The Estimates Committee convened at 9 am.

POWER AND WATER CORPORATION

Mr CHAIR: Good morning. Welcome to the final day of the Estimates Committee hearings. I welcome Mr Peter Wilson, Chair of the Power and Water Corporation Board. Mr Wilson, could you please introduce the officers accompanying you today.

Mr WILSON: Good morning, Chair and committee members. Thank you for the opportunity to appear today. I am joined today by my Power and Water colleagues: Djuna Pollard, CEO; Deputy CEO, John Pease; Belinda Small, Executive General Manager of Power Services; Graciano Chatikobo, CFO of Power and Water; and Karen Kennedy, Acting Executive General Manager Water Services. There are other staff in attendance. Should their knowledge be important to elaborate on matters for the committee they will come forward.

Mr CHAIR: Mr Wilson, I invite you to make a brief opening statement of no more than 20 minutes. I will then call for questions relating to the statement. The committee will then move on to consider questions regarding the corporation's 2026–27 Statement of Corporate Intent.

I will invite the shadow minister to ask their questions first, followed by committee members, Finally, other participating members may ask questions. The committee has agreed that other members may join in on a line of questioning pursued by a shadow minister. I remind committee members that questions relating to government policy cannot be given answers by the corporation.

Mr Wilson, would you like to make an opening statement of no more than 20 minutes on behalf of Power and Water Corporation? I will give you a five-minute warning a the 15-minute mark.

Mr WILSON: I would very much like to do that, thank you.

I begin by saying it has been a challenging, rewarding but also, at times, an unprecedented year for Power and Water.

Like many organisations, we operate in a complex environment shaped by regulatory and policy reform, evolving customer expectations, infrastructure resilience demands and global pressures on supply chains, about which I need give no elaboration; we are all conscious of all those things at the moment.

Appearing before this committee last year, I described the then four-year reduction in gas supply from the ENI Blacktip field in the Timor Sea as being unprecedented in the Australian energy industry. Regrettably, that situation continues. We have, though, managed the impact of that loss of supply to date and throughout the last year with significant efforts across the organisation to develop and implement alternative strategies to meet our commitment to safe, reliable and continuous energy supply.

We have done so in close collaboration with the Northern Territory Government and our industry partners. Our mitigation measures have included prioritising gas supply for electricity generation and essential services, sourcing alternative gas supplies where available and upgrading pipeline infrastructure to better manage demand and gas flow.

These contingency measures, however, have come at a cost. We continue to pursue our legal rights and entitlements under the 25-year gas sale agreement we had with Eni, noting the material impact this situation had on our financial position.

Turning to that position, Power and Water is not expected to meet several of our key financial organisational live performance indicators outlined in the 2025–26 Statement of Corporate Intent due to, primarily, that gas curtailment. When the financial impact of the gas curtailment is excluded, our forecasts indicated our performance is closely aligned with the target.

Power and Water has a 6% return target set by the Treasurer, measured as earnings before interest and tax return on assets. We expect this target will be achieved in the 2029–30 financial year and maintained thereafter. Excluding gas impacts, the business will achieve a return of 5.7%, only marginally below target, while continuing to support sustainable returns to Territorians.

Between 2026–27, and 2031–31 Power and Water projects $209.9m in returns to Territory while maintaining our strong focus on cost control. Our debt-to-equity ratio, which is a critical financial indicator, has exceeded our target of 1.5 in 2026 due to that gas curtailment and is forecast to reach 1.81 as at 30 June 2026. The ratio is expected to peak at 1.92 by the end of 2026–27, before reducing to 1.52 in the financial year 2030 and stabilising for the remainder of the SCIQ.

This occurs alongside planned investments of more than $2.3bn, contributing to a total asset base of Power and Water of $4.7bn and a net asset base after debt of $2.2bn by 2031–32. These investments are essential to maintaining and improving service reliability to customers.

As a regulated utility, Power and Water operates within settings that ensure fair pricing and financial sustainability. About 60% of our capital program is to be funded through debt, consistent with industry practice around Australia, and is designed to spread infrastructure costs over time and reduce any immediate impacts on customers. Our debt levels are comparable with those of other Australian utilities and places Power and Water in a strong, healthy financial position with the expectation set by our regulators to be met.

Our principal regulator, the Australia Energy Regulator, has confirmed that our debt-to-equity ratio is appropriate over the next regulatory period. We remain focused on achieving efficiency of comparable businesses while maximising sustainable returns to the NT Government without compromising service or reliability.

Delivering essential services has not been without challenges this year, but our people have constantly risen to the task. When a catastrophic fire destroyed the Pirlangimpi Power Station last September, crews acted immediately. Temporary generators were deployed to maintain the community's critical services, including water, sewerage, telecommunications and the clinic and the store. Two large generators were barged to the community and power was restored to homes within two days. All remaining customers were connected over the following two days.

Two months later, severe tropical Cyclone Fina delivered widespread damage across Minjilang, Wurrumiyanga and greater Darwin, with 19,900 customers left without power. Within 72 hours, power was restored to 90% of customers and to all but 200 customers within five days.

Months of severe weather brought extensive flooding in Central Australia, the Big Rivers Region and the Top End. A one-in-200-year event led to floodwaters inundating the Darwin River Dam pump station on 9 March. Our team successfully restored the operation of the first pump the following night. All four pumps were operational within just three days after the flood. The response and the recovery efforts by our people in those challenging conditions were remarkable. They highlight the expertise, resilience and professionalism of the people at Power and Water.

Customers are at the centre of our purpose of making a difference to the lives of Territorians. We recognise the financial pressures that households may be facing. We work closely with customers to establish flexible payment plans as required, tailored to their individual circumstances. We also provide financial assistance to eligible customers through a range of general assistance programs.

In the financial year to 31 March 2026, we provided $40,000 through bill relief vouchers to customers and approximately $280,000 has been delivered through water leak allowances. We are also focused on improving accessibility for vulnerable customers, including those for whom English is not their first language and for those who rely on life support equipment.

In partnership with the Aboriginal Interpreter Service, we have developed videos in 18 languages to inform customers on how to register their reliance on life support equipment, understand the outage notification process and develop appropriate back-up plans.

It is equally important that where we have not met expectations, we have worked hard to learn from those experiences and avoid them in the future. Following the introduction of our new customer billing and metering platform, known as Velocity, in July 2025, we experienced some challenges with metre data processing and delivery. These issues primarily related to data validation, workflow transactions and exception handling and led to some delays in delivering metre data to retailers for invoicing.

We work closely with retailers to identify those root causes and have already implemented a range of improvements, including a system of process enhancements and capability uplift and training for our people. We have resolved almost all of the 5,500 issues escalated to us by Jacana Energy to address the transfer of metering data and the problems encountered with this.

While the escalated issues affected a relatively small proportion of our customers—about 6%—we recognise the impact on some customers was significant. Work is going on to fully embed the new operating model into our business-as-usual practices and ensure timely, accurate and reliable meter data and billing outcomes.

In meeting the needs and expectations of Territorians, we must not only consider the services we deliver today but also plan for demand and community and economic development ahead of us.

We greatly value our funding and project delivery partnerships with the Northern Territory Government and the National Water Grid Authority. These partnerships are critical to enable long-term water security and infrastructure investment. The strategic Manton Dam Return to Service Project is progressing well with commissioning on track to commence in the coming months. That project will deliver an additional 7.3 gigalitres of drinking water each year and therefore strengthens supply and improve overall system resilience.

We are working collaboratively to deliver new and upgraded water infrastructure in remote communities across the Territory, including Yuendumu, Maningrida and Yirrkala. As part of that demand management is a critical long-term water security priority. Our highly successful water demand management and education program, Living Water Smart, has been running for more than a decade and continues to deliver strong results.

With the support of the NT Government, through an election commitment to us, we have expanded the program to deliver targeted community awareness campaigns in the Top End and arid zones, support 80 high-usage regional customers to reduce their water consumption and to extend the That's My Water! program, including into regional schools.

I am pleased to note that Katherine's tap water has been named the best tasting water in Australia and New Zealand by the Water Industry Operations Association of Australia and the Water Industry Operations Group of New Zealand. This recognition reflects the dedication of our teams who have delivered significant improvements to the water treatment processes and the support of the Katherine community throughout these upgrades.

In the energy sector, we are pleased to support the government's landmark electricity market reforms, including progressing the establishment of an independent electricity system and market operator. We are also investing in improvements to the electricity generation supply arrangements in remote communities, balancing priority demand with operating constraints. Borroloola is one of these communities. In support of the community's growth and new developments we brought forward a power station upgrade planned for 2029–30 to this financial year. The $4.5m project will deliver an additional generator, boost fuel storage and upgrade infrastructure.

In Ali Curung a new stand-by generator has been installed to improve system reliability during an extended outage on the 170-kilometre-high voltage line connecting the community to the Tennant Creek network. Projects such as these are essential to supporting communities now and into the future. Building on the successful impact of That's My Water! initiative we have delivered the first session of our new energy literacy program, That's My Power!

The team, for example, worked with 10 students aged 13 to 15 in the Central Australian community of Laramba, with a focus on how we can save power. Using a hands-on activity to build a house so that the chocolate inside would not melt when left in the sun for half an hour was the purpose of the exercise. We certainly see this as a major initiative to help people enjoy and understand how to use their power and water and, particularly, young children. It led to a great discussion about building materials, air flow and shade as well as power saving tips to help families save money. I am sure the discussions when they went home were very interesting.

On the reconciliation journey we achieved a significant milestone in the 2025–2028 Stretch Reconciliation Action Plan. We achieved the second-highest level available in reconciliation through the work we did over the last three years. The current plan focuses on empowering pathways, building independence and creating opportunities for Aboriginal and Torres Strait Islander people. It has been a privilege to be the co-Chair of the Reconciliation Advisory Committee and for me to work alongside and learn from our great external advices. I extend my thanks publicly to co-Chair Janine McClennan, Richard Hayes, Amber Shepherd, Conway Ruapuna Blanasi, David Cusack and Sharon Greenhough. I have been pleased to see the maturing of Power and Water's role as a leader in reconciliation and I wish that committee every success going forward.

In terms of our people, a lot has occurred to celebrate last year. We have been recognised in a number of categories at the NT Water Awards. Trevor Durling was accorded the award of NT Water Professional of the Year; Matilda Lipscombe, the NT Young Water Professional of the Year; the organisation received the Operational Excellence Award for the Water Demand Management Strategy that I spoke of before, delivered with the Department of Lands, Planning and Environment; and the Infrastructure Project Innovation Award for the Multi-Agency Remote Water Team and their work.

The Australian HR Institute named our CEO, Djuna Pollard, as the national Diversity, Equity and Inclusion Executive Champion of the Year, and I was pleased to attend the ceremony that awarded that to Djuna during the early part of this year. We were also awarded the Best Ally Business of the Year in the NT Indigenous Business Network Blak Business Awards 2025, and we have 11 finalists in the 2026 GTNT Group Awards. We are finalists in the Host Business of the Year category, and I wish everyone success at that event in July.

In closing, and for the information of honourable members present, I advise that I am retiring from my role as Chair of Power and Water at the end of this month. It has been an honour and a privilege to serve the people of the Northern Territory in this way through their elected governments over the last four-and-a-half years.

I acknowledge and thank my current and former fellow directors for their contribution and support over that time. I hold CEO Djuna Pollard and Deputy CEO John Pease and their executive and senior management teams in enormously high regard. Djuna is leading Power and Water through a period of regulatory policy and operational reform and does this with the highest level of professionalism and commitment to the people of the Northern Territory community.

I leave with enormously high regard for the people of Power and Water, who undoubtedly provide the best essential services possible during the working day and, as honourable members will appreciate, continuing excellence with emergency service delivery well into the night, and the day and the night, until the emergency is over. I wish all those I have had the good fortune to work with all the best in the years ahead.

I thank you, Chair, and I am happy to take questions from you and your colleagues.

Mr CHAIR: Thank you, Mr Wilson.

I now open the floor to any questions on the opening statement. Member for Nightcliff.

Mr SMELT: Regarding the community battery program and the funding provided under the ARENA Community Batteries Funding Round 1, received in June 2024, can you give us an outline on where the program is at and what the next steps are?

Mr WILSON: My colleague Belinda Small has spent a great amount of time and passion on that program. I would like to have her answer your question; she has the detail for that.

Ms SMALL: There are three main types of batteries used in the power network: home batteries behind the meter that support the home end user; utility-scale batteries—grid-scale batteries—such as the Channel Island BESS that we are all familiar with; and community batteries, which are as yet untested in Power and Water's networks.

Home batteries, as the name suggests, store excess energy generated by home solar during the day, for use within the home during lower periods of sunlight or high-load periods.

Utility-scale batteries support the system, as in the broader power system, and act as a stabilising device on the broader power network.

Community batteries are a more localised asset, drawing excess energy from rooftop solar within the immediate local area and storing that for future use. Community batteries are currently being trialled by Power and Water. We have a small pilot program trialling three batteries in the Greater Darwin area. The purpose of this program is to ensure that we understand how the batteries operate in our network and in our environment, and that we can operate and maintain those to get the best value out of them.

The funding has not been received by Power and Water for the ARENA program. The initial stage of that ARENA process involves confirming the commercial viability of the project that was originally proposed. The 16 batteries that were originally proposed under the ARENA program—the detailed design and commercial assessment of that deemed that to not have a suitable return on investment for the Territory. We are continuing to engage with ARENA on a smaller-scale project that is more commercially sustainable.

Mr SMELT: Could you tell me a little bit about the three pilot batteries, where are they operating and how they are working in the system?

Ms SMALL: The three pilot batteries are distributed across Darwin, Palmerston and the rural area. We are trialling three different types of construction and assets to confirm how each of them operate in our environment as well as in our network. The final locations of those have not yet been confirmed.

Mr SMELT: They are not in operation at the moment?

Ms SMALL: No, the trial is still underway. We are working to implement a new asset in the power network or in the water network. We need to ensure that we have appropriate standards for their construction and installation as well as for appropriate maintenance programs developed before we throw something into the network. All that work is underway, in addition to design and we are also engaging with community representatives. Community has concerns about batteries going into their local area and we are working with communities to address those concerns.

Mr SMELT: The program with the three trial batteries, is it 100% funded by Power and Water?

Ms SMALL: The trial program is funded through what is called the DMIAM allowance through the Australian Energy Regulator. That is a Demand Management Initiative Allowance Mechanism, which is fully funded by Power and Water.

Mr SMELT: Could you step out the timeframes and budget for that smaller-scale trial program?

Ms SMALL: The budget for the program is approximately $1.3m and at this stage we have completed initial designs where we are working on finalising locations and completing community engagement. Expressions of interest has been released for the battery technology. We have engaged extensively with other utilities which have already installed community batteries to understand the challenges and teething problems that they have had, particularly around control of the batteries and how they operate and respond in a dynamic network. I believe we are still 12 months or so from actually having those installed. We are in the process of completing the tender process and we have not selected the equipment as yet.

Mr SMELT: I am keen to unpack the ARENA grant. When I was on council, we passed a resolution about engaging with Power and Water on that program, and we received a letter back from Power and Water, which was tabled in the agenda papers. That said they were having a final investment decision in July 2025 and 50% commissioning by now. It sounds like you have run into some hurdles in terms of the assessment of the project. What was the key thing that has interrupted that workflow and made it unviable in your business case assessment?

Ms SMALL: The key driver of the pausing of the program has been the inability to get a return on our investment.

Mr SMELT: The costs are too high and the benefits are too low?

Ms SMALL: The benefits are too low. Costs are fairly standard across utilities for community battery installations.

Mr SMELT: You briefly mentioned about community consultation, and I believe previously you had an expression of interest for community members to join a focus group, could you tell us anything about the outcomes or the feedback you got through that consultation?

Ms SMALL: The key feedback is that it is generally supported by the community in line with the feedback that we received through our community engagement with the regulatory process. The feedback is that the community is keen for a sustainable energy supply, and anything that supports that is generally supported by the community. Concerns about community batteries relate to noise, fire risk—as with any battery; however, modern technology generally addresses that—and those types of things. These things are already well addressed in other utilities. The feedback has been primarily positive.

Mr SMELT: In terms of the pilots, you mentioned that are being spread across Darwin, Palmerston and rural areas; what criteria will you use to use to select the final locations for all of the batteries?

