment at Channel Island? Then I will ask for a total figure if you have it.

**Mr DWYER:** To hand, I only have figures up to 31 March for total Territory Generation, which is currently \$19.3m.

**Mr BURGOYNE:** Is \$19.3m above what you forecast?

**Mr DWYER:** No, it is sitting at about \$1m under budget.

**Mr BURGOYNE:** With a few months to play out?

**Mr DWYER:** Correct.

**Mr BURGOYNE:** In regard to the time line you spoke about previously, especially for the TM2500 and the BESS, we have been told, especially over the last week, that the completion date for that was set early 2024. Will that completion date now be pushed out due to these delays?

**Mr BREE:** Are you referring to the BESS?

**Mr BURGOYNE:** Yes.

**Mr BREE:** We are moving into the phase which is really difficult to predict because it is the connection phase. Largely it is physically complete. There is some auxiliary work to be done, but largely physically complete. We are now moving through modelling, which there has been significant delays on. Then we have to provide that to the staff at Power and Water, who will then go through their processes to check things.

**Mr MALEY:** We have been told that the modelling for the power plants in Batchelor has been three years, and they still do not have it. Do you anticipate a three-year delay for modelling for the BESS because that is what has been happening to the other generators because the compliant and regulation—what you are saying into Power and Water is very strict and rigorous and it has taken them three years. Are you anticipating a three-year delay for your modelling?

**Mr BREE:** No, we are not anticipating that. It is new to us all, to be honest. The BESS is new to the system. There is not another one that they can compare it with. I do not want to be heroic about any more projections. I was probably too heroic last year about what I hoped for.

We have worked incredibly closely with System Control on this project and we reached agreements about processes prior to leading the contract. I can say that System Control has not caused us any delays to date. They have responded exactly as they said they would each time. I guess that puts it on us and our contractors, which is what we are working through now.

**Mr LAUBSCHER:** I will not go into too fine a detail. As Dennis said, the physicals have been completed and we are commissioning that. There are delays in the modelling on our side. It is difficult, but it will not be three years. We are hopeful that we will get there by the end of the year and the completion of the project will probably be next year.

**Mr BURGOYNE:** We cannot say whether the project will be delivered on time and on budget yet, but how is the project tracking currently in regard to the budget?

**Mr BREE:** It is eating up contingency, but it is going okay. After a slow start, the actual construction process has been going quite well.

**Mr LAUBSCHER:** I can put more light on that. Some old infrastructure will need to be replaced on our site and new equipment coming there is some on the Power and Water site, too, and new equipment will be coming. There was a need for us and Power and Water to upgrade some infrastructure. It is 35 years old, so it made sense. That is putting more cost on for the battery, but not much. CPI has an impact. I am talking very marginal stuff now.

**Mr BURGOYNE:** But is it over budget?

**Mr LAUBSCHER:** It is not at this stage, but we anticipate it might be.

**Mr BURGOYNE:** Do you know how much it will go over by, at this stage?

**Mr LAUBSCHER:** It is a small percentage and we are still working through it. In the overall \$45m project we are talking about just over \$1m or so; it is nothing material.

**Mr BURGOYNE:** The repairs and maintenance to Channel Island, the SCI recognised the increase in solar has decreased the life of some of those genset assets due to the start/stop nature. At what point will those machines be beyond economic repair? I know it will be different per generator.

**Mr LAUBSCHER:** We have known about that for a long time, and it is all built into our asset plan—battery time and dates and all of that—stop and start. That is why we are investing in smaller units that can cater for these type of things. We are very aware of it.

**Mr BURGOYNE:** How many units are currently past their technical useful life? You are always changing these things, and you tell me with maintenance you can stretch it a bit longer.

**Mr LAUBSCHER:** We had one at Owen Springs, OS3. I will use this opportunity to talk about Owen Springs. In July through the big overhaul there, we did condition monitoring and followed the machine. We pushed it from about 45,000 hours to 60,000 hours, which is substantial. It is important that we are talking 10 to 12 years for a machine.

As Territory Generation, we have unbelievable confidence in Owen Springs and all its machines. The Jenbacher's are running unbelievably well at this stage. We are block loading them at the top efficiency of 40%. When we opened OS3, that machine was almost like brand new. That is how it looked to me. It was in fantastic condition. We will do the same service on OS2 soon and, as I say, we only do a major one in 10 to 12 years. Everyone can be assured that Owen Springs is in a fantastic condition.

**Mr BURGOYNE:** Will OS3 now be decommissioned?

**Mr LAUBSCHER:** That will be here for the next 10 to 12 years.

**Mr BURGOYNE:** Will there be maintenance conducted on it? You said that it was up to 60,000 hours.

**Mr LAUBSCHER:** We are in the phase of completing the full major outage on it, and then it will be capable of running 10 to 12 years. I will not say that will be without touching it, but probably halfway through that we will do a small service. We will do the same with the other main machine.

**Mr BURGOYNE:** Has that affected the overall capacity that Owen Springs can perform at?

**Mr LAUBSCHER:** No. Capacity is capacity. We try to put it back as good and new as we can after refurbishment. Regarding capacity, we know when a load is coming. We are aware of it. That is another reason why we are keeping Ron Goodin alive for as long as we can. Ron Goodin is in great condition. It is better than it was three years ago.

**Mr BURGOYNE:** I am sure it is better than it was. The fire department was called because they thought it was on fire when they started a backup. I cannot imagine it being worse than that.

**Mr LAUBSCHER:** We have a lot of confidence in the system. It is in the middle of winter now; it is low. It is scarily low sometimes. We have black start capabilities. If something happens, we have everything we need. We have confident people running it. We are doing the best that we can. We are working on a big battery too.

**Mr BURGOYNE:** In terms of the megawatts for Alice Springs, can you give us an idea of how low the demand gets in our overall capacity?

**Mr TRAN:** The lowest we have seen is approximately five megawatts, and the peak demand was approximately 45 megawatts last year.

**Mr BURGOYNE:** What is the capacity for Ron Goodin and Owen Springs?

**Mr TRAN:** If we look at the total capacity, it looks like it is a lot more than the peak demand. We need to take into account the N-2 capacity because we need to make allowances for when we take a big machine out for maintenance as well as an unforeseen event on another large machine. We take that into account in capacity calculation numbers.

The other key thing is that we do not just look at peak demand. We look at peak demand plus the spinning reserve ones as well.

It is approximately 70-something megawatts once you take those numbers into account, and it covers a peak load of 45 to 50 megawatts. I can get you the exact numbers.

**Mr BURGOYNE:** That is important for people to understand. During winter time we have five megawatts of load and the capability to supply 70, so we really should not be running two generators in Alice Springs when we have loads that low.

**Mr LAUBSCHER:** It is always a balance. At this stage, we are running two units at Ron Goodin; we should really run one. I agree. However, there was a commission that was to happen in the last two weeks. That is the reason two units are running. We will bring it back to one unit soon. We are trying to prove to ourselves that the station is providing an important role now and into the future if we see more load.

We have now learned that certain machines have different characteristics. The Jenbachers have shown us that. Only one machine cannot do all of it like the old big machines. That is why we know that there is a need for a battery in almost every region. We are busy with that.

**Mr BURGOYNE:** Where would you locate the battery in Alice Springs? Would it be at the Ron Goodin site?

**Mr LAUBSCHER:** Probably not. We are looking at Owen Springs and talking to people in other locations as well, as long as it there for the system.

**Mr BURGOYNE:** Is there any expenditure forecast for that battery to date?

**Mr LAUBSCHER:** It is in the SCI.

**Mr BURGOYNE:** How much will that be?

**Mr DWYER:** Over the four-year estimates, we have \$20.6m allocated.

**Mr DEPUTY CHAIR:** Can I confirm that is for a single battery? Or is it batteries? Will it depend on the mix? It is not one big battery. It could be a number of batteries.

**Mr DWYER:** Yes.

**Mr BURGOYNE:** As we look at the 2023–24 and 2024–25 years in the SCI, CapEx is projected to increase from \$63m and peak at \$69m. What will be happening throughout those years? What will be the major capital expenditure during those years?

**Mr BREE:** There is the transition we talked about, bringing in more TM2500-like machines. They will not necessarily be that, but they will be like that. That is, smaller, more efficient and hydrogen capable.

There is the secondary battery for Darwin—Katherine. We think at this stage that will be a distributed battery; that is, it will be in more parts of the system so it can support the network as well as providing the services we want.

I am looking at some of the bigger ones here. As Gerhard said, in that period we will be almost certainly be putting in batteries at Tennant Creek, Alice Springs and possibly Yulara, but that has to be negotiated. The TMs and the batteries are the big buys. That will be what drives it.

**Mr BURGOYNE:** You spoke about those batteries being distributed throughout the network. Will you start rolling out batteries at substations? Is that what you are talking about?

**Mr BREE:** That is the discussion we are having with Power and Water. That will very much be the subject of discussion.