Ms SMALL: The area of greatest need for the network. One of the benefits of community batteries is that where we have high penetration of rooftop solar, the low voltage in the network can increase with high input of solar during peak times of the middle of the day. We are looking at where that is the biggest issue within suburbs and are addressing that based on need.

Mr SMELT: You mentioned construction is probably 12 months away. When will you be able to announce the locations?

Ms SMALL: I would have to take that question on notice.

Mr CHAIR: Can you please rephrase that and maybe ask for a timeline?

Mr SMELT: Can a timeline be proposed for announcing location of the community batteries under the Darwin pilot program?

Question on Notice No 11.1

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

Mr SMELT: Can the timeline for the announcement and the locations for the new three pilot community batteries please be provided?

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

Mr WILSON: Yes.

Mr CHAIR: The question has been allocated the number 11.1.

Mr SMELT: Related to this and the business case about those 16 batteries with the ARENA grant—does the removal of the 50% renewable energy target impact any of those assessments in the business case?

Mr WILSON: The Chair indicated the 50% target as a policy decision of the government, and our role is to work with executing that into the system. The position we have on the community batteries is to look at the economics of their contribution to the system and the financial capability of supporting them. That is a neutral issue for us.

Mr SMELT: In terms of the lower benefits—these are being rolled out across the country—I am keen to unpack and understand what is unique about our network or infrastructure to make the benefits much lower in our network in comparison to other parts of Australia?

Mr WILSON: The issue of investments against the needs of the community and the movement of businesses and individuals to renewable choices is something that we are required to take on in terms of managing the network. In building a transmission and distribution system, you will have seen reports in the paper about the importance of firming. The issue with many renewable sources of generation or contribution to the system is that they often do not have the stability in terms of the laws of physics in how the system operates. They can be accommodated, but often it means you have to look at related decisions to ensure that the stabilisation of the system occurs as these investments are constructed and connected to the grid.

That is the main issue that we deal with all the time. We have private generators which built solar power generators to connect to the grid. We have plans on how all these systems are integrated to the provision of power to the community. We want to do that in a way that ensures the reliability and stability of the system because if they are connected with the wrong properties, the system can trip.

Mr KERLE: What impact does the solar penetration in the Darwin-Katherine grid have on the stability of the grid? You just talked about the firming. Do we face instability in our grid as a result of the high penetration of solar and weather events like clouds passing over? That kind of thing?

Mr WILSON: No. We do not have instability issues at all. We have been able to accommodate both the planning and the operational requirements of integrating renewable systems that we currently have into the system, in a very balanced and high-performing way.

Mr KERLE: Can we have more solar without increasing firming? Or do we need more firming before you can look at increasing solar penetration?

Mr WILSON: They are contemporaneous. As you add solar or renewable sources of generation, you need to look at the firming imperative and ensure that they are well-integrated. We have been able to do that.

Mr KERLE: You have previously said that the benefits were not there for the community batteries to justify the expenditure.

Mr WILSON: The nuance around that question was the funding we had for the community batteries was partial. It was approximately a quarter of the total funding of investment. The challenge for us was to look at where the extra investment funding could come from and how that sits against the other significant demands we have to fund investments in the system. The return we were able to get on that was not meeting our thresholds independently of the ARENA funding.

Mr KERLE: Would you say that if someone else paid us to do it then it would make sense but if we fund it within our own budget then it does not really stack up?

Mr WILSON: That is right. In terms of all the issues of funding, we have to optimise, we have a rate of return target, performance indicators and stability of the system. We have to look at all of that on each particular source of investment and the impact on the system. It did not reach the threshold necessary.

J DAVIS: You were talking about the issue of investments against the needs of the community. Last week, we heard from the Minister for Mining and Energy that the government is working on modelling future energy sources based in consideration of security, reliability, affordability for Territorian customers.

As the electricity engineers who carry the responsibility of keeping the lights on across the NT, do you do independent modelling for the next 10 years or longer on the cheapest energy sources for the Territory?

Ms POLLARD: We do extensive modelling, not only from a power and electricity perspective, but also from a water and sewerage investment perspective. We are transparent regarding the modelling and the assumptions that we use for the planning we do. Belinda Small from our Power Services team might like to add to this. Every year we have to update and publish a transmission and distribution annual planning report. That has a 10-year view in terms of the consideration of the different drivers for investment across the power system, not only in the greater Darwin area but also across our other regulated networks that we operate in Alice Springs and Tennant Creek.

J DAVIS: Does that modelling include projections for the next 10 years on the costs of renewables versus fossil fuel?

Mr WILSON: Deputy, if you would like to continue with that.

Ms POLLARD: We need to be clear on what our role is and is not in relation to investment in renewable power generation in particular. We certainly have a role there in terms of the 72 remote Aboriginal communities and 79 outstations that we provide essential services to. However, in relation to that investment into the regulated networks, that is not within the remit of Power and Water Corporation. Our role there is essentially planning for electricity networks, primarily less so than electricity generation.

J DAVIS: Just so I am clear, you undertake long-term modelling of the future cost of electricity generation. Is that correct?

Ms POLLARD: We do that in relation to the Indigenous Essential Services portfolio and in the remote Aboriginal communities. In a few of the minor centres we have that responsibility as well in the broader remit for electricity generation. In the bigger locations like Darwin that is the responsibility of Territory Generation primarily.

J DAVIS: Are you able to outline for Power and Water what your current investments and contractual commitments are associated with gas generation and gas supply in the Northern Territory, including Blacktip, Amadeus Basin and Beetaloo?

Mr WILSON: Our role basically is on gas this government has given us contracts to operationalise and run. New contracts and negotiations with producers for additional sources is something handled by the NTG directly. Our job is they will sell us that gas or ask us to take over a contract in the future. We do not have a formal role there in future contractual creation.

J DAVIS: Understood, but are you able to share what proportion of Power and Water's investments are in gas?

Mr WILSON: We might take that on notice.

Mr CHAIR: Member for Johnston, would I be correct in saying is a portion of the budget for Power and Water investing in gas?

J DAVIS: Yes, I am interested in what the current investments and contractual commitments of Power and Water are in the gas industry.

Mr WILSON: Perhaps I can elaborate a little on that, Mr Chair. With the curtailment of supply from Blacktip we have negotiated short-term supporting gas contracts from the Central Australian producers, INPEX, and from the east coast of Australia after we invested in making the pipeline to the east—a two-way flow rather than one way so we can import gas to the east as well as sell it to the east.

We have put in place contracts for those to ensure security of supply, but they are not long-term in nature like Eni was.

Mr KERLE: Can I ask a quick question on the modelling?

Mr CHAIR: Is it a follow-up on that?

Mr CHAIR: Member for Blain with a follow-up and then back to the Member for Johnston.

Mr KERLE: It should be a quick yes or no. Talking about modelling, I understand there is a power system model for each of the power networks around the Territory. Can you comment how up-to-date it is, and is it up-to-date for the current infrastructure on the network? When was the last time it was updated? Because of the Alice Springs system black years ago, I want to have on the record that it is up-to-date.

Ms SMALL: The network power system models that we utilise are iterative. They are regularly updated, obviously not in real time; modelling does take time, effort and resources, but they are updated iteratively on a regular basis multiple times a year.

Mr KERLE: For the record, to your knowledge it should be up to date now for the current configuration?

Ms SMALL: It will have been updated in the last three to six months.

J DAVIS: Coming back to where we just were, I think I had asked a question and you replied that you might need to take it on notice; is that correct?

Mr WILSON: I have elaborated generally that we have had short-term contracts put in place to cover the curtailment, but they are commercial-in-confidence in terms of quantum and parameters, so I am not sure how much more detail you would like from me today.

J DAVIS: I do not need detailed contractual information, but my broader question was: what proportion of Power and Water's investment is in gas?

Mr WILSON: Right.

Mr CHAIR: I think we need to specify this question a little more. I would like to help you out, Member for Johnston.

J DAVIS: I always appreciate your help, Chair.

Mr CHAIR: Your question is: what proportion of capital investment is in the gas?

J DAVIS: I am trying to find a way to address my question respecting commercial-in-confidence. Are Power and Water's current investments and contractual commitments with gas generation and gas supply across the Northern Territory—I do not need specific details about companies; I would like to know the proportion overall.

Mr WILSON: Another general distinction I could make, Chair, to assist the Member for Johnston's question—and the Member for Nightcliff touched on the point—is we have short-term contracts for annual supply and they are quite short term for immediate and projected needs. They are an operational expenditure item and they are in our profit and loss within energy sources used for gas.

We have one contract with Eni for supply for Blacktip, which is due to expire in 2034. That is the only long-term contract we have.

J DAVIS: The only long-term ongoing contract you currently have is with Eni; is that right?

Mr WILSON: Yes. That contract is subject to legal dispute at the moment.

J DAVIS: I understand, and I have some questions about that which maybe I can ask here.

Mr CHAIR: We will have a crack; let us see what happens.

J DAVIS: You covered some of this in your opening statement, but to go to a bit of detail, how much has the loss of Blacktip gas cost Power and Water and Territorians so far?

Mr WILSON: I will take you to the Statement of Corporate Intent and page 54. You will see on the very bottom line for 2025–26 the second column, the forecast. On page 55, again the second-last column, you will see that the net profit, the grey line, the very last horizontal line, for 2025–26 the profit, excluding gas, was $19.5m for the current financial year, ending 30 June. If you put the gas losses back in, that is an aggregate position of $113m, so putting those two numbers together, the deficiency in the current financial year occasioned by our gas operations is $132m. Last year it was $50m—again, the difference between the two. The blue line and the grey line are the gas losses.

J DAVIS: What is the actual figure of the loss?

Mr WILSON: For this current year about to end, it is $132m.

J DAVIS: Will any more gas come from Blacktip and, if so, when and under what terms?

Mr WILSON: That relates to the legal dispute, in terms of the performance of that well and our mutual obligations and rights under that contract are being argued out.

J DAVIS: Annual reports suggest that Power and Water Corporation had purchase agreements with Blacktip originally worth $4bn, is that right?

Mr WILSON: The 25-year contract for supply, you can multiply that through. My colleague Graciano might like to reply on the aggregate impact of that contract. Over a 25-year period it would come up into billions of dollars.

Mr CHATIKOBO: Our statement from last year stated $4.3bn, which included the Blacktip contract, over the tenure of the contract to 2034, and the pipelines that we used to move the gas. That is an aggregate of all the arrangements that move gas across the Territory.

J DAVIS: Under that contract to date, how much gas has been delivered and how much did we pay for it?

Mr WILSON: We will take that on notice.

Question on Notice No 11.2

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

J DAVIS: How much gas has been delivered from Blacktip and how much did we pay for it?

Mr CHAIR: Chairman, do you accept the question?

Mr WILSON: Yes.

Mr CHAIR: The question has been allocated the number 11.2.

J DAVIS: I think you said the original, or maybe the CFO said, the original term of the contract was 25 years, is that correct? We do not how long we will be locked into it, because I understand that is potentially a part of the negotiations that are happening now. In relation to the pipeline, was Blacktip gas originally slated to be sold by the pipeline to Mr Isa?

Mr WILSON: Yes.

J DAVIS: Did the Northern Territory Government pay for that pipeline?

Mr WILSON: The precise financing is something that goes back in time. I will pass to Djuna.

Ms POLLARD: The pipeline that runs from the Northern Territory into Queensland is not a Power and Water-owned pipeline. The gas that is transported through that pipeline is by way of a gas transportation agreement. I cannot go into the specifics of the price, quantities and so forth that are delivered, that is commercial-in-confidence.

J DAVIS: When you say the pipeline is not Power and Water, who does that sit with?

Ms POLLARD: It is a third-party owned pipeline in this particular case in relation to the Northern Gas Pipeline, that one is owned by Jemena.

J DAVIS: In terms of who paid for it, which department does that sit with if it is not Power and Water?

Ms POLLARD: Power and Water pays for the use of the pipeline under the Gas Transportation Agreement.

J DAVIS: The building of the pipeline?

Ms POLLARD: That was in conjunction with the Northern Territory Government and the owner of the pipeline.

J DAVIS: Given the massive losses from Blacktip and broader short-term investment in gas, do these losses and investments affect the cost benefit analysis Power and Water does in terms of investing in renewables?

Mr WILSON: I have to take a broadbrush approach. When we plan for the system we look at the costs and benefits of all sources of gas and take them in on the array of the conditions that we face at a particular time. The curtailment of supply from Eni has impacted how we source power to the generators and inputs to reduced power from the generators. Given the curtailment with Eni, we look at other sources, renewable and other gas sources, in the normal planning way. It is part of the planning imperative.

Ms POLLARD: As mentioned earlier, putting aside the remote Aboriginal communities that we make decisions around—how we provide that electricity generation to communities—and going back into the urban and regional centres, our role is more around enabling renewable energy as opposed to investing in it directly.

Mrs LAMBLEY: Good to see you all here again for our annual face-to-face. You would be more than aware that people in Alice Springs and throughout the Northern Territory have been subjected to profound problems with billing. I know you are not Jacana, but there have been cases brought to my attention where people have been unbilled for six, 12 or 15 months. Most of the blame for that has been pointed at Jacana. I am reliably informed that the problem goes deeper than that. I understand that the non-billing by Jacana is—at least in part—because of problems with Power and Water and the smart meters. Getting your data from your smart meters to Jacana is one reason why there has been a delay in the billing causing profound hardship to many of your customers and Jacana customers. My questions are around that.

What responsibility do you take in the delay of data going to Jacana, for them to bill their customers? Do you take responsibility for that? Is that the truth from your perspective?

Mr WILSON: I will start to answer that question but I think my colleagues may have to elaborate. The whole of the energy industry, in fact, business everywhere has gone through a major digital uplift. We have seen that in two waves. The old way of doing things is not going to work. With renewables, you need a smart meter to more accurately reflect what is happening on the rooftop and into the house. We had to upgrade our meters to smart meters. A colleague of mine, Michael Besselink, will join us soon to elaborate on what we have done there. There has been enormous enthusiasm to participate in that. There have also been some technical problems with putting that in place; but by and large the program has worked as well as the standards I have been aware of across Australia.

The second thing is that we have needed an improved digital billing system from the meter to the point of invoicing the customer. That is a massive upgrade, which we have completed with a system called Velocity. In each case there have been issues in customer amenity and service, which we take very seriously.

The error rates and problem rates that we have seen are at the lower end of what other utilities in Australia have experienced. I am not using that to excuse what we have to deal with, because we want an excellent outcome for the customers, but we are dealing with error rates with a very new system costing about $94m—we installed that last year—at about 5%. About 5% of customers were affected. We have been working hard with Jacana to ensure the system works to produce the appropriate metering data to go into the bill.

We apologise to customers who have been inconvenienced, as we have already directly. And I do…

Mrs LAMBLEY: Have you apologised directly?

Mr WILSON: Yes, absolutely.

Mrs LAMBLEY: Okay.

Mr WILSON: We are doing our best to rectify those so that the customer gets an accurate, seamless service of the obligations they have from the power they received from us through Jacana. I can call my colleague Michael Visentin if you would like more information on smart metering?

Mrs LAMBLEY: Not particularly. I guess, as a local member of parliament, I am aware of the extreme hardship that this has placed many members of my community in. There was a single mother—I am sure you know this story—in Alice Springs who was confronted with an enormous bill, after not being billed for many months, just prior to Christmas. She had no means to pay it and was threatened with disconnection, fees and all sorts of things. I have never heard Power and Water make those apologies. How were the apologies made? Did you make a public statement around your part in this hardship that people were placed in, and was there any sort of consideration of compensation or alleviation around the pressure that you were putting those customers under?

Mr WILSON: That is an important question, and our key operator and spokesperson on this, Michael Besselink, will join the table to give you more detail on what we have done.

Mrs LAMBLEY: This is important.

Mr WILSON: I understand that, and we take it very seriously.

Mrs LAMBLEY: It was only late in the day that I realised that Power and Water was the entity more responsible for the failure to bill than Jacana, that is correct, is it not?