**Mr BURGOYNE:** Have you seen that work in other jurisdictions?

**Mr TRAN:** We are in the process of working with Power and Water on the modelling side, just to see where these batteries are best suited for power systems that support those characteristics—inertia and system strength. We are looking at five different locations of substations across our system.

**Mr BREE:** Are people doing studies for them?

**Mr TRAN:** I am not aware of what other people do. I am pretty sure that community batteries being distributed is a thing that happens in the NEM as well.

**Mr BURGOYNE:** Absolutely. You have been talking about the TM2500s. Are the smaller, faster hydrogen generators you spoke about smaller in capacity than the TM2500s or is it another way to operate some of those generators into the future?

**Mr BREE:** We might have confused the situation. They are the same one. We refer to the TM2500 as hydrogen capable. They can take up to 70% hydrogen—when hydrogen turns up.

**Mr BURGOYNE:** What is the process between installing them and running them—I assume on gas—initially? Do we need a hydrogen producer to produce hydrogen to then supply to those generators?

**Mr BREE:** Yes. Because these have a life of 30-plus years, we thought it prudent to make sure they are capable of hydrogen. We do not have any visibility of when we think hydrogen might come in. For us, it will be a commercial decision.

**Mr BURGOYNE:** Will the TM2500s you are transitioning and slowly replacing be able to use hydrogen in the future?

**Mr BREE:** Yes. We do not have hydrogen. The real benefit, is that smaller machines will be able to better follow this load that is reducing in the peaks and troughs of the load curve. You can run them more efficiently.

**Mr BURGOYNE:** Do you have an installed cost of a TM2500? We have spoken a lot about the expenditure over certain years. Do we know how much it will cost to buy and install one of these TM2500s?

**Mr BREE:** We have some sense. There is a lot of ancillary stuff that had to happen at the same time. Minh, you can give whatever information you have.

**Mr TRAN:** We have recently awarded the contract for installation. I think it is about \$13.5m.



**Mr BREE:** That is just installation. We have already bought one.

**Mr BURGOYNE:** How much was the TM2500 to purchase?

**Mr DWYER:** The current cost as at 31 May is \$20.1m.

**Mr BURGOYNE:** \$20.1m to purchase?

**Mr DWYER:** That is current cost. If we have incurred anything in addition to the purchase price that would be included in the \$20.1m.

**Mr BURGOYNE:** Including the contract that has been let for \$13.5m?

**Mr DWYER:** No.

**Mr BURGOYNE:** To date it has cost \$20.1m. It will be another \$13.5m to install it. How many megawatts of power will it produce?

**Mr DWYER:** Twenty-two.

**Mr BURGOYNE:** We have spoken about the BESS supplying 35 megawatts of power. What do you foresee the cost of that being once it is all up and running? You said \$45m?

**Mr DWYER:** Yes.

**Mr BURGOYNE:** What is Territory Generation's net debt position as of today, and how does it compare to last year?

**Mr DWYER:** Net debt position as at 31 March is \$196m. I think last year it was sitting at \$192m.

**Mr BURGOYNE:** It has increased marginally. Do you expect that to continue to increase in the forward estimates?

**Mr DWYER:** Yes.

**Mr BREE:** We expect the next four or five years to be more capital intensive for TGen than it has previously been as we go through this transition. I think we see a peak in ...

**Mr DWYER:** In the outer years from the SCI we will likely see a peak in 2029–30 financial year in debt, then it starts to reduce.

**Mr BURGOYNE:** Do you have that figure for 2029–30?

**Mr DWYER:** From the current budget it peaks at \$404m.

**Mr BURGOYNE:** Looking at the SCI, we have capital expenditure, from what I can see, in the forward estimates peaking in 2024–25 at \$69.3m. Do you continue to see that capital expenditure increasing past that date? We are being told two different stories: that it will peak in 2029–30 and capital expenditure will be increasing; then in the SCI it shows that in 2024–25 it will reach its peak of \$69.3m per year then slowly start to decrease. With everything you said about the replacement of all these generators, is that expected to increase?

**Mr BREE:** We would not expect it to go over that \$69.3m for lots of reasons, one of them being our capacity to deliver. We think we have looked out far enough to get the big chunks of capital works, so at the present moment we are confident that will be about the peak and, as Joel said, the debt would peak later because that requires us to get into a situation where we start paying down debt.

**Mr BURGOYNE:** What is the anticipated increase in borrowings for this year?

**Mr DWYER:** For this current year?

**Mr BURGOYNE:** Yes. We have gone up by \$4m since the previous financial to \$196m. What are we projecting it to go to over the next financial year?

**Mr DWYER:** Current borrowings are sitting at \$250m which, in the next financial year, will increase to \$272m, so a \$22m increase.

**Mr BURGOYNE:** What is the estimated interest expense for the 2022–23 and the projected figure for this coming financial year 2023–24?

**Mr DWYER:** Current expected forecast interest expense this financial year is \$8.6m. Next financial year it increases to \$11.5m.

**Mr BURGOYNE:** Do you have that same figure projected out on what interest you will be paying then on your peak debt of \$404m?

**Mr DWYER:** No, I only have it out to the SCR forecast period.

**Mr BURGOYNE:** That is all right; thank you. There was a cash payment of income taxes in 2022. Those are income tax equivalents paid to Territory government? Is that right?

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

**Mr BURGOYNE:** What is the estimated tax payment for this current financial year 2022–23?

**Mr DWYER:** Our current tax payment is forecast to be at June around \$700,000.

**Mr BURGOYNE:** Other administrative costs increased by over \$2m in 2022. What was included in those increases?

**Mr DWYER:** That increase of \$2m will probably be relating to all controllable costs. There would be a number of things driving that. More than likely there would be some personnel costs increases due to incremental rises. Anything in detail I would have to take on notice.

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#### Question on Notice No 12.1

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

**Mr BURGOYNE:** Other administrative costs increased by over \$2m in 2022. What was included in those increases?

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

**Mr BREE:** Yes.

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

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**Mr BURGOYNE:** The SCI also assumes a CPI of 2.4% for 2023–24. I am wondering what that is based on, seeing CPI is currently sitting at about 6%.

**Mr BREE:** The 2.5% in our SCI applies to our controllable costs, not to all matters. That is a figure we negotiated with Treasury.

**Mr BURGOYNE:** What are your forward estimates looking like for your controllable costs in regard to that increase. You said 22.5%; will that increase considerably over the forward estimates or not?

**Mr BREE:** The 2.5% per annum is what we are predicting for that.

**Mr BURGOYNE:** Per annum?

**Mr BREE:** Yes. It is 2.5% each year?

**Mr DWYER:** For next financial year 2.5%. The outer years are sitting between 2% and 2.4%. However, we are anticipating that we will be able to manage our controllable costs to be in line with current controllable costs.

**Mr BURGOYNE:** We spoke earlier about the gas supply, and I want to jump back to it. How much diesel have you had to burn in the last financial year?

**Mr BREE:** We do not have the breakup.

**Mr DWYER:** I have figures for 31 March year to date. Distillate consumption for Territory Generation is sitting at \$12.9m.

**Mr BURGOYNE:** How does that compare with the previous year?

**Mr DWYER:** It is not really comparable because the figures I have for last financial year are 12 months up to 31 March and the distillate consumption for the full financial year was \$8.6m.

**Mr BURGOYNE:** That is exactly what I am trying to get at. For a full year we used \$8.6m, and to 31 March for this financial year we have used \$12.9m; is that correct? There has been a serious increase in the amount of diesel that we have been burning over the last financial year. Does that then relate back to the reductions in the gas supply?

**Mr BREE:** It is not to do with the gas that we contracted. It was probably mainly to do with protected action during the enterprise bargaining agreement phase.

**Mr BURGOYNE:** Could you expand on that?

**Mr BREE:** Essentially, the unions put some bans on things that we could do, which meant that sometimes when dual fuel machines went off onto diesel, we were not able to put them back onto gas.

**Mr BURGOYNE:** As a result of those actions you have spent, and I imagine you will continue to spend, well over \$4m on diesel for this coming financial year compared with the previous financial year?

**Mr BREE:** First, the action has ceased, so we are back to business as usual.

**Mr DWYER:** The incremental diesel costs associated to the protected industrial actions was \$3.2m.

**Mr BURGOYNE:** For those who do not understand, you have a dual fuel machine that usually runs on gas, it goes out and is put onto diesel and then basically no actions were taken to fix that.

**Mr BREE:** That is basically it, yes.

**Mr BURGOYNE:** As a result we burnt through \$3.2m of diesel that we otherwise would not have.

**Mr BREE:** Correct.

**Mr BURGOYNE:** Was that in Alice Springs?

**Mr DWYER:** Predominantly, yes.

**Mr BURGOYNE:** At which power station?

**Mr BREE:** Owen Springs.

**Mr BURGOYNE:** We have gone through the BESS in some detail. What was the original completion date for the BESS when it was first announced?