Mr WILSON: If Jacana did not have the data appropriate …

Mrs LAMBLEY: They cannot bill. All the time I have been pointing the finger at Jacana, in my work as an advocate for my constituents, when I should have been giving you a hard time. I know there is a reasonable explanation, but when people have no money …

Mr WILSON: I understand. We take that very seriously …

Mrs LAMBLEY: … and they are getting threats and more pressure from Jacana. It was not clear that you were responsible at the time. Sorry, I am asking 50 questions all at once and not allowing you to respond. How did you apologise, and how did you make amends?

Mr WILSON: I will ask Michael to join us and give you some elaboration.

Mr BESSELINK: This has been a subject of discussion on a lot of radio programs that I have been on answering these sorts of questions. We have had a big media discussion around this on many occasions.

We are the meter data provider and that is our role: providing meter data. It is a multi-chain event that we need to work through so whilst we get meter data we need to get that meter data either through people going out and reading meters, which is a once every three months process for the older type of meters. Once we put smart meters in that meter data is provided every day and the information that comes through every day is then aggregated and generally billed once a month at that point.

Customers who have smart meters are generally getting monthly bills. People who have not been converted to smart meters are still getting three-monthly bills. There are still customers who will only get a bill once every three months.

As we start to have a look at where the things can fall, there are numbers of areas, one is there could be a problem with the transmission from the smart meters into our system. There can be a fault in the transmission of that data, so it is not collected. Ghat is one end. We have also had—through our new upgrades to our systems—there have been some areas where we have had some process problems and getting that meter registered into our system to do some of those things.

We have been working through all of those and where we can we are doing a lot of work with Jacana and the retailers in general to look at where things might fall down. We have very regular meetings around these things so that we can see where these problems are and how we can fix them.

One of the issues was that we did not have total visibility to the fact that some people had not been getting that data through, and once we found that out, we put in systems in place to work how to get that visibility of people who were not being billed. Through these systems if there was a problem where a meter was not registered correctly—because we are doing a lot of meter change outs, but also had a system change out at the same time. As we were doing that if something did not get registered we did not get flagged that that was not there, so therefore to follow it us was difficult until we started to get feedback from people directly that they had not been billed and then we started to follow those things through.

Through the media discussions and whatever have apologised to our customers for all those things that are out there. We take our share of the blame for all of this, and we are working very hard to make sure that we have things, one, visible so that we can understand it, and two, rectified so that these things do not continue.

Mrs LAMBLEY: You have apologised publicly; have you apologised to the individual customers concerned?

Mr BESSELINK: I do not think we have been to the point of it going to individual customers.

Mrs LAMBLEY: Was there any effort, maybe working with Jacana, to make amends to those customers who were placed in extraordinary hardship?

Mr BESSELINK: I am not sure where Jacana has gone with that. I realise that there are some hardship provisions that Jacana can work with—with customers.

Mrs LAMBLEY: Was that triggered at the time—those mechanisms?

Mr WILSON: We would have to know the actual incident and what happened and the relationship with Jacana. I am happy to pursue …

Mrs LAMBLEY: Do you have stats on how times you have used the hardship exemptions during the reporting period?

Mr WILSON: Djuna, would you like to?

Ms POLLARD: The subtle distinction here, Member for Araluen, is we work closely with the retailers, but it is the retailer, at the end of the day, that issues the electricity bill, in this case, to customers. They have the direct one-to-one relationship with the customer. If we know the specifics about a specific customer, then we will work with the retailers on that.

Sometimes, depending on the nature of the issue again—most of these are dealt with on a case-by-case basis—it is quite unusual that there would be a more global issue that would need resolved globally. It is very much a customer-by-customer basis.

We have financial hardship programs available for the areas in which we are the retailer. Jacana also has such programs, but the specifics about what it has done, particularly for customers in Alice Springs, might be a question for them next.

Mrs LAMBLEY: Your hardship exemptions do not apply in this situation that I have described where it has been non-billing or delaying billing?

Ms POLLARD: Not in terms of application to retail customers for another retailer.

J DAVIS: Specifically in relation to that, I understand that Power and Water has now received three consecutive exemptions from the requirement to proactively contact remote prepayment customers experiencing hardship. Have any systems been in place to address that?

Mr WILSON: Would you be able to answer? Jason. Somebody else needs to come up.

Mr Jason HOWE: Could I get you to repeat that question please?

J DAVIS: Sure. I understand that Power and Water has now received three consecutive exemptions from your requirement to proactively contact remote prepayment customers experiencing hardship. Have you fixed that or what systems are in place to address that?

Mr Jason HOWE: That is a live issue we are continuing to work through; hence, requesting the extensions. I can say what I think is important in the circumstances, is that we provide prepaid customers hardship support. That is administered by our customer call centre on a case-by-case basis.

We understand the importance of getting to the bottom of the issue, because it is about hardship in the community. In any instances where customers are enduring hardship, we ask them to give us a call so we can provide the hardship provisions that are available.

Nonetheless, we are working hard to get to the bottom of that so we can start to proactively identify specific tenants who are having trouble in keeping their meters topped up and the power on.

J DAVIS: To clarify, when you say you are working hard to get on top of that, what does that mean? For people who are contacting me about this issue, what can they expect?

Mr Jason HOWE: That is ensuring that the system is able to automatically flag to us, rather than using manual processes to identify those tenants who are having difficulties. We proactively scan those disconnections and then reach out, as we can. There are some challenges with respect to that because we do not have tenancy information to contact those individuals. That is part of the process we are working through with the department of Housing.

Mr CHAIR: Member for Karama.

Mr O'GALLAGHER: Thank you.

Mr SMELT: Chair, I believe we were going Johnston, Araluen and then back to us?

Mr CHAIR: This is a direct follow-up. We have a follow-up with the Member for Karama. The Member for Arafura has signalled he has a follow-up, and then we will be back to shadow minister.

Mr O'GALLAGHER: I thank you for your service, Mr Wilson, and I hope that you enjoy your retirement.

Following up on the question from the Member for Araluen about the bills and so on, did you brief the Minister for Essential Services on the issue? If so, was there any advice from him on what to do about the outstanding bills?

Mr WILSON: We provide extensive briefs to the minister on a range of issues, operational and strategic. I am not sure on that exact issue, but, yes, we have provided him an update.

Mr O'GALLAGHER: Did he give any advice on what to do or seek some action?

Mr WILSON: He is always keen to see what the issues are that we are confronting. He always presses the program of action that we have to solve them and follows that up. We have a very positive relationship with the minister.

Mr BROWN: My question is in line with the Member for Johnston's about remote hardships. You mentioned Pirlangimpi in your opening statement, which is in my electorate. I understand they did a petition of some sort for the spoiled food over the three days that the power was off. What was the process and the amount that was compensated to the community members to replenish their fridges?

Mr WILSON: We know that you were heavily involved and very active at that time too. I think the best answer would come from Belinda, who was actively involved in the response on the ground.

Ms SMALL: Can I ask you to please repeat the question?

Mr BROWN: In regard to Pirlangimpi and the three days that the power was cut, what was the process and amount compensated to the community members?

Ms SMALL: In response to the Pirlangimpi power station incident, our focus was on restoring power to community and maintaining supply to key services within the community, including the store, medical centre, police station and local communications. All of those were maintained relatively consistently across the response.

The work we did over those three days was logistically challenging. We mobilised pretty much an entire power station to Pirlangimpi to replace the failed station. We had a replacement; some of that equipment came from regional centres, such as Katherine and had to be barged out to an island. That was a very complex logistical response.

Our remote teams were on the ground the morning after the fire. They engaged regularly with the community, including local police who were keeping us abreast of any issues, challenges or concerns on the ground.

The compensation is not within our remit; however, we do have payment processes though guaranteed service level obligations, whereby compensation for extended power outages is paid to individual customers.

Mr BROWN: Is there a plan and timeframe for getting the power off generators and into the power station if one is going to be built in—I believe—the next two years? Is there a plan for that?

Ms SMALL: What we have at Pirlangimpi is a temporary power station. While it is a temporary generator supply, it is still effectively a power station. We are in the process of receiving replacement generators for a more permanent installation over a medium-term period, which is expected to be completed mid to late next year.

Mr SMELT: I am keen to go to the Darwin Energy Hub now. Can you outline what the role is for Power and Water in the development of that site and the operation of the site? It was mentioned in the statement of corporate intent that costs associated with that development are excluded. Can you talk about why they were excluded?

Ms SMALL: The Darwin Energy Hub is a Northern Territory Government initiative. Power and Water is responsible for the connection of that hub and associated infrastructure upgrades to support that connection. Any major changes to the power system in the Darwin–Katherine network are in the process of being assessed under the RESIP, also driven by the Northern Territory Government.

Mr SMELT: Do you have a quantum at this stage if it goes ahead to its full capacity of what the cost for Power and Water would be in supporting that connection?

Ms SMALL: In planning connections to the network, Power and Water rely on confirmed commitment and a confirmed program of work. The Darwin Energy Hub is still at early concept design and we do not have a confirmed connection, so at this stage we do not have costs.

Mr SMELT: In terms of the historical issues around some of those large solar farms that were not able to connect into the network, can you advise if there are any large-scale solar inputs that are not 100% operational due to being unable to connect into a network?

Mr WILSON: They are all connected. They are dispatching. Yes, they are participating in the network.

Mr SMELT: Is that to their full nameplate ability?

Mr WILSON: There are some technical issues in two or three of the proponents that we are still working through, but basically they have dispatched up to 100%. We are looking to do some final checking to secure that permanently.

Mr SMELT: Are there still unresolved issues?

Mr WILSON: No. Normally, there are technical operating and quality-of-supply issues that apply to all, so we are very mature in all of those matters. There is a little bit of operational work being done in a couple of spots.

Mr SMELT: For all intents and purposes, they are all 100% operational.

Mr WILSON: Effectively connected, yes.

Mr SMELT: Can you talk about the consequences of the Territory Water Plan not being funded in 2026–27? What advice may Power and Water have given to government about that issue?

Mr WILSON: My colleague Karen Kennedy will talk to that.

Ms KENNEDY: Can you repeat that question for me, please?

Mr SMELT: I am keen to understand what the consequences are with the Territory Water Plan being unfunded in 2026–27. Has Power and Water provided any advice to government about that?

Ms KENNEDY: There are a lot of great things happening under the Territory Water Plan, including the Darwin Region Infrastructure Program. We are heavily involved in projects such as Manton Dam return to service, which is close to commissioning. That is a great achievement with a local NT contractor and I think 200 jobs created in that project. There are things happening under the Territory Water Plan that are still continuing and are priorities for Power and Water and the people of the Territory.

We have done a lot of work in terms of delivering community infrastructure assessments across 55 remote communities. That will give us a sense of prioritisation frameworks for addressing issues across remote communities.

In terms of demand management, a lot of the things that are important to Power and Water and the people of the Territory are continuing in some form in our business as usual.

Mr WILSON: Our take from the Ord plan, which is a Territory government-wide initiative, is our own plans as manifest in the SCI. As Karen indicated, Manton Dam return to service will be on in the coming months. That is an extra 7.3 gigalitres. All the remote service provisions and enhancing water supply in the 72 remote communities and 79 outstations are in our plans and they are active. We are humming along.

Mr SMELT: That is good to hear. Something else that I picked up in the SCI was talking about Power and Water being the only electricity utility in Australia still using a physical pinboard to track network status. Can you tell us a bit about that and why that is still being used?

Mr WILSON: I have seen that pinboard. There is a duality as we upgrade to digital systems. We have some physical arrays reliant on people pinning. In visiting the operations centre, there are some engineers that still like to use them, even though they have a screen and a system working. Part of that is preference. There are checks and balances regarding transmission from that state to a modern state. There are no systemic issues to our operation. We are moving to upgrade, but the old systems work and sometimes they are additional to what is digitally available. That is an engineer's preference rather than required. There are no issues there.

Mr SMELT: What is tracked on that board? What are the impacts if that pin falls off the board?

Mr WILSON: My colleague, Michael Besselink, loves those boards. I call him to add some clarity to what happens on them.

Mr BESSELINK: The pinboards are a copy of our network in single-line representation. We know where all the assets and wires and poles are there. The purpose of it is to understand which switches are open, which are closed and which things are in place so that when people go to work on the network some of them go and have a look and say, 'This piece of network is either isolated or not' or 'It works across that way'. It is a picture representation of the network that is out there for operators to manage and control access et cetera to the network.

Mr SMELT: Is there no operational or cost impact that is holding back that being digitised?

Mr BESSELINK: When you look at what other utilities do, they have a million customers for electricity. We have 85,000 customers for electricity. One of our challenges that we overcome at odd times is the fact that systems we put in or systems that are available cost much the same, whether you have 80,000, 800,000 or a million customers. We have to be a lot smarter about how we do the things we do, so that we do not have major cost impacts on customers by putting these things in. Our people are good at thinking out how to do these things in a cost-effective way that is not a big impost on customers.

Mr SMELT: In terms of undergrounding power, has Power and Water provided any advice to government around future stages or costs of undergrounding power in Darwin?

Mr WILSON: Yes, but not for some time. The undergrounding program was discontinued more than a year ago, and we do not have any active work on that at the moment.

Mr SMELT: Can you share any areas of Darwin that you believe will be critical priorities for upgrade?

Mr WILSON: It would be worth considering the economics on undergrounding. Essentially, the undergrounding that we have been looking at is from high-voltage lines to underground and the estimates that have been done about undergrounding all those in the Darwin area, mainly for security in the event of tropical cyclones and the like, would be of the order of about $1bn. It is a lot of money, but the plus is to give some security compared to openness to windstorms and the like, but it also making the repairs and maintenance imperative much more expensive.

It is a complex equation as to whether to underground or not, and the government reached a position a couple of years ago that it was basically too expensive to continue. Basically, we are endeavouring to ensure that high-voltage, low-voltage wires are as secure and weatherproofed as they can be, but in a suspended formation.

Mr SMELT: In terms of the last advice you mentioned to the government, I understand they have chosen to discontinue the underground program. What were some of those critical priorities or highest priorities for the network?

Mr WILSON: There were particularly three suburbs we worked on, and I will pass to Ms Pollard.

Ms POLLARD: When we were doing some work on the undergrounding power program, the three suburbs that we were focused on, at that time, were Nakara, Alawa and Wagaman. We had progressed design work for Nakara to about 90% completion and minimal work was done on design for Alawa and Wagaman. Nakara was certainly going to be the priority at that stage. As Mr Wilson has advised, we are not currently doing any work on that program.

J DAVIS: This is a follow-up to the previous line of questioning from the Member for Nightcliff relating to water particularly. Has Power and Water been consulted on the proposed data centre developments and, if so, what modelling has been on electricity and particularly water requirements?

Mr WILSON: Which development?

J DAVIS: Proposed data centre developments in the Territory.

Mr WILSON: I will pass to Djuna Pollard.

Ms POLLARD: I can advise that we have been contacted by the data centre proponent, from a power perspective. But there will also be, as you rightly point out, implications for us from a water perspective. It is early days at the moment in terms of those discussions with the data centre proponent, but we will continue to work with them, just as we do with all proponents wanting to connect into the power system or the water and sewerage networks.

J DAVIS: Have you identified at this stage any early risks. There is a lot of information about the power load and water load that these centres can put on existing systems, understanding our system is under significant strain already. Have you done any early modelling on that?

Mr WILSON: I will ask Belinda Small to give further elaboration.

Ms SMALL: We have been engaging directly with the proponents for the current data centre installed and being constructed in the city. The power connection for that proponent is well underway and the network in the city is more than capable of accommodating the load that will be taken from that data centre.

J DAVIS: In terms of future developments, including potential large-scale developments outside Darwin, have you done any potential modelling on that?

Mr WILSON: In general, we have broad-range projections for supply and demand for water and power. The specifics of individual projects come to us, as Djuna Pollard said before; when a project is agreed or is indicatively going to be agreed, then government will advise us. We will factor that in specifically to our plans, but we provide a general projection for the system planning before we know the specific identity of any proponent. It has worked very well together.

J DAVIS: No early thoughts on that, noting that this is potentially a significant increased load on our current system.

Mr KERLE: I understand that recently there were water-pressure reduction devices fitted throughout south Palmerston, which would be Moulden, Woodroffe and Bellamack in my electorate. Did you consult with the community before rolling out this work? Did you have any opportunity to do that?

Mr WILSON: I ask the head of Water Services to respond to that.

Ms KENNEDY: We will have to take that question on notice to come back to you with the details on community consultation for the program.

Mr KERLE: Can I get a commitment on the record that if we were doing a similar body of work again, that offers to facilitate community consultation would be accepted?

Ms KENNEDY: Yes, you can.

Mr O'GALLAGHER: As you may know, I am a passionate supporter of local content and procurement. Can you give me an update on what the local content policy is or procurement initiatives that you have done? What percentage of Power and Water contracts have gone to local businesses?

Mr WILSON: We have objectives around that and follow that quite closely. I ask my colleague Graciano Chatikobo to give you what the current total says.

Mr CHATIKOBO: In terms of the exact proportions, I might have to come back to you. Our latest assessments show we provide more than 70% of all procurements to local businesses.

Mr O'GALLAGHER: What would be the reason for the 30% going elsewhere?

Mr CHATIKOBO: Power and Water is a complex business. There are a few areas where we do not have Territory skills. As we are going through this discussion, new developments and technology—for some of those we need to leverage the skills across Australia. That is when we have to get other experts to ensure the success of those initiatives.

Ms POLLARD: The 70% that Mr Chatikobo was referring to was in relation to professional and regulatory services expenditure specifically. For general procurement it is approximately fifty-fifty—that is, 50% to Territory enterprises and 50% to interstate suppliers. A key focus area for us has been to try to increase the percentage and spend that we have with Aboriginal business enterprises, and we continue to stay committed to that.

Mr CHAIR: That concludes this session. On behalf of the committee, Mr Chair, I thank you and your team for coming in today. I know it is a huge body of work. My sincere thanks from the entire committee to your team.

Mr WILSON: Thank you. I share that sincere thanks to you and members of the committee for your excellent questions and for allowing us to come today to speak to you. We have very much enjoyed that.

Mr CHAIR: The time now is 10.30. We will take a short recess of 10 minutes and return at 10.44 with Jacana Energy.

The committee suspended.

JACANA ENERGY

Mr CHAIR: I welcome Mr Trevor James, Chair of the Jacana Energy Board. Mr James, could you first introduce the officials accompanying you?

Mr JAMES: I have with me Tom Korecki, Acting Chief Executive Officer; Alec Purkis, Acting Chief Risk Officer; Jo Conway, Chief Customer Officer; and Marco Di Somma, Chief Financial Officer.

Mr CHAIR: Mr James, I invite you to make a brief opening statement of no more than 20 minutes. I will then call for questions relating to the statement. The committee will then move on to consider questions regarding the corporation's 2026–27 Statement of Corporate Intent. I will invite the shadow minister to ask their questions first followed by committee members; finally, other participating members may ask questions.

The committee has agreed that the other members may join in on a line of questioning pursued by the shadow minister. I remind members of the committee that questions on government policy cannot be answered by the board Chair.

Mr James, would you like to make an opening statement of no more than 20 minutes on behalf of Jacana Energy? I will give you a five-minute bell warning at the 15-minute mark.

Mr JAMES: Firstly, this will be my last appearance. I will be off the board after seven years. I thank the parliament for having an enjoyable experience of being on the board for seven years and the last three or four as Chair. When I first joined the board, I wondered why, because the business was not running terribly well, and we had a sea of red dots against all our performances. It is a pleasure to sit here today with these guys to see there is a sea of green dots. These guys, with their leadership and strong performances, have now turned business around to be a strong-performing retailer that is moving toward becoming a contemporary modern retailer. Their work and their teams are performing well.

As a result of that we will deliver another strong finish and performance for 2025–26 financial year. Our earnings before interest and tax, net profit after tax and a return to shareholders is tracking well ahead of the SCI, and this continues a trend from the previous year when Jacana made a record profit. This is underpinned by lower-than-forecast generation costs, as a result of the solar that has come to market over the last couple of years, and a continued focus on strengthening our business systems and operating efficiencies.

Our vision of leading smart energy solutions for the Territory continues with a focus on providing value for our customers through innovation, collaboration and high-quality customer service. Our 2026–27 Statement of Corporate Intent is reflective of our ambition to achieve our vision where we continue to reinvest our profits to shape a more reliable and affordable energy future for the Northern Territory.

I am pleased to say that Jacana Energy is on track to deliver on its current and future commitments. In the 2025–26 financial year Jacana Energy continues to form strongly against all of its strategic metrics. Access to lower-cost, large-scale solar wholesale electricity continues to assist Jacana Energy and making appropriate, sustainable gross margins. Additionally, continued service optimisation and a focus on reducing those outstanding for receivables and bad debt write-offs continues to positively influence our balance sheet.

Customer effort and satisfaction metrics continue to meet forecasts, with customers consistently rating Jacana Energy services as reliable and dependable. Employee engagement remains high, with an employee engagement score of 78%, which is very high for a utility. We continue to be measured as a great place to work and have certification for that.

Our continued focus on customer experiences is reflected in our strong customer satisfaction results. During the year we also implemented a major upgrade to our contact centre infrastructure, developing improvements in workforce management, service quality and performance oversite. The project was delivered on time and within budget, and this was a key stepping stone to becoming a modern retailer.

Our service innovation function continues to drive continuous improvement, supported by targeted training and sustained focus on our service performance. Earlier in the year we delivered significant back-end system upgrades in collaboration with our stakeholders, PWC, in the Northern Territory electricity system. While the implementation met with some initial challenges, as these systems always do, the new system is now operating as intended, delivering core workflow improvements and enabling customers to access more regular, detailed consumption data through the MyAccount online portal.

We continue to expand our face-to-face presence, doubling the number of events, pop-up stalls and key engagements across the Northern Territory.

Supporting customer vulnerability is important at the moment in the current environment where the cost of living is an issue around Australia and, indeed, the world. Supporting the customer experience is a key priority for us in 2025–26. As a Territory-based retailer we understand that many customers continue to face cost-of-living pressures and other personal circumstances that can make it difficult to keep on top of household bills.

We continue to work directly with customers experiencing financial hardship, offering flexible support options, including payment extensions, tailored payment plans and our Stay Connected hardship program to help customers to remain connected to essential electricity services. Our approach focuses on early engagement and working with customers to find practical solutions that reflect their individual circumstances, recognising that every situation is different.

Through our community pop-up stalls and face-to-face engagement activities across the Territory we provide direct assistance to our customers seeking help with their bills, payment arrangements, account inquiries and ensuring support is available beyond the traditional contact channels.

We maintain strong relationships with financial counsellors, community organisations and social welfare agencies across the Territory, meeting them regularly to better understand emerging community needs, discuss customer challenges and strengthen support pathways for customers requiring additional support.

In addition to financial support, we continue to help customers better understand and manage their energy use through practical advice, energy efficiency information and tools that provide greater visibility of electricity consumption. Through flexible support arrangements, strong community partnerships and a commitment to working alongside customers during difficult periods, Jacana Energy continues to help Territorians manage energy costs and maintain access to essential services.

Looking forward, we are building the business on three pillars, the first one being to boost our capabilities. We will continue to develop our people, processes and technology. We are focusing on improving our technology capability to improve business agility and speed up decision-making. We want to develop our people to ensure they have the right skills now and into the future.

The second pillar is to improve our customer experience. We want our customers to be satisfied with our service and for the service to be delivered in an appropriate cost-to-serve focus. We are focusing on streamlining service channels for improved self-service options and maintaining consistent positive service levels without overservicing our customers.

The third pillar is advocate best for the Territory. We will continue to work with the Northern Territory Government, industry and community to deliver value for our customers and the NT as a whole. We are focusing on supporting the government in the Territory electricity market reform process, ensuring the voice of customers is heard, and seeking and supporting opportunities to drive down the cost of energy across the Territory.

Mr CHAIR: I will now open for questions on the opening statement.

Mr SMELT: Can you provide what the average power bill is in the Northern Territory and, if you can, by region?

Mr JAMES: I will pass that through to our chief customer officer.

Ms CONWAY: The average quarterly bill for residential is $577 and the average small business bill is $1,070. We do not have that broken down by region.

Mr SMELT: Following from that, do you have data about how many small business and residential customers are currently in default on paying their power bills?

Ms CONWAY: I have figures of debt over 90 days for both of those categories. For residential customers, we have 1,249 customers with debt over 90 days; and for small business, 216 customer with debt over 90 days.

Mr SMELT: During the reporting period, how many customers had their services disconnected due to defaults or failure to pay bills?

Ms CONWAY: The number of residential disconnections were 1,842, and the number of small business disconnections was 153.

Mr SMELT: Do you have an overall total level of customer debt owed to Jacana?

Mr DI SOMMA: That could change at any point in time, but as of end of April it was $33,395,000 debt.

Mr CHAIR: I have a follow-up on the Member for Nightcliff's previous question, which might be directed to Ms Conway. Quarterly residential power prices are $577 per quarter, so $2,308 per annum. Do you have what it was the year before?

Ms CONWAY: For financial year 2025, it was $574 for residential, and $1,052 for small business.

Mr SMELT: So, it only changed by $3.

Mr CHAIR: It is interesting; the Prime Minister promised a $275 a year drop, which obviously has not come through.

Mr SMELT: Going back to your answer of $33m in customer debt, that is small business and residential but not consultants or businesses direct to Jacana—that is your customer's debt?

Mr DI SOMMA: Yes. That is the receivables for Jacana combined from residential and commercial at the end of April.

Mr SMELT: Can you advise how many customers are supported through the Stay Connected hardship program?

Ms CONWAY: On our current Stay Connected hardship program, we have 693 customers on that program.

Mr SMELT: Do you have any indication of the average level of debt for those people who are involved in the program?

Ms CONWAY: The average debt is $2,180.

Mr SMELT: Has the number of 693 changed since the previous year?

Ms CONWAY: The financial year 2025 was 624 customers.

Mr SMELT: Do you have any data on how long residents stay on that program on average?

Ms CONWAY: We do not have an average. All those programs are tailored, so depending on that person's needs, it could be short-term; some exceed 12 months.

Mr SMELT: In terms of those levels of debt and support through that program, are there any other initiatives that you are looking at to help reduce debt levels and disconnections?

Ms CONWAY: We offer a number of different payment options—very flexible payment arrangements—with payment extensions and payment plans. Some of those exceed 12 months or more. Over the past few years we have extended those payment plans, and we are constantly looking at how to evolve those to ensure that we are supporting customers who are vulnerable and support Territorians in being able to pay their electricity bills. We are constantly looking at that program, working with social welfare organisations in the Northern Territory, to understand what the needs are so that we can evolve the program. It is an ongoing piece of work.

Mr SMELT: This can be anecdotal. What sort of feedback are you getting from customers who are going into these programs? Is it in relation to cost of living? Are they having difficulty managing their own power usage? What are the key themes you are hearing from customers who are entering the program?

Ms CONWAY: Anecdotally, the program supports many Territorians who are experiencing domestic and family violence. That would be a key theme that we experience, and less so just cost-of-living pressures. The reason for that is we offer such flexible payment options that people who are just experiencing an average amount of financial pressure will generally access a payment extension or a payment plan, rather than go to the hardship Stay Connected program, which is for people who are experiencing significant financial difficulty, and domestic and family violence is definitely a key theme in people accessing that program.

Mr SMELT: Regarding community batteries—we spoke to that a bit this morning with Power and Water Corporation—what is the role for Jacana? What input do you have in the proposed rollout out of community batteries on the Darwin network?

Mr JAMES: I will pass that on to our acting CEO.

Mr KORECKI: At the moment the community batteries are very much in a pilot phase. When they enter into an ongoing state, we would then design customer programs and tariffs that would allow customers to take benefit and advantage of those.

Mr SMELT: You do not have a formal role at this stage until they are operational.

Mr KORECKI: Correct; we have no involvement at the moment.

Mr SMELT: What do you need to see or know from the networks for you to then restructure your tariffs? Regarding that model where you have the community battery that soaks up power during the day and then puts it out at night, in terms of being able to reduce the bills of people who may be able to access that community battery, what would that look like regarding the structure of your pricing and tariffs?

Mr KORECKI: As they are still in an experimental stage and until it is known how the battery will operate and what is behind it, we are not in the position to comment on that.

Mr CHAIR: Have Territory households bills dropped by $275 per year in line with the federal government's promise?

Mr JAMES: No, they have not dropped. We have to remember that the tariffs here in the Territory are subsidised by the government through the community service obligation.

Mr CHAIR: Has Jacana Energy received any correspondence from the federal government regarding it?

Mr JAMES: No.

Mr CHAIR: Have you received any correspondence from the Member for Solomon regarding that?

Mr JAMES: I will pass that to the CEO.

Mr KORECKI: No, we have not received any such correspondence.

Mr CHAIR: That is quite disappointing.

J DAVIS: As we have already talked about, many of my constituents also contact me with concerns about bills that appear significantly higher than expected or appear inconsistent with their usual usage patterns. Many of them talk about having to spend significant time and effort disputing and correcting these amounts. How many complaints has Jacana Energy received in the past 12 months regarding inaccurate, inflated or unexpectedly high electricity bills? Of those complaints, what proportion were found to involve billing errors or required bill adjustments?

Ms CONWAY: I do not have a breakdown of specific billing complaint numbers. I can take that on notice.

Question on Notice No 12.1

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

J DAVIS: How many complaints has Jacana Energy received in the past 12 months regarding billing?

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

Mr JAMES: Yes.

Mr CHAIR: The question has been allocated the number 12.1.

J DAVIS: Of customers who disputed a bill or where there was a complaint, how many were issued with disconnections warnings or faced debt recovery action while the bill in dispute remained unresolved?

Ms CONWAY: We would typically not disconnect anyone who is in dispute. I do not have any numbers, and I can take that on notice, but that is not a process or a policy of ours to disconnect anyone who is in dispute.

J DAVIS: I have another question in relation to hardship payments and the concession scheme; I asked this question of the minister who is responsible for the concession team. Does Jacana work with the concession team to make sure that eligible Territorians living in remote NT, or anywhere else, receive information and assistance. Is there any cross-agency work?

Ms CONWAY: We work closely with the concessions team to ensure that the data is accurate and that we can access data so that concessions can be applied against all meters, including prepayment meters.

Ms LAMBLEY: You probably heard the questions that I asked Power and Water before; that is my particular area of interest. When did you first realise, or when were you first informed, that there was a major problem with the transfer of data from meters to you and that there was a consequent delay in billing?

Ms CONWAY: The implementation of the market settlement project with Power and Water Corporation was in July 2025. We were aware at that time that our customers would experience billing delays, so there was known delays at that time. We communicated to customers at that time through billing messages, media statements and also on our website that there would be expected delays in bills. That was known at that time. That then, however, progressed longer than we expected due to some system issues with Power and Water and some operational issues. That then continued until early this year, and we have continued to work closely with Power and Water on an improvement project to ensure that is remediated.

Ms LAMBLEY: Given that you knew that there could be a profound impact on customers, why did you continue to issue those bills with a delay of up to 15 months, from my intel, without softening it and providing some sort of relief and amendments to the billing of those people? It was harsh what happened to them, and I wonder why was it not managed better?

Ms CONWAY: There were ongoing issues, and we communicated to customers who were impacted. However, I acknowledge that some of those customers may not have received that information. There are exception processes in the way we bill, so that we can understand if there are variances that we need to address, and we would generally make direct contact with those people if there is a significant variance so that we can understand it and get it investigated by our network provider if needed. There was a large volume at that time. We acknowledge that there were opportunities to improve that communication; however, anyone impacted by a significantly large bill was offered support to be able to pay it. That support—as I have mentioned before—could have extended past 12 months. It was case managed to ensure those people were supported.

Mrs LAMBLEY: Did you reach out to them, or did you wait for them to come to you?

Ms CONWAY: On some occasions we would reach out to them.

Mrs LAMBLEY: But mainly, people have to come to you?

Ms CONWAY: Not necessarily. I do not have those volumes in front of me but if a customer was still waiting for a bill, they may contact us first initially, and then we would work with them…

Mrs LAMBLEY: How many people were affected by this problem? How many customers?

Ms CONWAY: Initially the billings delays that were expected were around 3,000 customers. We knew about that in July 2025. That then extended to around 5,000 customers. Those are just approximate numbers that were impacted by billing delays. That has now been remediated; those billing issues.

Mrs LAMBLEY: What is your total number of customers for Jacana?

Mr KORECKI: It is 88,000 customers.