**Mr BREE:** We had hoped it would be completed by the end of this year.

**Mr BURGOYNE:** Is that at the end of 2023?

**Mr BREE:** Yes.

**Mr BURGOYNE:** We said that we expect or are hoping for next year, 2024. We have the BESS that is currently being built, 35 megawatts. Are there further plans for other large batteries at Channel Island or elsewhere?

**Mr BREE:** That is what we are working through at present, but we think it is more likely that it will be distributed around the system.

**Mr BURGOYNE:** Do you have the size of other batteries yet?

**Mr BREE:** We have a size that we are working on—but as long as you accept that there is still a lot of work to be done on this—in total, I think, it is 60.

**Mr BURGOYNE:** Is that 60 megawatts of addition batteries?

**Mr BREE:** Yes.

**Mr BURGOYNE:** Is that just in the Darwin–Katherine grid?

**Mr BREE:** Yes, that is correct. I want to emphasise final decisions have not been made on size or distribution.

**Mr BURGOYNE:** I respect that. Thank you for giving us that figure.

What will be the practical impact of the BESS when it is completed? Will it mean that you do not have run a gas generator?

**Mr BREE:** Certainly for the first BESS the business case was solely based on savings in gas by it being able to turn off one generator.

**Mr BURGOYNE:** What is the ability for the BESS to distribute electricity once it is finished? Is it within a millisecond or a second compared to the ramping that has to happen with other generators where you slowly ramp them up?

**Mr TRAN:** The response of the BESS is definitely faster than a gas turbine, which relies on a mechanical valve to open to put more power into the grid. We are talking maybe 50 to 100 milliseconds versus 300 or 400 milliseconds, for example. The performance is better.

**Mr BURGOYNE:** How long will the BESS be able to provide a sustained output of electricity? Is it able to do 35 megawatts for an hour?

**Mr TRAN:** It is a one-hour BESS. All the batteries we are looking at are short-duration batteries. They are intended to provide a service to the power system stability rather than long-term storage for peak demand or capacity.

**Mr BURGOYNE:** What system control changes are necessary to fully implement the BESS? You spoke about it some aspects earlier but, as far as system control goes, will they be controlling the way in which that BESS power is despatched?

**Mr TRAN:** There is not really a change from that because the control system of a BESS is basically automatic because it is there to provide grid stability services, so it responds automatically. If it relies on human intervention it would be too slow.

**Mr BURGOYNE:** Fair enough. What are the rental terms in place with the BESS? Is there a fee payable to Hitachi each year? How will that operate into the future?

**Mr TRAN:** We have a long term maintenance agreement with Hitachi, and they do the basic services for the unit.

**Mr BURGOYNE:** At what cost to TGen?

**Mr BREE:** We may have to get back to you on that.

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**Question on Notice No 12.2**

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

**Mr BURGOYNE:** Can you please provide the long-term maintenance cost to Territory Generation of looking after the BESS each year by Hitachi?

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

**Mr BREE:** Yes.

**Mr DEPUTY CHAIR:** The question asked by the Member for Braitling has been allocated the number 12.2.

**Mr BURGOYNE:** What is the anticipated increase in large-scale and behind-the-meter solar over the next year? It is something we are often talking about. Are you expecting Territory Generation to have 100 megawatts of solar come on line next year?

**Mr BREE:** I think we are predicting—we are aware of about 70 megawatts out there, the ones in Katherine. I think there are some at Bachelor. We do not have complete visibility, but people talk so we know a lot of stuff. I think it is of the order of about 70. This is not the growth of it, but we assume that in 2023–24 there will be about 130 megawatts behind the meter in Darwin and Katherine, just over 20 in Alice and about half in Tennant Creek.

We take our figures from the Utilities Commission, but they are 12 months behind.

**Mr BURGOYNE:** How has Territory Generation been incorporated in the commissioning of the large-scale solars that are yet to come online? We heard earlier from Power and Water that there had been live tests where they were operating. Territory Generation was therefore probably asked nicely to ramp up production of generators to ensure the stability.

**Mr BREE:** We provide the system with spinning reserve and essential system services while they do their tests.

**Mr BURGOYNE:** From a Territory Generation point of view, if they came online tomorrow, how would that affect your operations?

**Mr BREE:** Our energy sales would go down. That would be the first sign for us.

**Mr BURGOYNE:** Have you forecasted energy sales to decrease as a result of those solar farms coming online?

**Mr BREE:** Yes. I will ask Joel to talk in detail on that.

**Mr DWYER:** There will be a corresponding decrease in energy sales and gas consumption.

**Mr BURGOYNE:** You note that not only the energy sales go down but the amount of gas you use will also decrease. What will be the overall cost to TGen?

**Mr DWYER:** It is hard to determine because you would need to have two sets of models, one without the participants and competition coming online, to know what that overall net decrease would be.

**Mr BURGOYNE:** When the SCI projects a slight decrease in electricity demand next year, is that specifically demand from TGen or overall demand in the system?

**Mr BREE:** No, that is ours. In the SCI are all our assumptions that are built in to build our pricing model.

**Mr BURGOYNE:** It is not necessarily that there will be less demand for electricity but it is the amount you will provide.

**Mr BREE:** Correct.

**Mr BURGOYNE:** It is fairly linear, as it does not seem to increase. With the increase in the number of electric vehicles and all the rest, I imagine the actual energy that will be needed to power the Territory going forward will be increasing at some rate.

**Mr BREE:** Yes. Even in residential you can see the uptake in solar power. That is an increase in usage when we are staying flat.

**Mr BURGOYNE:** How does that affect the viability of TGen going forward, whilst you are having to invest millions of dollars in upgrading your infrastructure and your future growth in revenue seems to be flat?

**Mr BREE:** This is the commercial challenge for our organisation. We come to the government each year with our assumptions about the cost of electricity. These are in our SCI. We take these things into account and come up with a price for electricity that we try to keep as low as we can.

In preparing for the future in five or six years, as well as our transition plan which is to keep the system stable and reliable, we have been given permission by the government to look at getting involved in solar. If everything worked out, there would be a blending of the sources of generation and pricing—and passing that on. That is what we hope we can do.

Solar power is a tricky business. People get tied up about how cheap it can be. It can be incredibly cheap, but it is just for that moment. There is still a need for all the other services that keep the system reliable. We have a view—it may be self-serving—that we have all those services and we are probably as well placed as anyone to blend the two in the most efficient manner possible. That is our responsibility as the largest generator here and most of our efforts are working towards that.

To bring solar generation into our system, it will not be us building and operating solar farms and operating them. It will be through power purchase agreements which is the normal model. We will contract out for someone who is an expert in that field.

**Mr BURGOYNE:** Could you purchase solar farms and operate them?

**Mr BREE:** I guess we could. That is not beyond us at all. We would have to build up a level of skills in that area. From what we know, that is well within our ability but it is currently not our plan. I qualify that by saying that our plan on how we go about this is under development. Clearly, if opportunities arise, we will take them.

**Mr BURGOYNE:** That is the biggest thing to try to explain to people out there who might be listening. Previously, there was a policy in place which meant that Territory Generation could not invest in large-scale solar. That requirement has now been removed. Looking forward, is it that you do not have any plans to invest in large-scale solar but you are able to?

**Mr BREE:** We are able to. People have approached us and we are seriously talking to them. There are always opportunities.

**Mr BURGOYNE:** I can imagine if I had a solar farm that was not able to dispatch power currently, I would be trying to sell it as well.

**Mr BREE:** Regarding our SCI we made an assumption that we will get approximately 80% of the new solar in the system, which is currently approximately what our percentage of generation is. That has some impact on our SCI. If it varies, the sensitivity to that percentage is not high. If it turned out to be 60%, it would not make much difference because we are only passing through costs rather than putting a big profit on it. We have made assumptions in regard to how we are going. Now we have to go and do it.

**Mr BURGOYNE:** How many diesel-generated to renewable or gas replacement projects have been completed in the past few years?

**Mr BREE:** Diesel to ...

**Mr BURGOYNE:** A lot of power has previously been diesel-generated. Have there been any projects in the last 12 months where you have seen a swapping over from diesel to gas?

**Mr BREE:** I do not think so. Yulara has gone the other way.

**Mr BURGOYNE:** What has happened at Yulara?

**Mr BREE:** For a very long period, we supplied firstly bio-LNG and then bio-compressed natural gas. The supplier warned some years ago that, without a very long-term contract, their plant was becoming unreliable. In the end, it was not the plant that caused a problem. They rolled over a truck. We immediately went off gas and onto diesel.

**Mr BURGOYNE:** What percentage of Yulara is on solar? Over the last few years, there has been a large investment in solar out there.

**Mr BREE:** It can get to 40% at times. It is owned by Voyages Resort.

**Mr BURGOYNE:** The generator that you have down there used to be gas but is now diesel due to the supply. What are you looking at doing with that generator down there in the long term? There has been talk over the years to switching it to all sorts of different fuels.

**Mr BREE:** Just before COVID, we had done a fair bit of planning and were talking to people about putting in a battery, more solar and diesel—then it would have been gas. Of course, COVID impacted on Voyages. It did not need or want to talk to us about that anymore. It was busier with survival. Those discussions have started again, and we see a model that would look like that—more solar and more battery. We think that is the appropriate way to run Yulara.

**Mr BURGOYNE:** What was the dividend declared and paid in the 2021–22 financial year?

**Mr DWYER:** Last financial year we declared a dividend of \$8.45m.

**Mr BURGOYNE:** What are you projected to pay for this financial year, 2022–23?

**Mr DWYER:** We are not at 30 June yet. We still have a little while to go and unaudited, pre-adjusted figures. We are forecasting our net profit after tax to come in at around \$5m this financial year.

**Mr BURGOYNE:** Last year the dividend was about 50% of the profit. Can we expect about the same in this coming financial year?

**Mr DWYER:** Correct, yes.

**Mr BURGOYNE:** Will that be about \$2.5m?

**Mr DWYER:** Yes.

**Mr BREE:** If everything continues. Our policy is to do it on the basis of 50% profit.

**Mr BURGOYNE:** What do you do with the other funds from the profit, the other 50%?

**Mr BREE:** They are largely reinvested in the company.

**Mr BURGOYNE:** Are they not used to pay off debt but are reinvested in the company?

**Mr BREE:** At present, yes.

**Mr BURGOYNE:** Who makes that decision between paying down debt and investing in the company? Is that you or the shareholding minister?

**Mr BREE:** That is the board.

**Mr BURGOYNE:** My favourite subject—Ron Goodin. There was a decommissioning provision for Ron Goodin of \$5.9m in 2021. What has happened with that provision? Has it gone into the operating of that power station?

**Mr DWYER:** No, that provision is still on the balance sheet.

**Mr BURGOYNE:** Is \$5.9m still an accurate cost of decommissioning Ron Goodin?

**Mr DWYER:** We are doing revised estimates on that leading up to year end.

**Mr BURGOYNE:** Which is currently calculated at 2025–26?

**Mr DWYER:** Yes.

**Mr BURGOYNE:** The SCI includes an amount of \$2.9m for repairs and maintenance at Ron Goodin. Is that accurate? I guess we are trying to better understand some of the figures we spoke about earlier. Net cost is \$1m to run the place, but if we are spending \$2.9m on maintenance ...

**Mr BREE:** We have a lot of spreadsheets here.

**Mr BURGOYNE:** While you are finding that answer, would a non-government utility continue to operate Ron Goodin if it had shareholders to answer to?

**Mr BREE:** I have a shareholder to answer to.

**Mr CHAIR:** That is slightly hypothetical.

**Mr BURGOYNE:** You do have shareholders; you have the government. Have any questions been raised with you about the ongoing running of Ron Goodin?

**Mr BREE:** We have to balance all stakeholders, and at present we have decided that in the interests of reliability we will spend the money. I have not asked our shareholder directly whether they are happy with that, but that is our decision as a board. Everything is a balance. I am happy to conceive that it is arguable, but that is where we have landed.

**Mr BURGOYNE:** Do we have that repairs answer?

**Mr DWYER:** Yes, the budget it is line with actuals. Current year-to-date we have spent about \$2.3m or \$2.4m in maintenance.

**Mr BURGOYNE:** You are expecting it to get to that \$2.9m?

**Mr DWYER:** Yes.

**Mr BURGOYNE:** The repairs and maintenance on Ron Goodin was stated to be about \$4.5m; is that also in line to meet targets or is it going over?

**Mr DWYER:** On Ron Goodin?

**Mr BURGOYNE:** Owen Springs, my apologies.

**Mr DWYER:** As at 31 March the current repairs and maintenance expense on Owen Springs is sitting at \$2.6m.

**Mr BURGOYNE:** Mr Bree, you believe the overall impact on the budget to Territory Generation of operating Ron Goodin is around \$1m per year.

**Mr BREE:** I think it is \$1.2m.

**Mr BURGOYNE:** Have you had any complaints regarding the operation of Ron Goodin over the past 12 months?

**Mr BREE:** No, I do not think so.

**Mr BURGOYNE:** In regard to the CapEx over the forwards, has that money been approved by the shareholding minister?

**Mr BREE:** The SCI has been approved, but the constraint on our expenditure for large projects is we have to present a business case to the shareholding minister. Approved in principle is probably where I would put it; that is the way we take it. We do the work on it, and when we have the figures we bring it to the shareholding minister for a final approval.



**Mr BURGOYNE:** Has the expenditure into the future been approved by the shareholding minister?

**Mr BREE:** What is in the SCIs in total has been approved.

**Mr BURGOYNE:** The notes from last year's financial statements indicate that the corporation was party to various contractual disputes. Are you able to outline the costs incurred as a result of those disputes?

**Mr BREE:** I am being told it is commercial-in-confidence. Could you put that on notice? I would like to have a look at that.

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### Question on Notice No 12.3

**Mr DEPUTY CHAIR:** Member for Braiitling, please restate the question for the record.

**Mr BURGOYNE:** The notes to last year's financial statements indicate that the corporation was a party to various contractual disputes. Are you able to provide, for the last financial year, the cost of the litigation of costs borne by TGen as a result of any of that litigation?

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

**Mr BREE:** Yes.

**Mr DEPUTY CHAIR:** The question asked by the Member for Braiitling has been allocated the number 12.3.

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**Mr BURGOYNE:** Is Territory Generation currently a defendant or third-party witness to any legal action currently pending?

**Mr BREE:** Yes, some of it. The largest matter is still ongoing.

**Mr DEPUTY CHAIR:** The committee will now consider questions relating to Territory Generation's 2023–24 Statement of Corporate Intent. Are there any questions?

That concludes this session. Thank you, Mr Bree.

On behalf of the committee, I thank you and everyone else who availed themselves today and to everyone else who has been doing all the work behind the scenes.

We will now take a short break. I believe it gives us 10 minutes before we start with the Department of the Legislative Assembly.

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The committee suspended.

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### SPEAKER'S PORTFOLIO

#### DEPARTMENT OF THE LEGISLATIVE ASSEMBLY

**Mr CHAIR:** Good afternoon, everyone. I note that, while the Administrative Arrangement Orders put responsibility of the Department of the Legislative Assembly with the Chief Minister, by convention the Speaker administers the department and will answer questions relating to the department.

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

**Mr SPEAKER:** Thank you, Mr Chair. I introduce CEO and Clerk of the Assembly, Mathew Bates—his first Estimates in the Territory—and Chief Financial Officer, Diem Tang, who is a returning participant.

**Mr CHAIR:** Mr Speaker, I will 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 before moving on to non-output specific budget-related questions. I will invite the shadow minister to ask their questions first, followed by committee

members, followed by participants. The committee has agreed that other members may join in on a line of questioning pursued by a shadow minister rather than waiting.

Would you like to make an opening statement?

**Mr SPEAKER:** I will, thank you. I acknowledge the Larrakia for the land we meet on today. I pay my respects to their elders past, present and emerging.

Thank you, members, for having me here today. It is much appreciated to answer questions about the operations of the parliament and the team that supports us, the Department of the Legislative Assembly.

I will commence my comments on the role before addressing specifics that may be of interest to the committee. As the Speaker I hold a position of great responsibility, ensuring the smooth functioning and integrity of this parliament. This responsibility is not lost on me and requires that I develop my understanding of the details of parliamentary practice as well as the philosophical reasoning behind certain traditions and customs. I play a vital role in representing the parliament in the wider community and promoting the role it plays in our democracy in the Northern Territory.

Whilst playing an instrumental role in safeguarding the parliamentary democracy, I act as a guardian of the parliamentary procedures and rules, ensuring they are adhered to by all members. Through the exercise of my authority, I maintain order and decorum, enabling constructive and respectful debates by upholding the integrity of the parliamentary democracy. I ensure the institution remains a safe, robust pillar of governance in the Northern Territory.

As the impartial and independent presiding officer, I ensure all members have the opportunity to voice their opinions, debate issues and contribute to the legislative process. By upholding the principals of democracy I ensure the voice of the people is heard and that decisions are made in a transparent and accountable manner.

I see my role as to act as something of a bridge between the government, opposition and Independents, facilitating dialogue and consensus building. This helps me to build up parliamentary function more effectively, representing that although the government will get its way in the House, the opposition and Independents will have their say in accordance with parliamentary rules and procedures.

Internationally, I engage with and represent some jurisdictions from other Commonwealth parliaments in the Australasian region, exchanging ideas and best practices and building strong parliamentary ties. Such interactions enhance the parliamentary diplomacy, contributing to global democratic processes and understanding.