Mrs LAMBLEY: Right, so that is a reasonable percentage of your customers who were impacted by this. One thing I do not understand is how this relationship you have with Power and Water, at no stage did I hear you—and I do not spend my life glued to the radio, although I do spend a lot of time glued to the radio—explain that Power and Water Corporation was the main problem. Is that just being overly respectful and nice?

Mr JAMES: We are part of the value chain. It is the job of the value chain to work together to make things work. We do not like pointing the finger at anyone; we like to make the value chain work better.

I have been through many system upgrades over many years sadly, and what the outcome for this is actually better than what I have seen elsewhere. Unfortunately, it goes from one system to a new system and there are casualties along the way. It is how we respond to those that is of importance.

Mrs LAMBLEY: But that is of no comfort to the customers.

Mr JAMES: I know. I totally understand that. That is why we have in place payment programs to work with those customers and help them through that time.

Mrs LAMBLEY: Will this keep happening?

Mr JAMES: It should not, no.

Mrs LAMBLEY: So, it is over?

Mr JAMES: We have workshops between PWC, us and our software supplier to work through the processes and see how they can improve through our regular workshops we have been having over the last few months.

Mrs LAMBLEY: Were any of these 5,000 customers, penalised in any way inadvertently or unintentionally? Were they subjected to any sort of penalty because of the size of their bill and inability to pay—in most circumstances—in the timeframe required?

Mr JAMES: I am not aware of us penalising any customers. That is not what we are about. We are working with customers to help them.

Mrs LAMBLEY: So, no penalties whatsoever? No threats?

Mr JAMES: No, we would not make threats to customers. We put in the work with customers to find solutions. We want to be part of the solution, not part of the problem.

Mr KERLE: Whilst we are discussing billing, I have had a few people come into my office about billing issues over time. So far, my experience has been that most times it is issues with Power and Water either reading the meter wrong or the meter being defective. Some of them have melted and reported very large bills. If someone gets a bill shock when they get a very large bill that they do not think is appropriate, what is the best thing for them to do in the first instance to work through that? What options are available to work through large bills that come in?

Ms CONWAY: If a customer experiences bill shock, we have processes in place to look at variances. If something is significantly varied from the previous bill, there are processes in place where we would contact that person directly and inform them that the bill has varied from their previous bill. However, if that has not occurred, the customer can contact us directly and we then validate that meter data with Power and Water Corporation and investigate the causes of that data and explain the bill to the customer.

Mr KERLE: If the meter is defective, is there a possibility of the bill being adjusted? If the meter is defective, are they still liable for the full amount or is there some sort of forgiveness available?

Ms CONWAY: If Power and Water finds the meter to be defective then we would, of course, reflect that in the bill. Power and Water Corporation are responsible for those meters, so they would have to advise that the meter was faulty and then we would amend the bill accordingly.

Mr O'GALLAGHER: I will follow up on the customer service theme. Firstly, let me give you credit for the pop-up stalls. I guarantee you I have seen them at the Karama shops. I promote them on my Facebook page and say, 'Come and talk to Jacana. They are here at this time.' I think that initiative is fantastic. However, I am worried about the user friendliness of some of your systems, particularly for seniors. I will give you a specific example which happened in my office on Monday, and I will quote from the staff member who was dealing with it:

'An 85-year-old constituent sought help on Monday 15 June. She had rung Jacana Energy to deposit her $550 Seniors Recognition money into her Jacana account. She told me she had tried several times to do this over the phone after waiting for a long period of time and having no success. Every time she tried, she got cut off because she could not enter the numbers quickly enough. She was very upset.'

My staff member offered to make the payment for her. She also tried entering the credit card number, but kept getting cut off. She rang Jacana again and pressed a different number to get put on to a real person. After waiting for about 10 minutes, she got through and explained the situation. The customer service officer sought permission from the constituent for my staff member to act on her behalf. That all happened. She said:

'In the end she said that she had no idea what I wanted, and I waited on the line until she spoke to her supervisor. Upon return, she told me she would transfer me to a bill paying number, but I would have to enter the numbers very quickly or I would get cut off. I quickly entered the numbers, but the machine again cut me off. Finally, we entered the details online via a computer. Unfortunately, the constituent does not have a computer but, fortunately, after wasting time on the phone, I was able to put the money into her Jacana account.'

Firstly, there is the quick cut-off time for people. Can those systems be reviewed or tested by someone physically or can they be amended to become slower so that people can pay?

Ms CONWAY: We are always looking at ways to improve our customer service. We do acknowledge that we have people of many different age groups across the Territory and try to support them so that they are able to make payments easily, and that is an option that we can explore—our phone pay system. However, we do offer face to face via Australia Post, which we find many customers who do not have access to technology use and find it very valuable. Through our continuous improvement program, we are always looking at ways to be able to serve all members of the community.

Mr O'GALLAGHER: We will remind people if they can get to the post office that they can, but people at home may not have a computer but they have a phone and they are trying to pay.

Mr SMELT: I am keen to ask about some of the power purchase agreements and renewable energy. Your Statement of Corporate Intent refers to long-term power purchase agreement with solar farms in Katherine, Manton Dam and Batchelor. Can you tell us a bit about how they are performing?

Mr JAMES: I think we will have to take those things as commercial-in-confidence. We cannot talk about third parties supplying to us. They are bound to commercial contracts.

Mr SMELT: Not in terms of the cost but are they providing reliable energy, meeting all the benchmarks …

Mr JAMES: In my presentation at the beginning I said our profits have improved substantially, largely driven by the solar farms producing output which is substantially cheaper than the other alternatives. They are running at capacity, yes.

Mr SMELT: Fantastic. You are seeing a significant drop in your wholesale price as a result of those feed-ins of the PPAs?

Mr JAMES: Yes, we are.

Mr SMELT: Is Jacana seeking additional input or sources of renewable energy with similar type of contracts?

Mr JAMES: There is a reform process in place with the government at the moment. We are then moving to a centralised purchasing arrangement for energy. We are working with the reform group to see how it plays out over the next 12 months. I cannot comment at the moment on that until the reform process is finished.

Mr SMELT: Sure. In your view as a retailer, do you see any barriers or limits to growth from some of these alternate generation sources?

Mr JAMES: The constraints can be many but they are mostly technical, which relate back to PWC, so we cannot talk about those sorts of things. Having new power, which is floating up and down with the sun has caused all sorts of tests for the system.

Mr SMELT: Picking up on that theme between renewable energy and some of the challenges for customers, how else is Jacana ensuring low-income and vulnerable customers can access some of those lower-cost alternative generation supplies?

Mr JAMES: As a retailer, we supply energy to them. If they have hardship issues, Jo's already been through the different options for managing their debt.

Mr SMELT: There are no other programs you are looking at or opportunities in that area?

Mr JAMES: No.

Mr SMELT: One final question about gas and wholesale risk. Has Jacana provided any advice to government on customer and financial risks of gas supply constraints?

Mr JAMES: No, we are not involved in producing gas.

Mr SMELT: Or advice from a retail perspective?

Mr JAMES: Unfortunately, we are advice takers.

Mr SMELT: I am happy with that, Chair. Maybe we could take a break and not use up any of TGen's time.

Mr CHAIR: Yes. We will take a 10-minute recess.

Mr James, I thank you on behalf of all the committee for the work in coming today—and your team. It is a big body of work preparing for Estimates. I also thank you for your time and service to Jacana and the Territory.

Mr JAMES: Thank you, Chair. It is our pleasure and my pleasure.

Mr CHAIR: We will now take a recess. The time now is 11.20. We will return at 11.30 with Territory Generation.

The committee suspended.

TERRITORY GENERATION

Mr CHAIR: I welcome Mr Dennis Bree, non-Executive Director of the Territory Generation board. Mr Bree, could you please introduce the officers accompanying you.

Mr BREE: The Territory Generation representatives are Chief Executive Officer, Gerhard Laubscher; Deputy Chief Executive Officer Assets and Engineering, Minh Tran; Acting Chief Financial Officer, Nikita MacMurray, General Manager Operations and Maintenance, Tim Danby; and General Manager Commercial and Business Development, Rebecca McKenzie. Sitting behind us we have our General Counsel and Company Secretary, Hieu Nguyen; and General Manager People and Safety, Kara Walker.

Mr CHAIR: I will invite you to make a brief opening statement of no more than 20 minutes. I will then call for questions relating to the statement. The committee will then move on to consider questions regarding the corporation's 2026–27 Statement of Corporate Intent.

I will invite the shadow minister to ask questions first, followed by committee members. Finally, other participating members may ask questions. The committee has agreed that other members may join in on a line of questioning pursued by the shadow minister. I remind committee members that the board cannot answer questions relating to government policy.

Mr Bree, would you like to make an opening statement of no more than 20 minutes regarding Territory Generation? I will give you a five-minute warning with a bell at the 15-minute mark.

Mr BREE: I am here in lieu of Michelle Shepherd who was appointed Chair of Territory Generation in January this year as part of our board transition. Michelle is currently on a long-awaited and pre-planned travel commitment. This is my last time sitting before the committee representing Territory Generation as I will be finishing as the director at the end of this month. I have been proud to sit before this committee over the past eight years as Chair of Territory Generation. I am sure that Michelle will be just as proud of this wonderful organisation.

I will provide an update on Territory Generation's performance. Over the past year, we have continued to build on strong operational momentum. Our focus on safety remains unwavering. This is reflected in our progress towards 1,237 consecutive days of lost-time injury free, up to 31 March. That is three years and five months. Long may it continue. This is supported by increased workforce engagement in hazard identification and mitigation.

Operationally, our teams have delivered a strong result with a fleet availability approaching 92%. That has come up from the mid-'80s over the last seven or eight years. It has been a remarkable effort squeezing the most out of our machinery. This has been achieved through disciplined maintenance, management and outage execution, a continued focus on reliability and faster recovery from unplanned events.

In Alice Springs, we have made significant progress in transitioning the Ron Goodin Power Station to hot standby, with supply now largely delivered by Owen Springs. This transition will continue over the coming years with Ron Goodin expected to move to cold standby after a delivery of the Alice Springs 12-megawatt, four-hour BESS in the next few years.

This is a slight change in the strategy we reported last year, which was that we had planned to put it in cold standby at the end of 2026. After reflecting on that, putting a hard date on it gave us no benefit. The safety point is when we get that BESS in, so that is what we are working towards now.

As renewable penetration increases, our role as generator of last resort remains critical. We continue to deliver essential systems services mainly through our thermal fleet but increasingly through new technology such as the Channel Island Battery Energy Storage System.

Our major projects have now reached important milestones. The Darwin–Katherine battery energy storage system has been operating since last year and has fulfilled our expectations. As the largest battery system in the Territory, it has materially improved system stability, reduced emissions and delivered savings of approximately $10m per annum as predicted, so we are very pleased with that.

As touched on, we have also awarded a major contract for additional battery systems across Katherine and Alice Springs. The civil work in Alice Springs has been awarded to a local contractor, Asplum.

Our 23-megawatt TM2500 hydrogen-capable, fast-start gas turbine at Channel Island has completed installed works and is going through the different stages of testing and commissioning. Additionally, we are progressing the installation of a synchronous condenser at Channel Island, which will further provide fast response, essential system services, specifically during the Dry Season.

Our longer-term strategy continues to evolve as technology and market conditions develop. In our smaller systems, including Tennant Creek and Kings Canyon, microgrid studies have identified viable pathways towards more efficient operation through higher renewable penetration, and we are progressing funding opportunities to support such deployment. None of these achievements would be possible without our people. We continue to invest in workforce capability, safety, wellbeing and flexible work practices, contributing to strong retention and a positive organisational culture.

Our commitment to inclusion and empowerment remains central with all employees encouraged to prioritise safety and speak up where risks are identified. We are particularly proud of our early careers programs and the recognition our people have received through industry awards, reflecting the strength of our training and development approach. Last year in July we celebrated our 50th anniversary of Tennant Creek Power Station operations. We have been a source of reliable energy generation for the region for a long time.

I now turn to our 2026–27 Statement of Corporate Intent. Our SCI direction is to deliver reliable, safe and affordable energy. The SCI reflects the Northern Territory Government's energy policy priorities of affordability, security and reliability, and positions Territory Generation to balance the increasing renewable penetration with the ongoing role of gas in maintain system stability. As renewable uptake accelerates both utility scale and behind the meter, the complexity and risk to this power system, specifically during the Dry Season, continues to increase. This is driving higher demand for essential system services and reinforcing our role as both the supplier of those services and the generator of last resort.

In response to our SCI outline a clear pathway to responsibly integrate more behind-the-meter solar and battery storage into the system. Supported by investment such as battery energy storage systems and a synchronous condenser to improve system strength and stability. Our capital program balances new investment with sustaining capital, ensuring we responsibly transition the fleet while continuing to extract value from existing assets in a disciplined and cost-effective way. Importantly, the SCI also reflects a measured outlook for demand growth across systems, aligned with Utilities Commission electricity outlook report and recognises increasing participation of private renewable generation in the market.

Together these points ensure that we can continue to provide reliable energy, maintain adequate capacity and support the Territory's energy transition in a way that is sustainable and financially responsible. Financially the business remains low profit as you would expect but consistently profitable. We continue to generate positive operating cash flow, maintain disciplined cost controls, reduce debt and reinvest in our asset base to support the energy transition.

The Darwin–Katherine system saw a maximum of 164.9 megawatts of solar penetration in 2025, an increase of 29 megawatts from the previous year. The ongoing expansion of solar energy penetration in the Territory encompassing behind the meter distributor generation and utility scale solar continue to present challenges for the electricity system, including an increased demand for essential system services.

In 2025 the Darwin–Katherine system saw a minimum demand of 68.7 megawatt and a maximum of 290.5, of which 241.4—about 80%—was delivered by TGen. In Alice Springs the system varied between a minimum of seven and a maximum of 56. It saw a peak renewable contribution of 21.6 megawatts. Territory Generation recognises that it is currently the default, sole supplier of essential system services under the System Control Technical Code. We are committed to continue providing support services for new solar generation whilst the electricity system market reforms are being implemented by the government.

Financially, we continue to generate positive cash flow from our operating activities; of which, most will be reinvested into our fleet supporting the transition. Our commitment to cost-saving initiatives and ongoing operational efficiencies have meant our controllable costs—absent gas—have remained below budget throughout the year to 31 March 2026.

Our continued efforts have resulted in ongoing strong financial standing, continued strong cash balance and a reduction of $10m in total debt. This strengthens the companies balance sheet and financial resilience.

In closing, as I do every year, I would like to acknowledge the dedication of the Territory Generation team. Their commitment ensures reliable power for Territorians every day and underpins the Territory's energy security.

Thank you for the opportunity to make an opening statement. I welcome your questions.

Mr CHAIR: Before I hand over to questions, I would like to welcome the First Circles Leadership Program who are here in the gallery. Thank you for coming in today and watching the Estimates process.

I will now hand over to the Member for Nightcliff and the Deputy Chair will be taking over for about five minutes.

Mr SMELT: I start on the large-scale battery systems. You mentioned there was a $10m per annum cost savings as a result of the first one in place. Are you able to expand on the reduced gaps consumption and carbon emissions that have been achieved as a result of that project in place?

Mr BREE: Essentially, with the energy storage system, it allows us to turn off one of our machines which would be otherwise there for standby purposes. That is where the first battery put in—there is a lot of low-hanging fruit in the savings, so I would not encourage anybody thinking we will get the same savings out of every battery that we put in incrementally. That is really where it comes from. That $10m is just gas savings. There are enormous other benefits that come from having a battery in terms of the stability, but you get those savings as well. I think the figure is 58,000 tonnes of carbon per annum saved.

Mr SMELT: Looking at the statement of corporate intent, talking about this next tranche of major batteries for the Darwin–Katherine and the first one in Alice Springs—I believe that announcement in April was around the awarding of the contracts for them. Can you outline the timeline for the rollout of those two major projects?

Ms McKENZIE: The batteries announced earlier in the year for Alice Springs and Katherine have commenced delivery. The design works as well as the civil works in Alice Springs are nearly complete. It is targeted that those batteries—they are being delivered by the same supplier; Pacific Energy are delivering those batteries. They are doing so in a roll-out with the first to come online expected to be Alice Springs in late 2028.