I oversee twinning arrangements of our parliament and the parliament of Niue. Twinning arrangements involve the pairing of the Australian parliaments with parliaments in the Pacific region. Every Australian parliament has a twin in the Pacific in a legislative capacity, and I take my responsibility in this area seriously to provide support to Niue to enhance their legislative capacity, strengthen democratic institutions and promote good governance practices.

In commentary about our Department of Legislative Assembly, I emphasise that work has commenced in recent months to ensure the DLA remains a trusted and reliable partner for all Members of the Legislative Assembly. This has involved the DLA seeking feedback from all key stakeholders in parliament and outside of it with the purpose of better understanding the priorities of those stakeholders and how the DLA is perceived.

This work is currently informing the development of a new strategic plan, which is being developed with input from all members of the DLA team. The new plan will emphasise the importance of committing to providing outstanding customer service, being responsive and agile and, most importantly, the need to get things right when administering services on their behalf.

Significant work has been ongoing to improve the quality and consistency of the service you receive from our department. I take the time to acknowledge the DLA team as they work hard and embrace this change with the clear understanding that this is all to make the service that you receive as good as it can be.

Work is under way to identify technology solutions that will improve how members and electorate offices interact with the DLA when they are looking for a service or assistance. We are hoping in the next financial

year to roll out a web-based customer management system which will help the DLA to more effectively manage requests.

Finally, I point out the work the DLA carries out in conjunction with DIPL to maintain this Parliament House, which is 30 years old next year. Despite being exposed to harsh tropical weather it looks fantastic, but there are some behind-the-scenes works that will need to be carried out in the not-too-distant future to ensure that the building remains functional. This may involve some unavoidable disruptions. As custodians of this significant public building, we have an obligation to ensure that it is maintained appropriately.

Mr Chair, that is all I will say in my opening remarks and I welcome any questions.

**Mr YAN:** Thank you, Mr Speaker and the DLA staff for being here today. We appreciate all the work the DLA staff do behind the scenes to assist not only the MLAs but also our electorate officers.

Mr Speaker, during your opening statement you spoke about procedures, rules and integrity. I need to ask a few questions about the recent fuel card matter. When were you first made aware of the two Labor MLAs using the NTG fuel cards whilst on personal leave? When was that first brought to your attention?

**Mr SPEAKER:** That is a good question. I was made aware of that incident a few months ago first and foremost by social media, to be perfectly honest.

**Mr YAN:** You were made aware of that through social media; is that correct? You were not advised by anyone else apart from social media?

**Mr SPEAKER:** The first instance of it I was made aware through social media. As you can imagine, when we all appear on social media, our phones go 'ping, ping' and we are quickly made aware of commentary.

**Mr YAN:** After first hearing about it on social media, when was it then first brought to your attention in an official capacity as the Speaker?

**Mr SPEAKER:** I would not be able to give you dates. I was approached by email from one of those social media outlets. In an official capacity, my Clerk was also approached for a response. The Clerk provided a response, and we had a discussion about it.

**Mr YAN:** Did either of the two Labor MLAs raise the matter with you?

**Mr SPEAKER:** I do not recall them doing that, no. It was raised first and foremost through the social media and then through the Clerk.

**Mr YAN:** Who made that contact with you and the Clerk?

**Mr SPEAKER:** I will throw to the Clerk for some clarification, but I assumed in response to that the Clerk came and saw me about the approach he had from one of those outlets to discuss it with me. Is my recollection correct?

**Mr BATES:** The Speaker's recollection is correct.

**Mr YAN:** Who was the media outlet?

**Mr SPEAKER:** It is a social media outlet, *NT Independent*.

**Mr YAN:** They were the ones that made contact with the Clerk and you?

**Mr SPEAKER:** Yes.

**Mr YAN:** Bear with me, I am working through the time line on this. Your first recollection of contact about this issue was through *NT Independent*. Did you then seek advice on the matter?

**Mr SPEAKER:** I seek advice on a range of things. I would assume I did; I think I did. Yes, in a conversation with the Clerk.

**Mr YAN:** Who did you seek advice from?

**Mr SPEAKER:** The person I always seek advice from is the Clerk of my department.

**Mr YAN:** You sought advice from the Clerk. What was the advice received on the matter of the two Labor MLAs utilising those fuel cards interstate on personal travel?

**Mr SPEAKER:** That is a good question. The advice was in line with my own thinking; under the Remuneration Tribunal Determination, members are entitled to that vehicle allowance or an NT Fleet-provided vehicle. Those entitlements are set wholly by them.

I do not set entitlements; I communicate entitlements to the members. I do not approve those entitlements. The DLA is left to then administer those entitlements on behalf of members. The DLA took the view that the Remuneration Tribunal permitted the use of the vehicle and fuel card interstate. On that basis, there were no restrictions as outlined in the determination.

It is a bit like being under the entitlements act, Member for Namatjira. It is like me believing that you deserve a pay rise but not having the ability to grant that; that is not in my purview. It is an entitlement that is completely borne out of the RTD that every member, plus me and my department, gets to comment on and give feedback to when they seek it on a yearly basis.

Additionally, the entitlement is communicated by me. That happens at a period of time. It does not necessarily happen annually; it can happen more frequently. It depends what questions I am getting from MLAs about their entitlements.

**Mr YAN:** You spoke of the Remuneration Tribunal. Did you or your office seek any advice from the tribunal on this matter?

**Mr SPEAKER:** I did not. I cannot speak for my office on whether they did. I sought advice from my Clerk about my thinking about it. It was in line with my thinking.

**Mr YAN:** When you were discussing those entitlements and then providing that advice, did you specifically provide it to those two MLAs in question?

**Mr SPEAKER:** No, I did not. Personally, I did not, but when members seek advice about their entitlements from the department, there is a manager in place to have those conversations about their entitlements.

**Mr YAN:** You did not have those discussions directly with those MLAs?

**Mr SPEAKER:** No.

**Mr YAN:** Did your office have any discussions with those MLAs about those entitlement?

**Mr SPEAKER:** As it is an operational matter, I will hand over to the Clerk on this. I would assume so, because that is what they do all the time.

**Mr BATES:** To clarify, when you are talking about 'the office', you are not talking about the Office of the Speaker, you are talking about the Department of the Legislative Assembly? Is that right?

**Mr YAN:** Effectively, yes, the Office of the Speaker, Department of the Legislative Assembly.

**Mr BATES:** My understanding is that there were some conversations at the time when members sought advice about whether or not their vehicles could be used interstate. That question was discussed internally. The advice was provided back to the members at the time that, given the wording in the determination, the DLA was comfortable that the entitlement existed. From our perspective, that more or less drew to an end the consideration of the matter.

**Mr SPEAKER:** Further to that, I draw attention to the part in the RTD that they would have referred to. That is under the Provision of Motor Vehicle 8.1(c), which stipulates for private use as approved.

**Mrs LAMBLEY:** Does 8.1(c) include the use of the fuel card?

**Mr SPEAKER:** Yes.

**Mrs LAMBLEY:** Does it clearly state it?

**Mr SPEAKER:** It does not state that it is not; therefore, it is interpreted as that it is. It used be. In 2007 I think, that stipulation was removed. I do not know what their thinking is behind it. We can only interpret what is in the RTD for application to members.

**Mrs LAMBLEY:** It came as a surprise to me. I have been around awhile. I was not aware of that at all. I do not think a lot of people were aware. What prompted you to put the Speaker's determination out in December to clarify it?

**Mr SPEAKER:** I will hand over to the Clerk to answer that question.

**Mr BATES:** There were internal discussion within the department about the fact that the query had been received. Picking up on your point that it was not well known by people, a decision was made by the department to advise the Speaker to communicate that via the Speaker's determination about the use of the motor vehicles.

**Mrs LAMBLEY:** The other problem for me and a few others that I have spoken to is that we were not aware that the Speaker's determinations were made on that sort of thing. It was an anomaly at the time for me to discover that members could use their fuel card whilst interstate on holidays and that the Speaker could make determinations like that.

**Mr SPEAKER:** The Speaker's determination is a communiqué. It is not me making a change to anything; I am just communicating what is in here. As far as I am concerned—I do not recall all of my Speaker's determinations, by the way—I assume that they are all in line with that type of process.

**Mrs LAMBLEY:** Who reads them? I do not think I have read a Speaker's determination. I am sorry, Mr Speaker. They have flown in under the radar for someone like me who has been around this place for a long time.

**Mr SPEAKER:** I understand that communication is difficult because it is a two-way process. All we can do is commit to provide that communication. We cannot make sure that people read it.

**Mrs LAMBLEY:** They are not sent to us directly as members, are they?

**Mr SPEAKER:** I will hand over to the Clerk.

**Mr BATES:** I will have to get back to you on that and confirm.

In terms of the Speaker's determinations, there is a handful of them. They relate to entitlement administration, effectively.

**Mrs LAMBLEY:** How are they disseminated? Where do you find a Speaker's determination? Is it on the Legislative Assembly website?