Mr SMELT: The second one for Darwin–Katherine?

Ms McKENZIE: Shortly after, yes.

Mr SMELT: That will make another big change for both of those systems. I am keen to refer you to the Recharging the Territory Report that ECNT put out last year supported by Spring Mount Advisory. That suggested that to get to the major renewable energy system that we would need to build something in the order of a total of 150-megawatt output with 600-megawatt hours of capacity. What is TGen's modelling suggesting for what we need to get to in terms of large-scale battery storage to support the renewable energy future?

Ms McKENZIE:. Territory Generation's current battery program is focused on the essential systems services, those stability services which are typically of short duration although we are delivering a four-hour battery in Alice Springs which provides some energy shifting opportunity. The modelling that Territory Generation has undertaken for longer term is it feeds into the Regulated Electricity System Investment Plan, which is being undertaken by government currently.

Mr SMELT: After those two projects, what is the role for TGen with the Darwin Renewable Energy Hub?

Mr BREE: Member for Nightcliff, we follow the system plan, so I do not think decisions are being made for our involvement in the hub.

Mr SMELT: TGen will not have a role in construction or operation of those facilities?

Mr BREE: We simply do not know.

Mr SMELT: You do not know at this stage?

Mr BREE: Yes.

Mr SMELT: In terms of the major capital projects on page 10 of the SCI, it notes there are some approved by the shareholding minister, I think page 11 it had projects yet to be approved. Can you give us a breakdown of projects that have been approved by the shareholding minister?

Mr TRAN: The projects approved by the minister primarily are around the two battery sites that Rebecca indicated. The battery in Owen Springs, as well as the battery in Katherine, totally around $82.1m. There are further major capital projects in our SCI which is unapproved but because it is still yet to be tendered, I do not want to indicate the project budgets for those. There are allowances for sync rons etcetera and other assets that provide ESS, essential systems services.

Mr SMELT: Without sharing what the budgets are for those projects are you able to talk to the projects on page 11 that are still in that business case development?

Mr TRAN: Yes. The major projects or the majority of capital is around synchronous condensers. We are looking at a synchronous condenser project at Channel Island Power Station. A battery obviously provides essential system services; a synchronous condenser is a rotating asset with a fly wheel that also provides ESS so it is two assets providing different things but both have pros and consultation. The general concept is that these assets provide system stability which allows more solar.

Mr SMELT: Is there no further major battery projects listed at this stage?

Mr TRAN: Yes. There is a third in the Darwin–Katherine system that we are looking at. It is located at a Power and Water substation but that project is still in development at the moment.

Mr SMELT: Do you have any idea of what the capacity or output might be from that, at this stage?

Ms McKENZIE: The capacity of the third battery proposed for the Darwin–Katherine system is around 25 megawatts, two-hour storage capacity.

Mr KERLE: Mr Chair, I have a follow-on question from that line of questioning about the synchronous condensers.

Mr ACTING CHAIR: It has to be a follow-up.

Mr KERLE: You said that adding the synchronous condenser allows more solar. If we did not have any solar in the grid would we need any synchronous condensers?

Mr BREE: No, if we were fully—the traditional thermal, no, because those machines provide those system services.

Mr KERLE: Okay, it is fair to say then that adding solar increases cost because you have to add synchronous condensers to provide stability?

Mr BREE: Yes, we think one at this stage. Yes, you have to provide the system services because rotating machinery provides it, not static panels.

Mr KERLE: Digital power.

Mr ACTING CHAIR: I will go back to the shadow minister.

Mr SMELT: We also talked a lot this morning about community batteries. I am wondering if there is any role that Territory Generation has in the planning development role of community batteries?

Mr BREE: We are not involved in community batteries, I do not think, at all. No, we are not involved with community batteries.

Mr SMELT: No involvement in that process?

Mr BREE: No, we are going to scale.

Mr SMELT: Do you have any views about what role they would play in addition to the large-scale battery that TGen is responsible for as part of the broader overall network?

Mr BREE: Rebecca can comment on that.

Ms McKENZIE: The role of the two types of batteries is quite different the power system. The utility scale batteries developed by TGen currently, as mentioned by Minh as well, are focused on those essential system services—a fast inertia and contingency response and an increasing ability to shift energy as well as that becomes more economical.

The role of community batteries is largely about that localised energy shifting—the ability to take the rooftop solar that is produced during the day and utilise it locally within that community in the evening. That provides long term some benefits to the broader power system, particularly if it is able to sustain a reduction in peak demand during those peak hours of the day through the localised batteries. It may require a reduced investment in large-scale generation long term.

Mr SMELT: In that broader transition what impact has the cancelling of the 50% target by 2030 have on the planning for TGen?

Mr ACTING CHAIR: I am conscious that we have to be careful we are not asking someone to comment on government policy for future costing.

Mr BREE: I will not, Chair.

Mr ACTING CHAIR: Feel free. I just cautioned you.

Mr BREE: Thank you for that. I have made these comments previously in Estimates. The 50% policy of the previous government did not have an enormous impact on Territory Generation because our role was to facilitate that occurring rather than be driven by a number. All our decisions are taken on a business case basis. All our investments have, and continue to be, brought to the board and if staff can convince us that there was a positive return in it, we do it and we take it on to government. The short answer is that it has no impact on us.

J DAVIS: In follow up from where you said your decisions are made on a business case analysis, you may have heard me ask Power and Water Corporation this morning that last week we heard from the Minister for Mining and Energy that the government is working on modelling future energy sources based on consideration of security reliability and affordability. You said the same things today.

As the company responsible for investments and generation sources can you share the modelling that you over the next 10 years for the cheapest energy sources in the Territory?

Mr BREE: It is probably better if Rebecca talks about the modelling side of things.

Ms McKENZIE: Territory Generation undertakes detailed economic and system modelling within the context of being a generator. That looks at the mix of the services which we provide, being energy and essential system services in balance. As part of that modelling, there is an indication that the mix of those assets will deliver a lower cost over time. That is through the balancing of those existing gas and diesel assets and not triggering any impairment of those government held assets but also recognising the lower cost of renewables for the energy-only portion.

J DAVIS: Are you able to share that modelling?

Ms McKENZIE: No.

J DAVIS: No, because?

Ms McKENZIE: The outputs of our modelling results in the projects that are approved and are represented in our statement of corporate intent.

J DAVIS: I am interested specifically because we are in estimates in terms of the cost to Territorians. You do modelling looking at the potential energy mix and how that might roll out and impact Territorians. It is not public or you cannot share it?

Mr BREE: Models are pretty complex things, there are lot of inputs to them. We are working on them as an input to recommendations to government on which way we should go. There are so many options we look at through these processes which we continue to do. I am not sure of the value of any particular run of the model that might be of use. Some we do and then think it through and look at inputs and assumptions. The outcome of the modelling which we take forward becomes public.

J DAVIS: It becomes public …

Mr BREE: In the decisions of government.

J DAVIS: As in when we see what is implemented.

Power and Water Corporation referred me to you for this question. What is the total value of all your gas supply contracts and investments in the Northern Territory right now?

Mr BREE: I am not sure we can answer that from commercial-in-confidence in our contracts. I will get advice on that.

J DAVIS: To be clear, I do not need any commercial-in-confidence details; I am happy with the proportion of the total value of your gas supply contracts and investments of your total budget.

Mr BREE: Would you accept a round figure of 65% of our total gas costs?

J DAVIS: I will accept that for now; I may come back to it.

This is a question on behalf of constituents. Does Territory Generation ensure that all decisions about future energy investment are based on what is cheapest and most reliable? Does that significant investment in gas have any impact on the decisions you are making into the future?

Mr BREE: As I said before, our decisions are based on business case propositions and the target is the most affordable price of electricity, so clearly yes.

J DAVIS: If what you are trying to do is run the most financially viable effective corporation, if renewables expanded would that mean that you would lose money because Territorians would be buying less gas?

Mr BREE: No. We are buying gas; we are not selling it. Possibly to the point you are making: if we lose market share, would that worry us? Not really. We are a government instrumentality. We are directed to deal with what is in front of us. Our market has decreased significantly in the time I have been on the board. We just deal with that.

J DAVIS: My question probably was not clear. I am wondering whether protecting your investment plays into decision-making.

Mr BREE: No.

Mr KERLE: When you do your modelling of energy sources—I accept that this may cross over into Power and Water, so bear with me—are you modelling a pure power source or are you modelling a firmed power source? What would it take to produce firmed power or dispatchable power that has a given reliability constraint on it?

Mr BREE: We are firmed power. It is a model that tries to relate the reality of the situation, so it is the whole caboose.

Mr KERLE: When you model increasing solar power, are you forced to model contingencies to firm that up?

Mr BREE: Yes. We have to look at the impacts of that on the operations of the system.

Mr O'GALLAGHER: I think you said in your opening statement—correct me if I am wrong—there is an ongoing role of gas to maintain system stability. What role does onshore gas play in delivering that stability for you?

Mr BREE: We are a taker of gas from Power and Water. We are okay with where it came from as long as it meets specification.

Mr O'GALLAGHER: Is it just gas being available for you to take?

Mr BREE: Correct.

Mr SMELT: Page 18 of the SCI refers to a list of projects that are due to come online. It talks about assumptions on commencement dates being based on best available information. Can you provide the anticipated commencement dates for those projects?

Mr BREE: They are not our projects. They are projects that we are monitoring because they could have an impact on our system.

Mr SMELT: I am still interested in if you had a date around those.

Mr BREE: We make an estimate each year based on best knowledge. I have to tell you that we have been pretty much wrong every time. The only way you can model is to make the assumptions. The delivery of solar projects, nationally, is always a lot slower than people expect because of connections usually.

Mr SMELT: You do not have a date at this stage that you could share for those.

Mr BREE: No.

Mr CHAIR: I will rule on it. If they are not projects for Territory Generation then I will not get them to answer when they will roll out.

Mr SMELT: Regarding these other major inputs into the system—those private sector developers who have come along and aim to connect with the system—does TGen have any standalone solar projects or generation projects that you are looking to invest in?

Mr BREE: We are doing some planning in that area, but we have not reached a stage of approval of projects at all. We are still working through the process, but, yes, the answer is that we are looking at solar.

Mr SMELT: Can you give an indication of what sort of size that might be at this stage?

Mr BREE: I am prefacing by saying that it is speculative, but we are looking at Alice and the north as places where solar might work. Whether we will end up doing it or someone else is another issue altogether. As has been discussed here before, there is no doubt that the cost of energy from solar is cheaper than the cost of energy from thermal. It is just that it does not provide all the other services that thermal has to provide, so you are forever looking at the balance between the two to find where the sweet spot is. That changes over time, so we keep monitoring it and looking at it and seeing what the opportunities are when we need more generation because there is no use in driving forward to put in more generation capacity if there is nowhere to use it.

Mr SMELT: No demand.

Mr BREE: No demand. It is at the margin if you think about the economics of it. The economics do not suggest that you should close down a power station and put in something else, but when there is a new demand or you have to replace old equipment then that is the point in time at which the economics might work. That is why we continue to model and monitor.

Mr SMELT: Going to that point, the existing facilities in Channel Island and Alice Springs, what is the forecast life on the current assets?

Mr BREE: I will get someone to talk through that. One of our strategies in this time of transition and changing technology has been to keep our existing equipment going longer than you might previously expect it. We are finding that to be an effective and economic way to provide power. There are life extensions of machinery. We have detail on it, so I will pass it over to Minh.

Mr TRAN: In terms of retirement dates for the plant, we have retirement dates for units. Obviously at Channel Island there are many units and the power station itself is there indefinitely. Like Dennis has indicated, the most recent decision was on the Frame 6Bs at Channel Island. They are our oldest turbines, and we have made a business decision to extend the life of those machines for an additional approximately five to six years. The basis for that is using our legacy plant and plant that is already existing and operational is the most cost-effective way of maintaining capacity in the power system. That meaning, although these machines are old, they do not need a lot of capital investment and we do not expect to utilise it a lot over the years, hence it is the most cost-effective.

Mr SMELT: Can you give a breakdown between Alice Springs facilities and Darwin facilities, a rough timeline?

Mr TRAN: In terms of our generation assets in Alice Springs, Owen Springs Power Station is our primary site. There is no immediate retirement of any of the units at Owen Springs. All our power stations in Darwin and Katherine are also all operational, so there is nothing planned for retirement.

Mrs LAMBLEY: Our dear old Ron Goodin Power Station—God bless Ron Goodin. Is the plan to continue to keep the Ron Goodin Power Station in the middle of my electorate of Araluen chugging along for a bit longer?

Mr BREE: We are at the stage where it does not fire up in anger very much at all. We have decided to keep it until we put in the battery in Alice Springs. Having said that, it has been in standby since April 2025.

Mrs LAMBLEY: I think it might outlast many of us.

Mr BREE: I know. They tend to have that. We were going to put it into cold standby at the end of this year, but when we thought it through, getting the battery there, everybody would be comfortable about reliability and all the rest of it, so it will last till then.

Mrs LAMBLEY: One day you will announce the retirement of it.

Mr BREE: One day it will just slip away from us, yes.

Mr KERLE: When you say ‘hot standby’ does that mean it is sitting there chugging away?

Mr BREE: No. It means that we can fire it up pretty quickly.

Mr KERLE: Cold standby would be …

Mr BREE: Cold standby would take a lot of work to fire up. From cold it would be two hours.

Mr KERLE: There is not a big difference between the two.

Mr BREE: For the other it is just sitting there. It would probably be half an hour.

J DAVIS: When I asked about economic modelling, I think I heard you say that it changes and it is fluid, based on what is happening. Do you do a lot of it? How do you make long-term investment and planning decisions for Territorians? On what basis? That is the modelling I am interested in.

Mr BREE: The model is input into our final decisions. The start of a project is identification of a problem which may be that we are running out of generation at some point. People model it and put in the assumptions.

Ms McKENZIE: Our models take into consideration capital investment as well as operating costs across the life of an asset, and not just that asset but also the impact of that asset on the remaining assets within the power system, so the broader impact. For example, a decision to introduce solar into one of our unregulated power systems—which are not subject to the government’s RESIP, for example—would be on the basis of offsetting the diesel costs with that solar investment. We do a forward plan, but it is validated at each investment point. For the regulated electricity systems, the government is producing that RESIP model going forward, and we will be following that plan.

J DAVIS: In plain English, for people who want to know, how are you making long-term decisions about where money should be invested? I understand what you are saying about all the variables you need to be taking into account—the things that you have talked about. Those longer-term things you need to be investing in now, on what basis are you making those decisions? I have heard you say that it is not possible to share, but I am interested in anything you could share around the modelling that Territorians could see.

Mr BREE: A lot of what we do is an input to the process. The determination of what goes forward is in the RESIP (Regulated Electricity System Investment Plan) so that is a decision made outside of TGen. Our modelling—we put up proposals, we put up our thoughts and we give information which we think is important and is always taken fully into account. The RESIP is available, that is the plan for the system and that is what investments are predicted. Can it change? I think it is reviewed on a two-yearly basis, which is appropriate for infrastructure like this. That is the environment in which we work.

J DAVIS: I understand from what you just said that you are not the decision-makers, but you provide the expertise. The expertise and modelling is specifically what I am interested in, and you provide that to government and they then make the decision. Can Territorians see what you provide to government?

Mr BREE: I would not expect so.

Mr CHAIR: On repetition, we have got what we are going to get. Member for Johnston, do you have a new line of questioning?

J DAVIS: No.

Mr KERLE: Regarding the power system model, we were talking about Ron Goodin in Alice Springs. We all remember the system black they had a few years ago. Has TGen been involved in updating the power system model for Alice Springs or the Darwin–Palmerston–Katherine grid and, if so, how recently? I assume that Power and Water would need to ask you for details when they are updating their power system model.

Mr BREE: That sort of work is ongoing. Addressing the outage, in operational terms we are also always preparing for outages with Power and Water in case something happens, and simulations of it. There has been an enormous amount of work, as you would expect, post that outage. They do regular desktop studies and checks and how they can bring the system back up. It is quite constant.

Mr KERLE: The evidence from Power and Water was that it is an iterative process, which is similar to your evidence. To the best of your knowledge, would the power system model be up to date?

Mr BREE: Yes.

Mr O'GALLAGHER: This is a follow-up to my earlier question when we were talking about the ongoing of gas to maintain system stability. I think you indicated that it does not matter where the gas comes from, it is your take of gas. How central is the ongoing availability of gas to your future operations? This is probably in the context where people think renewables could replace everything. There is always a balance and a transition, but how central now is the availability of gas to you ongoing?

Mr BREE: Gas is essential for us; our alternative is diesel. Of the energy we produce, it is short of 100, but it is in the high 90s—98% comes from gas. It is critical.

Mr SMELT: If we reach the stage where we were at 80% renewable energy or something in that order, what would be the cost savings from that reduced gas-powered generation?

Mr CHAIR: That is hypothetical. Has modelling been done of that level of renewable energy?

Mr BREE: No, we have not. That is an output for modelling rather than a model that we would input. We model the generation itself and then check what the output is. We do not go to a particular point in time and then model backwards.

IIf we got to the stage of whatever figure you pick, it would be because we have made economic decisions. There would be savings because we would not have done it otherwise.

Mr SMELT: In terms of the SCI, it also talks about capital planning for a new gas turbine. Can you tell us a little about that project—what is involved with that and the timeline?

Mr BREE: Is that a reference to the TM2500?

Mr SMELT: I did not write down the name of it.

Mr BREE: That is all right. That is our most recent.

Mr SMELT: Yes.

Mr TRAN: In terms of the TM2500, it is a 23-megawatt gas turbine that is undergoing commissioning at the moment. The installation works have been completed at Channel Island Power Station and it has been connected to the switch yard. We are in the process of commencing the online commissioning for that unit. It is on the verge of being available.

Mr SMELT: Do you have a timeline for when it is available and what the total cost was for that project?

Mr TRAN: We are looking at that unit being an available online unit towards the end of this year. The project budget for that is $37.9m, and we are within budget at the moment.

Mr SMELT: What is the role of this new gas turbine?

Mr TRAN: The new gas turbine is designed to be a fast-start unit, so it can start up within five to 10 minutes. It is designed to be a peaking gas turbine. If we need the generation at the peak of the load, we can use that turbine to provide the power at that point in time. It is also a hydrogen-capable turbine. At some stage, if that fuel source becomes available and economical we can burn it in that turbine. It provides general capacity into the power system.

Mr SMELT: That element is designed to assist with that transition to a solar and battery future.

Mr TRAN: That is correct. In the power system with a lot of renewable penetration, obviously, the firming capacity is not there and there is load fluctuation or load swings. A fast-start turbine would be beneficial in that case. That is why we are putting in the asset.

Mr SMELT: Looking more broadly at emissions, how does Territory Generation measure emissions reduction across the whole generation fleet?

Mr BREE: We can talk about what they are. I am not sure I have anybody here who knows the how they are measured. Okay, we did have.

Mr DANBY: Our emissions are measured in accordance with the National Greenhouse and Energy Reporting System (NGERS) which is submitted annually. We follow the NGERS process. That is the answer to how they are measured, in accordance with NGERS.

Mr SMELT: What are the expected emissions for the reporting period and then for the next reporting period?

Mr DANBY: I will hand that question to our Acting CFO, Nikita.

Ms MacMURRAY: For the reporting period 31 March 2026 we have come in at about 630,000 tonnes, which is about a 90,000 reduction compared to the prior reporting period. Other reduction driven predominantly by the expected reduction from the DK BESS 1 coming on at 58,000 tonnes per annum.

Mr SMELT: Do you have any expectations around how it will change with additional BESSs coming online, the condenser, any solar PPAs that might also start during the upcoming reporting period?

Mr BREE: I am not sure. We would be guessing because we do not have control over it. When we put in the battery, we could make that estimate because we knew what we were doing there, but a lot of it will be driven by behind-the-meter solar. There has been a gradual trend over a long period of time. We have guesstimates if you are interested.

Mr SMELT: Yes, that would be interesting modelling.

Ms MacMURRAY: We are projecting by the end of this financial year to have decreased by 12% compared to last financial year. Overall, since 2014–15 inception going to the projected forecast for the end of this financial year, we are projecting that the total increase will be about 21% reduction in emissions.

Mr SMELT: Looking towards the future, looking at these least-cost pathways that you are talking about and your assessment based on savings and doing business cases and that type of thing, what is the current least-cost pathway for TGen to maintain that reliability and security?

Mr BREE: Broadly, the least-cost pathway that we are currently working on has been to support the—looking at least cost too for the system. It is investing in batteries to make sure there are system services available for the introduction of solar. It is to extend the life of our existing equipment and to monitor technologies so that we are there at the right time in terms of what we can use. We are looking at solar ourselves, but whether or not that will end up being us or someone else integrated into our system we do not know. That is the general trend.

Mr SMELT: Has government sought advice from you about different pathways?

Mr BREE: Our interaction with government—we keep them briefed on what we are doing. When we come up with projects we put them forward, but in the broad, yes. We are quite open with what our strategy is and it has been accepted.

J DAVIS: I missed it when the Member for Nightcliff asked whether you have done any long-term modelling into renewables. Did you say no?

Mr BREE: I do not think I said no to that.

J DAVIS: What was your specific question?

Mr CHAIR: The question was a hypothetical regarding an 80% renewable figure, which was answered. It was a hypothetical as well.

J DAVIS: I heard you say that you want to make decisions based on savings. That was something you said, Mr Bree, 'We want to make decisions based on savings', which may not be true. You have not modelled the savings from renewables.

Mr BREE: I hope I have not misled you. We are well aware of the costs of renewables.

J DAVIS: I heard you say that also.

Mr BREE: That is good. I am not quite sure where we are going here.

Mr CHAIR: We have a ruling that has been maintained throughout Estimates. We will not summarise what witnesses have said.

Regarding the modelling, I will remind the committee of an RBA president who publicly spoke about modelling, and was incredibly wrong and it caused large problems for a lot of consumers. We will end this line of questioning on asking Territory Generation for their modelling.

Mr KERLE: You said before that of the power that TGen generates, 90% or 98% comes from gas?

Mr BREE: Yes. The solar is generated by people's roofs and the solar farms which we do not own.

Mr KERLE: That is a lot. Gas is definitely critical to energy supply.

Mr BREE: It is 98% of what we do. It is not 98% of the system.

Mr SMELT: Can you speak to the current reliability and capacity position for Tennant Creek, Yulara and Kings Canyon?

Mr BREE: Yes.

Mr DANBY: The capacity of those remote stations—obviously we have Tennant Creek, Yulara and Kings Canyon. The capacity in Tennant Creek is more than adequate, plus we have diesel capacity there. I am not sure what figures you are after there. The figure for installed capacity, for example, at Tennant Creek is just under 20 megawatts. In Yulara, it is eight megawatts. In Kings Canyon, it is just over one megawatt.

Mr SMELT: Are there no existing reliability concerns at those three facilities?

Mr DANBY: Ther are no reliability concerns at this stage.

Mr SMELT: These works are much smaller on those smaller facilities. Were there any major works planned within the SCI period for those facilities?

Mr DANBY: That is better answered by Rebecca McKenzie.

Ms McKENZIE: Territory Generation had some previous Commonwealth Government funding from the Regional and Remote Communities Reliability Fund, which was a project that we have now completed. It provided feasibility study funding into those three power systems—Tennant Creek, Yulara and Kings Canyon.

In our SCI capex unapproved, we have allocated some funding towards those projects. We are finalising the business cases for those to introduce additional solar and battery into Kings Canyon and Tennant Creek.

Mr SMELT: Would that reduce or potentially eliminate the need for diesel or gas generation in those two facilities?

Ms McKENZIE: Not entirely. It would look at a potential to reduce the need during daytime hours, being solar as the primary supply, and the need to continue to operate existing generation overnight. Tennant Creek is primarily gas run, and Kings Canyon and Yulara are diesel operated.

Mr SMELT: The SCI suggests that expenditure is forecast to rise from \$30.2m in 2025–26 to \$31.7m in 2026–27 and then up to \$35.1m by 2029–30. What is driving that increase in maintenance costs?

Mr DANBY: There are some slight increases, but when you look over the long term there are ups and downs in cyclic maintenance. We do major overhauls and change-outs on turbines at specific run hours, and it depends on how often that machine runs. You will see variations in R&M, a bit like a wave pattern if you graphed it. As some of the machines are coming towards end of life, it can become capital rather than R&M. There will be variations, and it is about sustaining that fleet in a reliable state.

Mr SMELT: Can you break that down between issues like inflation, labour costs, ageing assets and the like?

Mr BREE: If you need information like that we probably could work through it, but not off the top of our heads.

Question on Notice No 13.1

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

Mr SMELT: How much of the increased repairs and maintenance expenditure forecast is related to issues such as ageing assets, inflation, labour costs and unplanned maintenance? Can you provide a breakdown of that?

Mr CHAIR: Do you accept the question?

Mr BREE: Yes.

Mr CHAIR: The question has been allocated the number 13.1.

Mr SMELT: Are there any particular facilities or power stations requiring materially higher unplanned maintenance than expected at this point?

Mr DANBY: I cannot think of any station that is particularly problematic with maintenance. Obviously, Ron Goodin is coming to end of life, but, like Dennis said earlier, we are running that very infrequently. It is really sitting there in hot standby as capacity if needed. We have not run it in anger much at all. There is no particular station that is consuming all of our efforts.

Mr BREE: An indicator of that is that availability figure I mentioned in my opening remarks of 92%. It is quite high and I think it indicates good health of the overall fleet.

Mr SMELT: The SCI talks about TGen pursuing potential direct-connected customers and grid-connected proponents. Can you speak to what opportunities are currently being explored?

Ms McKENZIE: In terms of direct-connected customers, Territory Generation has a retail licence to serve one customer in Alice Springs who are coming online shortly.

In terms of grid-connected proponents part of our role, particularly going forward in Alice Springs, Tennant Creek and the minor regions, is to facilitate that Regulated Electricity System Investment Plan. That may mean that some of those assets are delivered by a third party through contracts with TGen under a PPA, for example. We have existing PPAs with the Uterne power station and the landfill management in Darwin, the LMS site. That would be those future plans as well, taking into consideration whether TGen's capex or a private power purchase agreement would be selected at each stage.

Mr SMELT: I saw the reference to that one additional Alice Springs customer. Can you share what that project or new customer is?

Ms McKENZIE: I believe we are able to state that the customer is the joint Defence facility.

Mr SMELT: Are there additional investments required to support those additional direct-connected customers or new grid-connected proponents beyond what you have already planned for in the SCI?

Ms McKENZIE: Not at this stage.

Mr SMELT: Are there any government decisions or approvals by the shareholding minister that would be required to progress those opportunities?

Ms McKENZIE: Through the *Government Owned Corporations Act* there are prescribed thresholds. Where there is an investment decision or a contract value above those thresholds, then the shareholding minister will be required to approve or note those.

Mr SMELT: What is the current debt position and how is it expected to change over that SCI period?

Ms MacMURRAY: Our current total debt is sitting at $262m. As Dennis mentioned in the opening statement, we repaid $10m in June last year. Over the coming four-year SCI period, we have a few major projects, particularly with the battery energy storage systems. We are expecting capital expenditure to peak; therefore, we require borrowings through that.

As stated in our statement of corporate intent, we have access to concessional funding through the Clean Energy Finance Corporation. We are working with the Northern Territory Treasury Corporation to draw down for those renewable projects at that lower-cost interest. As part of that agreement, we are required to, and we will, pass the benefits of that lower-cost interest for those borrowings to Territorians and our customers.

Mr SMELT: Are there opportunities for TGen for financing through NAIF or other federal government initiatives?

Mr BREE: There is nothing active in any other area. We would go through Treasury whatever we do.

Mr SMELT: Regarding the Clean Energy Finance Corporation borrowing, what sort of projects would fit that remit or which ones are you looking to finance through that option?

Mr BREE: They are the batteries we have mentioned and the synchronous condenser.

Mr SMELT: Have there been no other opportunities for concessional finance or government support other than Clean Energy Finance Corporation? Are there any other programs, grants or concessional loan opportunities that are available from the federal government?

Mr BREE: We received money from the Commonwealth regarding BESS 1.

Mr SMELT: Anything from Rewiring the Nation or any of those other ones, or are they more targeted to the distribution level?

Ms McKENZIE: The Clean Energy Finance Corporation funding financing that we are accessing is through the Rewiring the Nation fund, which is targeted at infrastructure supporting renewables. For future opportunities, we assess what is available at that point in time.

Mr SMELT: Fuel costs have been front of mind for households and businesses in the last few months. Can you talk to the increase in gas, diesel and the PPA costs? What are you estimating in terms of how fuel costs will change for the next financial year?

Ms McKENZIE: We have certainly seen an increase in diesel costs across the last three months and we are forecasting a continuation of that, unless the global climate changes in the near future. We also forecast an increase in our gas price in the next period as well.

Mr SMELT: How have those increased diesel costs been managed in the current reporting period?

Ms McKENZIE: In the reporting period to 31 March, we saw very little impact. The major impact was in the last few months and we managed that through our reserves. We also look to ensure that we have a long-term contract for our diesel supply.

Mr SMELT: That speaks to the Member for Johnston's comments about the three months we miss out on in the reporting period.

Again, in terms of those diesel costs, what has TGen done around fuel security and supply? What have been the major actions that have been taken to ensure reliability?

Mr BREE: We increased our reserves initially. That is probably the major thing that we have done.

Mr SMELT: Would that require capital expenditure?

Mr BREE: It required capital expenditure, yes.

Mr SMELT: For additional storage.

Mr BREE: Not capital expenditure, no; it was just inventory.

Mr SMELT: You just used existing facilities.

Mr BREE: Yes.

Mr SMELT: In terms of the reliability, did you work to a particular number of days of supply? What is your target in terms of days of supply?

Ms McKENZIE: Our primary use of diesel is in the Yulara and Kings Canyon region. Our suppliers store approximately five months' worth of fuel that could meet that requirement across the Territory. We can move fuel between our different storage facilities. However, we also store diesel in the event that there may be a major gas outage, a particular impact for that would be in the Darwin, Katherine and Alice Springs region. In that sense we have a storage of approximately three to four days reserve for a major event.

Mr SMELT: As a result of those global impacts, were those targets changed? Did they remain at that three to four days and the five months level or did you change that or reassess them?

Ms McKENZIE: So far we have not seen any indication of implication to supply availability; therefore, we are able to start replenishing that stock if there was a major gas emergency event.

Mr SMELT: What support has the Australian Government provided to help meet those benchmarks?

Mr BREE: I do not think we are aware of any at all. We did not ask.

Mr SMELT: You did not have to ask; you managed all that within your own inventory and supply systems.

Mr BREE: Yes, in conjunction with the Territory government obviously.

Mr SMELT: You never experienced a situation where a diesel supplier rang you up and had issues with supply or needing to delay supply or anything of that nature?

Mr BREE: No.

Mr SMELT: That is good news.

Regarding those ongoing costs, if it stays at the current level, what is the estimated financial impact for the next financial year?

Mr CHAIR: Member for Nightcliff, could you restate that question.

Mr SMELT: If prices remain at their current level and we do not see any relief, what is that additional cost to the operations of TGen?

Mr CHAIR: It is in the realm of hypothetical, but …

Mr BREE: Could we take it on notice, because there is a bit of work to be done to be sure of the right answer on that.

Mr CHAIR: My concern is that it is a hypothetical question. Are you asking: if the fuel price does not change what will be the …

Mr SMELT: The additional cost to TGen operations.

Mr CHAIR: I will call it; it is a hypothetical, Member for Nightcliff.

Mr SMELT: In your opening statement you briefly touched on some of the safety goals that you have achieved. You have KPIs across safety, operations, finance, capital delivery and the like. Which one of them is the most challenging for TGen as an organisation?

Mr BREE: The biggest thing for us is always gas in terms of viability and costs and the availability. If you are looking at risks, the risk of not having gas is huge. We have a lot of contingencies for that.

Safety is always—you cannot stop on safety. If anything keeps people awake at night in this industry, it is the chance of someone getting badly injured.

The other growing area for us would be cybersecurity.

J DAVIS: Do you consider emissions when you are deciding what to invest in and, if so, how do you consider them?

Mr BREE: Our business case is a financial one rather than anything else. We are not driven by the outcome, but the reality of life is if you are looking at efficiency in machinery or looking at lower costs, then we are improving the situation as a result.