**Ms TANG:** It is on the intranet.

**Mr SPEAKER:** I will take that on notice. I have checked the address of who the communications are going to and they are going to members, not ministers.

**Mrs LAMBLEY:** I will check my emails.

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#### Question on Notice No 13.1

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

**Mrs LAMBLEY:** How are the Speaker's determinations communicated to members?

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

**Mr SPEAKER:** Yes.

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

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**Mr YAN:** The Clerk specifically said that members sought advice from DLA. When was that advice sought?

**Mr SPEAKER:** I will have to take that on notice.

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### Question on Notice No 13.2

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

**Mrs LAMBLEY:** When did the two members seek advice regarding their travel entitlements from DLA and when was that advice provided to them?

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

**Mr SPEAKER:** Yes.

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

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**Mr YAN:** Speaking on the matter that the Member for Araluen raised, you have taken a question on notice as to how that advice was provided. Considering this was a matter that affected all MLAs, is there any reason why it was not specifically sent out to every MLA and electorate office across the Territory?

**Mr SPEAKER:** Two points there. The first point being I do not necessarily agree that it was not sent out to all members. That is what we are checking. That advice would not necessarily go to all members because we have different travel, like I have a different travel. I do not have a government car. There are a range of ways that we access—remote members are probably more au fait with it, but in my electorate I do not get that. I get an allowance given to me as part of my salary to cover my travel.

**Mr EDGINGTON:** I want to confirm, similar to what other members have said, I have a government fleet vehicle and a fuel card, but to the best of my recollection I did not receive a copy of that determination.

**Mr SPEAKER:** We are checking on that question on notice.

**Mrs LAMBLEY:** Members of parliament using their fuel cards whilst on holidays interstate does not pass the pub test. It was your job to interpret the Remuneration Tribunal Determination on this; was that a consideration? It was a bit of a stretch.

**Mr SPEAKER:** I will clarify, Member for Araluen. It is not my job to interpret the remuneration; it is my job to communicate the decision. It is an entitlement they set. I have a different entitlement, so there is a level of how you quantify that fairness. I do not know. They have decided that. I just communicate that it is what you are entitled to.

**Mrs LAMBLEY:** You just said earlier that it does not explicitly say that members can use their fuel cars while they are interstate on holidays. The RTD does not say that, does it?

**Mr SPEAKER:** No, and that was removed in 2007. They must have gotten together at some point—I was not there and I am not part of it—I would assume they said ‘Well, no, this is what the entitlement should be now’.

**Mrs LAMBLEY:** It is not written in there, is it?

**Mr SPEAKER:** I pick up exactly what you are saying because I have a concern about how we have it written sometimes. It is not written by legal people; it is written by three people who are on a board. We have some challenges, and I am sure my department has some challenges—and I will go to the Clerk about that—sometimes weighing up what it is that the RTD meant by this. Sometimes we would ring them and ask them, ‘What is it you meant by this?’ Because it is not written in a very clear way at times.

**Mrs LAMBLEY:** It is not fair at all that people are entitled to use their fuel cards whilst on holidays interstate. It does not say that.

**Mr SPEAKER:** That is definitely one view. Another view is that it is completely fair as an entitlement.

**Mrs LAMBLEY:** It might be fair but it is not written in there, is it?

**Mr SPEAKER:** It is not written there specifically that you cannot. It is written there that you can use it for private use.

**Mr DEPUTY CHAIR:** If I get an allowance for a car, can I spend that money on fuel to travel interstate?

**Mr SPEAKER:** You can spend your allowance on whatever you like in your travel.

**Mr DEPUTY CHAIR:** If it have a vehicle and get my vehicle allowance, I can take my family and travel interstate and use money to put petrol in my car. Say if I go to Adelaide, which I have been known to do, can I do that in the car bought using my vehicle allowance and put petrol in that car using my vehicle allowance money?

**Mr SPEAKER:** Absolutely. Even that differentiates; it is not one size for all, because members who live in a particular electorate region get \$25,000 for that. Others who live in Goyder, Katherine and Nelson receive \$33,000. Members for Arnhem, Daly, Barkly, Gwoja, Mulka, Namatjira and Arafura get \$40,000. I am not to say how the Member for Namatjira uses that when he drives to Darwin for a meeting and may want to go on a fishing trip at Katherine; that is completely up to him.

**Mr BOWDEN:** The Member for Gwoja travels extensively. It is a bush electorate. Are there different vehicle types for someone like me in an urban seat compared to the Member for Gwoja who travels throughout Central Australia to Katherine and the WA border?

**Mr SPEAKER:** Yes, and it is dependent on the conditions they are required to travel in.

**Mr BOWDEN:** What type of car can the Member for Gwoja have that I cannot?

**Mr SPEAKER:** I would hate to drive the roads in my car that the Member for Namatjira has to drive.

**Mr CHAIR:** We are digressing. As for the last fortnight, someone will ask a question, and Mr Speaker will answer.

**Mr SPEAKER:** For clarity, for those in remote seats, their vehicle choice could be 4x4 vehicles, such as Toyota Prado or a LandCruiser 300. I am not sure if members here have one, but I would like one.

**Mr YAN:** For members in urban seats?

**Mr SPEAKER:** Their vehicle choice is a make and model which falls into the range of Toyota Kluger, Hyundai Santa Fe, Kia Sportage Platinum, Mazda 6, Mazda CX-5, Mitsubishi, Subaru Outback, Toyota, Toyota Plus and Toyota HiLux. I highlight the fact that if you are waiting on a new vehicle for those, there will be a long wait.

**Mr YAN:** Did you seek advice from the Remuneration Tribunal? You said that you spoke to them or looked at it and interpreted it. You said that a member may use a vehicle interstate and did not mention a fuel card. Effectively, you have made that interpretation, or your office has, that they are able to use a fuel card interstate on personal travel?

**Mr SPEAKER:** I will clarify your wording. I did not interpret; I communicated it, which is a big difference. My department would communicate what their entitlement is. They do not make interpretations, and they are not there to say that suddenly the Member for Araluen, for example, will get extra entitlements. Their job is to say, 'This is what it says; therefore, you are entitled to it'.

**Mr YAN:** Who made the decision and provided the advice, because in the determination it said that the vehicle could be used for personal interstate travel but did not mention the NTG fuel card and if it was allowable for it to be used on personal interstate travel?

**Mr SPEAKER:** The Remuneration Tribunal made the decision that the vehicle could be used for private use; they will not say. 'Here is the vehicle, and you cannot put fuel in it'. You will not get it very far. My department has been asked the question—I would have to clarify whether both or just one, which we have on notice. They read it and said that members are entitled to it.

**Mr YAN:** Someone has provided that advice to the two members based on what you spoke about in the RTD that it was okay to use the fuel card on personal interstate travel.

**Mr SPEAKER:** To clarify—I do not know if it was one or two members who were advised, but we will get to that—some advice has gone to members, as always happen when they ask advice. Mr Clerk, would you like to add to that?

**Mr BATES:** Yes. Members of my staff would have provided advice to the members—I am not across the detail entirely—presumably via email or over the phone. I am assuming it would have been followed up by email to the members who were asking questions.

Ultimately, the determination is set by the tribunal. It falls to the department to interpret it and provide advice to members when there is a lack of clarity. At all times, we are conscious of the fact that we do not want to put members in any difficulty by providing inaccurate advice. We are always keen to ensure that members are well supported as well.

On the face of it, the advice was provide about how we interpret the determination, and it was communicated to the members to that effect.

**Mr SPEAKER:** Further to that, to finish that point, there are only a few times I would determine or make a ruling on whether it has been used appropriately. For instance, whether a fuel car or vehicle has been used appropriately comes under my remit.

Instances are where a member:

- allows an unauthorised person to use the vehicle
- engages in a commercial or illegal activity
- incurs government expenses on vehicle maintenance costs that could be borne by a member
- does not securely garage the vehicle
- affixes stickers to the paintwork or political signage to any part of the vehicle
- fails to service and maintain the vehicle in accordance with the vehicle handbook
- abuses the government's supply.

I think that is what you are getting at; you are interpreting that as abusing it. My interpretation of abusing it is handing your government fuel card to someone else to use. That is abuse, because it is not covered by the RTD. Another instance is failure to provide correct odometer readings where possible for servicing.

They are my remit on whether it is used appropriately.

**Mr YAN:** I know quite a bit about the ECO1 requirements on vehicles. I spoke to the Commissioner for Public Employment about this during Estimates this week.

If a public sector employee, who has a car as part of their remuneration package, wants to take that vehicle interstate they have to get approval from their chief executive. Effectively, if you look at the members here, we are responsible to you, Mr Speaker, and the Department of the Legislative Assembly for those things.

Did either of those members seek, as would normally be the case with any other public servant, permission to use those vehicles for personal interstate travel?

**Mr SPEAKER:** You are comparing apples with oranges. MLAs are not public servants.

**Mr YAN:** I understand that.

**Mr SPEAKER:** You are under a completely different entitlement. You are right; executive officers in the public service are not allowed to do it. However, members of parliament are. It is completely different entitlements.