J DAVIS: Do you explicitly factor that in?

Mr BREE: We do not put a price on emissions in our business case. Is that the basis of your question?

Mr KERLE: I do not have a question, but I thank you all for coming. I appreciate the high quality of your technical advice and keeping the lights on for Territorians.

Mr O'GALLAGHER: Likewise, and I wish you all the best when you step down, Mr Bree. Go and enjoy the rugby.

Mr BREE: Yes, there will still be rugby.

Mr SMELT: In terms of this whole renewable energy future that we are working towards, and you commented about security and reliability and how the business cases stack up, what do you see as the number one priority for TGen in managing this transition?

Mr CHAIR: Can you ask that not as an opinion question.

Mr SMELT: What is the number one priority?

Mr BREE: We have a view that our role through the transition is to ensure stability and lowest cost in the system, and basically that is what drives everything we think about.

Mr CHAIR: Thank you, Mr Bree, for coming in today and for all the officers who attended and all the staff in the background. On behalf of the committee, thank you for all the efforts. To you, Mr Bree, thank you for your service to the Territory and I hope you enjoy what is ahead.

We will now break for five minutes and return at 1 pm for the Auditor-General.

The committee suspended.

AUDITOR-GENERAL'S OFFICE

Mr CHAIR: I welcome Jara Dean, Auditor-General of the Northern Territory.

Auditor-General, I invite you to make a brief opening statement of no more than 20 minutes. 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.

I will invite the shadow minister to ask their questions first followed by committee members. Finally, other participating members may ask questions. Other members may join in on a line of questioning pursued by a shadow minister, rather than waiting for the end of the shadow's questioning on an output.

Auditor-General, do you wish to make an opening statement of no more than 20 minutes regarding the Auditor-General's Office? I will give you a five-minute bell warning at the 15-minute mark.

Mr DEAN: Thank you, Chair, and good afternoon to you and the members of the committee. Thank you for the opportunity to appear before the committee today.

I would like to make an opening statement. In my opening remarks I will focus on three areas: the operations of my office; our performance against key indicators; and within the limits of the Estimates Committee's terms of reference, I will touch on the 2025 Independence of the Australasian Auditors General Report.

My office operates on a budget of around $6m, split evenly between appropriation and audit fees. Appropriation funding supports our core responsibilities, including the audit of the Treasurer's Annual Financial Report, related agency work and all other non-recoverable audits, as well as the running of my office. About one-third is spent on staff, with the remainder paid to private sector audit firms who do work on my behalf.

Since Cabinet endorsed a more commercial approach to the funding of the office in 2014, some auditees are charged the cost of their financial statements audits. This year we have gone further. We recovered approximately $79,000 in audit overruns from government agencies and departments. These overruns would previously have been absorbed by my office and paid from the already limited funding. We also recovered approximately $60,000 in overheads on selected audits. That figure is expected to reach around $115,000 by the end of the year.

These steps were necessary because appropriation has not kept pace with cost pressures, mostly increases in the charge rates by private sector audit firms. Since 2021 those rates increased by 28%, yet my appropriation has risen by only 4% over the same period. The office reported a small surplus last year and I expect that there will be a surplus again in 2026.

This year has been about addressing the financial sustainability of my office, and in 2027 our focus will shift towards increasing our non-financial audit work. I strongly believe that non-financial audits are the core tool for assessing whether public money is well used and whether government programs work.

I would like that shift to happen much sooner, but our audit program is being constrained by staffing challenges, both within my office and in the six local firms contracted to do work on my behalf. Due to vacancies and some unplanned leave, the audits and reviews function of my office operated at around 77% capacity. Despite this, I want to assure the committee and the public that overall output has been maintained.

While non-recoverable audit work reduced by around 2,200 hours, this was offset by an increase of nearly 2,500 hours in recoverable audits. The decrease in non-recoverable work was largely due to a change in the audit approach to audit work in agencies, which I foreshadowed last year.

Our key performance indicators focus on outcomes rather than outputs. They measure the timeliness of our audits, the uptake of our recommendations and the satisfaction with our services. Of the six KPIs, we met three, we did not meet two and we could not measure one.

On timeliness, it took an average 106 days from balance day to issue audit opinions on financial statements, six days longer than our target. It also took four months, rather than the target three, to complete the reviews of 19 social media posts referred to us in March last year. We reported on those reviews in July 2025, before that responsibility transferred to the Ombudsman.

On a more positive note, all non-financial audits were completed within 12 months, 72% of our recommendations have been implemented and we achieved a 76% satisfaction rating from our clients. Unfortunately, we were unable to measure members' satisfaction due to a low response rate. For the first time last year, the satisfaction survey was conducted independently from my office at a cost of about $25,000. These surveys are important for continuous improvement. For example, feedback from our clients has already led to changes to improve the timeliness of our work as well as our communication and audit approach. I would like to add, feedback from members is equally critical to ensure that we remain relevant and continue to provide services that meet your expectation.

The 2025 Independence of the Australasian Auditors General Report did not portray the Northern Territory in a favourable light. While some may dismiss it as an academic assessment, I want to outline the very real and practical impacts that the legislative framework in the Territory has on the day-to-day operations of my office.

I have already mentioned the 2014 Cabinet decision that allowed the office to adopt a more commercial approach to manage its budget by charging for some audits. It is important to note that this is a policy decision, not a legislative one, and while I do not want to unintentionally encourage anything, that decision can be reversed at any time. This creates uncertainty and a threat to the Auditor-General's independence if the audit program can be influenced through changes that equate to funding cuts.

The current outsourcing model for engaging private sector audit firms dates back even earlier, to a Cabinet decision in 1981. It is no longer fit for purpose, yet efforts to modernise it have not progressed.

There are also operational constraints within the legislation itself; for example, the *Audit Act* requires me to formally authorise every individual staff member of private sector firms performing audit work on my behalf. Although this may have been appropriate some 20 years ago when employee retention was not a problem, staff turnover these days imposes an administrative burden on my office.

Equally, the inability to delegate key Auditor-General's responsibilities limits flexibility and is increasingly out of step with practices in other states.

As you can see, these are not just theoretical concerns; they directly affect the efficiency, effectiveness and sustainability of my office.

The Auditor-General is a statutory officer who serves parliament and acts in the public interest by promoting improved performance, transparency and accountability across the public sector. In carrying out this role I am supported by five staff in my office as well as staff within audit firms who undertake audit work on my behalf. I thank them all for their work and support.

I thank you for the opportunity to make this opening statement. I am happy to take any questions.

Mr CHAIR: I now go to questions on the opening statement. Opposition Leader.

Ms UIBO: Thank you, Mr Dean and your team, for all your frequent work throughout the year. You must have been doing a great job to be put on last for the two weeks of Estimates. We have some good questions for you.

With the important work that you do, I know you keep open and transparent public communications as well, which are not just for the parliament but also for the general community in the Northern Territory. I think that is important when we are talking about the Territory's dollars. In a recent media statement you listed the Independence of the Australasian Auditors General Report 2025. You said that the Northern Territory ranked 12th out of 12 jurisdictions for Auditor-General independence. Can you explain through a snapshot why the Territory is performing so badly in this space?

Mr DEAN: I have already mentioned in my opening statement some aspects of my legislation, which goes back to 1995. Those aspects are no longer fit for purpose. The reason we have ranked low compared with other states and territories, including New Zealand, Fiji and Papua New Guinea, is that legislation has not been updated for some time and, therefore, has not kept pace with what happened in other states, territories and jurisdictions.

For example, my legislation does not allow me to undertake performance audits, which is a common function of Auditors-General in other states, territories and jurisdictions. My powers do not expand to be able to follow the dollar unless I am asked or directed to do so by a government minister.

I believe that moving the appointment and oversight function of the Auditor-General to parliament would also strengthen the independence of the role, as would guaranteed unrestricted access to all information, including Cabinet documents.

I think those would be the key aspects of the report which were the reasons that we are ranked below the other states, territories and our colleagues in New Zealand, Fiji and Papua New Guinea.

J DAVIS: I thank you also, like the Leader of the Opposition, for all your work and the work of your office.

What risks to the Territory do you see flow from this? Is there an external risk in terms of creditors and lenders, or any other risks that you could outline and share with the committee?

Mr DEAN: I do not believe there would be a risk in terms of lenders and creditors. My function and the legislation require me, for example, to audit the Treasurer's Annual Financial Report, which would be the key report that would be used and relied on by some of the rating agencies. The risk, as I mentioned in my opening statement, is more the lack of performance audit. I spoke about the focus of my office on increasing non-financial audit work because that is the core function of the Auditor-General and core to assessing whether public money is well used and how well or not so well government programs work. That is the main risk for Territory.

J DAVIS: When you say it is a risk, what are the dangers in that for us?

Mr DEAN: The risk is in the sense that public money is being spent, yet we do not know whether that spend is achieving the desired outcomes.

Ms UIBO: In regard to some of the powers that you spoke about that have been referenced and recommended through your comprehensive statement around the possible reform that could happen in the Northern Territory, how many audits have you been unable to initiate because those powers are not legislated in the Northern Territory? Do you have a number?

Mr DEAN: I would not have a number of the audits that I am not able to initiate, because I would not choose to do an audit if that audit would be outside of my mandate.

Ms UIBO: Given the report identifies that the Northern Territory does not have the legislative performance audit powers—which you have explained in your opening statement—how does your office assess whether government programs are being delivered economically, efficiently and effectively?

Mr DEAN: The only way for my office to undertake this role is through the powers that I have under the *Audit Act* to audit what is referred to in my legislation as a performance management system audit. There is a bit of a nuance between a performance audit and a performance management system audit, but the main difference is that under my current framework I cannot express an opinion whether, for example, government programs are achieving the desired objectives. The only opinion I can issue is whether there is a system within, for example, a government agency to identify whether those programs are working or not.

Ms UIBO: You said that 'follow the dollar' audits in the Northern Territory cannot occur unless a minister directs. In the reporting period, do you have a number of any 'follow the dollar' audits that were requested by ministers? Just the number would be great.

Mr DEAN: That is a simple answer: zero.

Ms UIBO: Under the current Act, you can independently audit government funding without a request from a minister, as we have established. Once it has moved to contractors, grant recipients or third-party delivery bodies, can you then audit?

Mr DEAN: Again, that is the 'follow the dollar' power. I cannot audit without being requested to do so.

Ms UIBO: The report says that some statutory authorities can avoid financial statement audits by the Auditor-General. Which entities are not automatically subject to your financial statement audit function?

Mr DEAN: The requirement to audit financial statements of statutory authorities is usually set out in the establishing legislation. Therefore, unless that legislation does not specifically require the entity to produce financial statements, submit those financial statements to me for audit and then instruct me to audit those financial statements, I do not have powers to undertake those financial statements audits.

Ms UIBO: I will reverse the question and ask: do you have a number of identities which you can do the audit function for that have had that legislated power to direct, so you are able to then use your function?

Mr DEAN: Currently, we are undertaking 29 financial statements audits, plus the audit of the Treasurer's Annual Financial Report.

Ms UIBO: There are 29 entities, plus one for the Treasurer.

Mr DEAN: That is correct.

Ms UIBO: In your media statement you raised concerns about the Integrity and Ethics Commissioner Bill. What effect does the Bill have on the statutory independence of your and your office's role as the Auditor-General?

Mr DEAN: I previously expressed some concerns about the Bill, mainly in the context of the ability for the inspector to undertake a performance review of the Auditor-General at any time and for any complaints against me or my staff, including staff of the contracted audit firms, having to be referred to the inspector for investigation.

Ms UIBO: The ACAG Independence of the Australasian Auditors General Report 2025 says that the new Northern Territory integrity and ethics oversight inspector would transfer oversight of the Auditor-General away from parliament. Can you elaborate on this comment from the ACAG?

Mr DEAN: I believe that comment was made in the context of what I said previously; for example, the responsibility for performance management review of the Auditor-General is with the inspector. I said previously that perhaps the oversight function should be sitting with parliament rather than the inspector.

Ms UIBO: In regard to the independence of Auditors-Generals report 2025, what amendments would be required to ensure the new ethics framework does not reduce the Auditor-General's independence from the executive of the government of the day?

Mr CHAIR: I will step in on that one because I think you are asking the Auditor-General for his opinion on legislation.

Ms UIBO: That is all right. I will do my homework later to make sure we have everything we need about suggested legislation because there has been a lot of work in this space. I understand and accept your ruling, Chair.

Mr Dean, given the ACAG Independence of the Australasian Auditors General Report 2025 which raised concerns about the oversight inspector, which we have spoken about, are there new oversight powers that can apply to the Auditor-General's Office because of this change?

Mr DEAN: There are a couple of changes.

Under my legislation before the change, my office was subject to a strategic review that was to happen every three years. Following the enactment of the legislation, the period for the strategic review was changed to an annual review of the office.

The other change is, as I mentioned previously, the power of the inspector to undertake a performance review of the Auditor-General or investigate complaints about my staff or me.

Ms UIBO: The report says that the NT Auditor-General's annual appropriation is not protected from executive government. How is your office budget currently being determined? How is the funding that you mentioned in your opening statement allocated?

Mr DEAN: The situation here in the Northern Territory is not that dissimilar from other jurisdictions—not every jurisdiction—but my budget is set through the standard process as any other government agency.

Ms UIBO: Could you explain to the committee what process would be required to make the Auditor-General's budget independent of the executive government of the day?

Mr DEAN: I think there are some suggestions in the report, including some examples of other jurisdictions that have adopted a slightly different approach where, for example, the budget for the Auditor-General's Office is set by parliament. For example, on the recommendation of the Public Accounts Committee, so essentially removing the influence of the executive government from the decision.

J DAVIS: You mentioned in your opening statement that your appropriation had gone up 4%, I think, but the costs had gone up, and I did not get the figure.

Mr DEAN: The appropriation since 2021 has increased around 4%, while the charge rates by private sector firms, which is the main cost of my office, have increased by 28%.

J DAVIS: I heard you outline what you have tried to do in terms of managing that in the office. In terms of risk to the work of your office, what risks does that pose? As an attached question, I noticed that there were four agencies that you said you would no longer audit. I am interested in how you selected them.

Mr DEAN: To the first part of your question, the way I dealt with the risk around appropriation not keeping pace with the cost of my audits was to look at the approach my office takes to the audit of the Treasurer's Annual Financial Report and the related work within those agencies. That has delivered some savings. Some of the other steps that I took, as I outlined in my opening statement, was the introduction of an overhead recovery on some of those audits which I am not specifically required to undertake under legislation.

As to the second part of your question, I do not remember mentioning that I no longer audit or have cut audits of four entities. I think you may be referring to the fact that this year, for the first time, my office has been asked by the Treasurer to undertake a full financial statements audit of four government agencies. In the Territory, government departments are not required to have their financial statements audited unless directed by the Treasurer.

J DAVIS: It was from your annual report, so I may have misunderstood. The Ombudsman's Office, the Electoral Commission and AAPA—sorry; three agencies—were removed from the assurance program, so I may have misrepresented that.

Mr DEAN: That was in my annual report that dealt with the program for the 2025 financial year where, in order to manage the increased cost of some of those audits with the introduction or set-up of a number of new government departments following the machinery-of-government changes in 2024, I had to remove some of the smaller, less risky agencies from my audit program in order to undertake the additional work in the six new agencies.

Mr CHAIR: We have struck 1.30 pm. On behalf of the committee, Auditor-General, I thank you for coming in. I know the members of this committee as PAC do get to meet with you, but it is important that you get this chance as well for the wider public and to be questioned and talk about your office. Thank you to you and your staff for the work that has gone into preparing for today; it is much appreciated.

That concludes the hearing with the Auditor-General, and that concludes the committee's public hearings on the estimates of proposed expenditure contained in the Appropriation (2026–2027) Bill, the Treasury Legislation Amendment Bill 2026 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 taken on notice must be given to the Estimates Committee secretariat by Monday 13 July 2026.

On behalf of the committee, I extend my thanks to the ministers, board Chairs and officials who appeared before the committee.

I place on the public record my appreciation of the assistance and support provided by agency staff.

I thank members of the 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, which has been excellent, on behalf of the committee.

I now formally close these public hearings of the Estimates Committee, thank you.

The committee concluded.