**Mr YAN:** The Commissioner for Public Employment also said that a government employee using a fuel card for a government vehicle interstate on personal leave is a breach of the code of conduct.

She specifically spoke about a training package she presents, and presented recently, where a government employee had misused their NTG fuel card as a public servant and their employment had been terminated for that misuse. That is quite serious.

If a public servant's employment can be terminated for misuse of a fuel card—we are splitting hairs here on the use of an NTG fuel card for an MLA whilst on personal travel interstate—this is a serious matter. Would you not agree, Mr Speaker?

**Mr CHAIR:** Mr Speaker, before you respond, I have let this line of questioning go on for close to 10 minutes. I will draw members' attention to Standing Order 109; imputations and inferences.

You gave me the opportunity to raise that, Member for Namatjira, because the inference you are making is that there is a breach of the code of conduct by parliamentary members.

The raw fact is very simple. They received advice—which is now on the public record—that said they could do it. That is the interpretation from the Legislative Assembly. Rightly put by the Member for Araluen in parliament, when we debated whether a politician should get a pay rise, she made it clear that ECO contracts and politicians are different. In fact, ECO contracts are on more than some politicians and backbenchers. It was made rightly clear on the *Parliamentary Record* by the Member for Araluen that they are different terms of employment.

To draw the inference that anyone has done anything wrong outside the RTD—the Speaker has clearly clarified the advice they sought that was given to them that it was in line with the RTD.

I am happy for lines of questioning about why we have interpreted that a particular way, but inferences under Standing Order 109 will not be tolerated.

**Mr YAN:** I would like to respond ...

**Mr SPEAKER:** I choose to respond to ...

**Mr CHAIR:** If you would like to, if you feel it makes it clear.

**Mr SPEAKER:** What you have outlined to me—and I am trying to remember it—is completely appropriate when it comes to the OCPE. They are dealing with public servants. She is responding to public servants who have abused their entitlement. It has nothing to do with MLAs. It has nothing to do with the RTD and their entitlements. It is like me working for a private company and you trying to compare public service conditions to that private individual.

The other thing that is also different is that MLAs do not have personal leave. It is not built into your conditions. You basically sign up for four years. I know how hard you work, Member for Namatjira; it is seven days a week. There is no such thing as personal leave, which is an entitlement to public service. Quite rightly, the Commissioner for Public Employment would have that view.

I also clarify, because it may not be understood, that I am the commissioner for employment for the DLA. We have two commissioners here. I am the commissioner for their employment because they are not under the same EBAs. We have agreements between ourselves and the Commissioner for Public Employment. Even that is slightly different.

As far as MLAs are concerned, they have no leave entitlements, and they definitely are not public servants. They come under a different entitlement regime, which has been implemented and changed throughout the years. I grant you that it is not particularly well written. However, that is what it is. We all get an opportunity to affect that by writing to the RT every year and saying to them, 'We want it clearer. We want this included. We want that added.' That is when we get that opportunity.

**Mrs LAMBLEY:** It needs to be clearer because it is open to abuse. Even though all members of parliament, hopefully, are highly responsible and accountable, it still is open to abuse.

**Mr SPEAKER:** I pick up that point. It is also a complicated document to try to put in place because of the nature of where MLAs represent. There is such a diversity of need in that space.

I feel for them a bit. I know that on the board there are two past politicians from respective sides of the fence. They understand what an MLA's job is and try to reflect that in their determinations.

**Mrs LAMBLEY:** What is your relationship with the Remuneration Tribunal? You said that you did not talk to them about the determination you made in this case, but what is your normal relationship?

**Mr SPEAKER:** That is a good question. Since my time in office as the Speaker, I have met with them twice. Whether it is about their updates—pre or post. I cannot recall the first one; I think they just came to say hello and be pleasant. The second one was definitely about reporting and encouraging me and my department to put commentary into it. I would meet them at least annually.

**Mrs LAMBLEY:** This is my last question on this business about members using their fuel cards to go interstate on holidays, even though we do not technically get leave. Mr Bates received an inquiry from—was it a member of parliament or several members of parliament on this issue?

**Mr SPEAKER:** As I said before, I am not across the detail. We have that on notice that we would highlight how and when it happened.

**Mr BATES:** The request never came to me directly; it was handled by my staff in the Business Services area. Obviously, I was aware that we would communicate the change in the determination, but that happened after the event, effectively.

**Mr YAN:** You have spoken about the complexity of this matter. Knowing it was quite complex and could go either way, is there any reason you did not seek advice from the tribunal, in this instance, to clarify it so we would not be discussing this today?

**Mr SPEAKER:** I do not think I said that it was complex. I do not know if that has come through; I did not intend it. I was saying that how they put it all together has a complex range of things they engage with, but the determination is not that complex. I will hand over to the Clerk.

**Mr BATES:** The DLA—I am going on memory here, so I will make sure I have this correct—has received advice in the past that the responsibility for interpreting the document rests with the DLA. We have, particularly over the last 18 months, a good relationship with the Remuneration Tribunal, and we meet and discuss different things.

As the Speaker pointed out, the mechanism for change is when the tribunal comes back and makes changes to the determination.

**Mr SPEAKER:** Further to that, so there is clarity, when the Clerk says that they will meet, that is not me meeting with them; it is the Clerk's Office.

**Mr YAN:** I find this an interesting topic. For me, it does not pass the test that if I had a government car and fuel card—it does not matter whether I am a public servant or MLA—that I would charge money to the Northern Territory Government and taxpayers for me to take it on a personal matter interstate.

Was any consideration ever given by you—knowing the information we have been given—to refer this to the ICAC?

**Mr SPEAKER:** Absolutely not; it is in the RTD. I communicate the RTD. There was no reason—for it. When we look at individual entitlements for those members, the same could be said for even your travel when you drive—I am not saying you do; it is a scenario. You may pop into the side of the road and fish on the way to Darwin. You do not delete that off your entitlement; that would be ridiculous ...

**Mr YAN:** That is between me and the tax man.

**Mr SPEAKER:** That is right. You are entitled to certain travel, and that is the entitlement.

**Mr YAN:** My travel—talking about me and what I do—is between me and the tax man. If a government employee or MLA used the vehicle interstate and charged the fuel for the vehicle back to the Territory taxpayer, would that then become a fringe benefits issue for tax?

**Mr SPEAKER:** Again, you are trying to lump this in with government employees. They have different conditions ...

**Mr YAN:** No, I specifically said an MLA.

**Mr SPEAKER:** You said government employee and MLA. I am answering the question, and you interrupted.

**Mr YAN:** I can change the question if you like.

**Mr SPEAKER:** Please change the question if you like, yes.

**Mr YAN:** If an MLA was to utilise their government vehicle and an NTG fuel card and charge that fuel to Territory taxpayers whilst they are on personal matters interstate, would that become a fringe benefits issue for taxation purposes?

**Mr SPEAKER:** I am not a tax accountant, but I assume that is a matter for the individual and their tax person. Chief Financial Officer, I might throw to you; you know more about tax than I do. I am assuming fringe benefits tax in that aspect.

**Mr BATES:** FBT is a complicated area and, in this hypothetical scenario, I would not feel comfortable providing you with an answer on the spot to that question. Many times the advice that members receive from the DLA when it comes to these matters is to make sure they get independent advice about their tax affairs. That would be the advice we would be providing back in that circumstance.

**Mr YAN:** It is not hypothetical because it has happened. A substantial amount of money has been charged to Territory taxpayers on those fuel cards by two MLAs.

**Mr SPEAKER:** Further to that, I reiterate that they are entitled to do it under the entitlements.

**Mr YAN:** I have one last question on this matter, then I am happy to move on. Have those members been asked to repay that money?

**Mr SPEAKER:** It would be like me asking somebody to repay their salary.

**Mr YAN:** No consideration given?

**Mr SPEAKER:** It is not a consideration for me; it is in the RTD. As I said, it is in the same way I would not ask you to repay your salary.

**Mr CHAIR:** That concludes questions relating to the opening statement and in relation to agency whole-of-government and budget and fiscal strategy.

### **Output 1.3 – Building Management Services**

**Mr CHAIR:** We will move to Output 1.3, Building Management Services.

**Mr YAN:** How many incidents of criminal damage have been sustained at Territory electorate offices in the reporting period?

**Mr SPEAKER:** The Department of the Legislative Assembly is responsible for repairing anything installed in the fit-out of the office, such as windows and those sort of things. The building owners are responsible for any damage to any building. Sorry, window signs; they are for windows. Anything that belongs to the building, the building owner manages.

Bearing that in mind, there was a damage report for the electorate office of Araluen on 20 July 2022 for front door damage; there was no cost to the DLA. On 30 November 2022 in Arnhem there was a fence damaged during a ram raid. Again, there was no cost to the DLA.

In the electorate office of Fannie Bay on 2 August 2022 there was extensive damage throughout the office, including smashed windows, walls and joinery, with a cost of \$42,907.

In the electorate of Gwoja on 19 October 2022 there were windows broken and signs damaged at a cost of \$1,580. On 27 January 2023 there were windows broken and signs damaged at a cost of \$1,989.09. On 30 January 2023 the front door and an internal door was broken at a cost of \$2,041.33.

In the electorate of Karama on 31 October 2022 there was a window broken and sign damage at a cost of \$697.

In the electorate of Katherine on 6 February 2023 there was a window sign and graffiti damage at a cost of \$594.

In your electorate of Namatjira on 2 August 2022 there was a window sign damaged at a cost of \$1,440.01. On 12 December 2022 there was a window broken and sign damage at a cost of \$970. On 13 January 2023 there was a window broken and sign damage at a cost of \$970.

Whilst any damages and criminal activity is expensive for our department, being a small department, it is a fact of life, particularly post-COVID. It is one reason that, since coming in, I have been focused on looking at security frameworks and revising them, as well as many other departments around the world because I do not think, as the responsible officer, that we do enough for the wellbeing of electorate staff. That will be tied into response going forward. They are the costs you asked for.

**Mr YAN:** Do you have a global cost for all those repairs? Added together rather than the individual ones you read out.

**Mr SPEAKER:** I do not have my calculator, but I can get that for you in a minute. My Chief Financial Officer will be busy pumping those numbers in. I will get it for you in a second.

**Mr EDGINGTON:** I noticed there was a car in your front window the other day. Any idea on the cost of that at this stage?

**Mr SPEAKER:** Yes, there was a car in my window. As you can imagine, I was thankful that it happened at six o'clock in the morning. I had Landcare in there all that morning. That matter is now before the courts. The individual has been charged and is before the courts. The costs, no, we are working through them. I can supply those. The building owner will be responsible for a lot of those costs. It was disappointing.

As I said, I feel for all our electorate staff who go through this emotional time. They are often there by themselves, holding the fort for the member and to take their messages. That is a concern for me, as the employer.

I have that global figure. Thank you, Chief Financial Officer; you have quick fingers on that calculator. It is \$53,189.

**Mr YAN:** Have any electorate offices required security upgrades during the reporting period?

**Mr SPEAKER:** Bear with me for one moment while they find those figures for you. Much of that has been on the instigation of our department. Part of this is looking at security and encouraging my senior staff, including my wonderful Serjeant at Arms, who heads up our response to this.

That is increasing because we have a legacy of different options around the Territory for what MLAs have as their offices. We have different needs. Under this new framework there will be certain things—again because the responsibility sits with me to ensure the safety of the staff—that we will be building into leases going forward that you must have as part of your electorate office.

In the past, a lot of MLAs have had lots of say in how it looks. There is a standard that will be set based on the basic security needs, bearing in mind the nature of our jobs which is to engage with the public. It is important that we get that balance right. It is something we are dealing with seriously at the moment.

In answer to your question, the Department of the Legislative Assembly has two minor new works. There was \$20,008 to improve the amenity and security of the Namatjira electorate office—which was revoted through from 2021; that work had to be done—\$3,773 to install security screen at the reception desk of the Gwoja electorate office; and \$45,000 for instant roller shutters at the Nightcliff electorate office.

**Mr YAN:** How many times have the public galleries been closed in the last year?

**Mr SPEAKER:** I think you are referring to one of my determinations from the Chair recently about access to the parliament. The Legislative Assembly, under the *Legislative Assembly (Powers and Privileges) Act*, grants me the power to control and manage the precincts of this Assembly. The precincts include the area of land around the building, as well as the building itself and all its occupants.

The Northern Territory Parliament contains a single gallery that is broken into three sections. Two of those sections are open-air and the other is enclosed. At no time have I instructed that the gallery be closed. Instead, I have instructed that the open-air sections be restricted.

We need to be cognisant of the fact that this is not just to protect members or staff; sometimes this is to protect people who want to protest. As you are well aware, those open-air galleries can very quickly end up having somebody fall down if they get excited and end up on the floor. I have a responsibility to protect individuals against their behaviour.

In saying that, I have not closed the gallery. In fact, if you look at ...

**Mr YAN:** How many times have you closed the open-air galleries?

**Mr SPEAKER:** Hold on. I have not closed access to Parliament House for the public, but I have managed how they do that. I do that all the time.

**Mr YAN:** How many times have those open-air galleries been restricted to access to the public?

**Mr SPEAKER:** How often would I have restricted some of the access to the galleries? Twice.

**Mr YAN:** What were the reasons for those restrictions?

**Mr SPEAKER:** Those reasons are in line with my responsibility under the *Legislative Assembly (Powers and Privileges) Act* for the security and safety of the building and its occupants. As we had this question on the floor of parliament, the answer is exactly the same. I do not discuss security measures or security briefings about the protection of individuals in that building.

**Mr YAN:** Did you get advice from our security team or from police about the closure of those galleries?

**Mr SPEAKER:** I have answered that question. As I said, I do not discuss security aspects.

**Mr YAN:** You are not saying whether you had advice from anybody to close those galleries. Will you not provide that advice to us or did you make those decisions by yourself?

**Mr SPEAKER:** I am a fairly intelligent man, if I do say so myself. It would be obvious that I would consult people about security, but I will not go into the detail of security for obvious reasons.

**Mr YAN:** Can you not even say whether you received advice from anybody to restrict access to those open-air galleries? I am not after the advice; I am asking whether you got advice.

**Mr SPEAKER:** I can say that you would expect that on security matters I engage in a lot of conversation and advice seeking. You would expect that. These times would be no different, but I will not go into what they were.

**Mr YAN:** No worries. When you have restricted access to those open-air galleries, how have you been communicating that to MLAs and building staff?

**Mr SPEAKER:** One of the most important things in any communication is to send out necessary communication that affects people. That communication had no impact on anybody in that building. I recall we probably had five to seven public individuals in the glassed-in gallery, and that went down to two for the whole day.

I do not keep sending out emails for every aspect. If there is a significant security alert that I need to communicate, I do that. It would be the case that I would risk manage what that looks like.

**Mr YAN:** How would you get that communication out to everybody? More often than not, people in this building—MLAs as well—do not know about the restrictions to those galleries until well and truly after the fact.

**Mr SPEAKER:** The restrictions of those galleries is completely under my control. They do not necessarily need to know; they need to know when it comes to any threats to them and their personnel. There were no threats to them or their personnel.

**Mr YAN:** We may have to agree to disagree, Mr Speaker. If I am inviting a group of people in, and I tell them to come in at a certain time and do not know there are restrictions on the galleries, there are issues for those people who may be coming to visit our parliament.

**Mr SPEAKER:** My response to you is that on those days, having risk managed the situation and having seven people maximum in the gallery, there would have been no restriction to anyone you invited in. If that was the case, I would have let you know that.

**Mr YAN:** At the end of the day, that could be a hypothetical.

**Mr SPEAKER:** That could well be a hypothetical. We do not deal with hypotheticals.

**Mr YAN:** Noting the time, Mr Chair, I do not have any more questions.

**Mr CHAIR:** I just turned my microphone on to say exactly that. The time has expired, Mr Speaker. I thank you and your staff and the Clerk for coming in today. I appreciate that a lot of work not only goes into parliament in the work the Legislative Assembly does, but also to present for Estimates. It is greatly appreciated.

I put on the record my sincere thanks to all of the DLA staff who have assisted me and the other Estimates Committee members over the past two weeks. It has been a profoundly rewarding, both personally and professionally, to do this. I would not have been able to get where we have without the Legies support. I thank Julia and Russell.

**Mr SPEAKER:** I take the opportunity to extend my thanks to my staff, my department. It is the Clerk's first visit to Estimates. I thank the Committees staff who put this on and the Hansard staff, who sit in the background and record it all, and all the other people who make this happen.

Also, as members, I have sat where you are. I know the commitment you give to being here. I thank you for the professional way you have conducted these proceedings.

**Mr CHAIR:** That concludes consideration of the Legislative Assembly.

This concludes the committee's public hearing on the estimates of proposed expenditure contained in the Appropriation (2023–2024) Bill and the statements of corporate intent for the Power and Water Corporation, Jacana Energy and Territory Generation.

I remind officers that all answers to questions on notice must be given to the First Clerk Assistant by Monday, 17 July 2023.

On behalf of the committee, I again extend my thanks to the ministers, board Chairs and officials who appeared before the committee. I also take this opportunity to place on the public record my appreciation of the assistance and support provided by all agency staff.

I thank the members of this committee and other members who participated in the hearings for the work they have put in and the overall manner in which these public hearings have been conducted. At times it was heated, back and forth, but I appreciate the collegiate approach that was taken by the Estimates Committee.

I now formally close these public hearings of the Estimates Committee.

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The committee concluded.

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