

The Estimates Committee convened at 8.30 am.

Madam CHAIR: Good morning, everyone. As Chair of the committee, I formally declare this public hearing of the Estimates Committee of the Legislative Assembly of the Northern Territory open and extend a welcome to everybody present. This is the 13th year of the Estimates Committee process. Many procedures adopted throughout previous sittings have become accepted practice and will continue this year.

I will now outline how the committee will operate. The role of the committee is to examine and report on the estimates of proposed expenditure contained in the Appropriation Bill 2014-15. As in previous years, membership of the Estimates Committee is the same as that of the Public Accounts Committee. However, other members of the Assembly may participate in the public hearings provided the composition of the committee never exceeds three government members, two opposition members, and one Independent member, and a quorum of three committee members is maintained.

To assist Hansard, I will advise membership of the committee at the commencement of every session, and I will also acknowledge, for the record, when there is a change of membership of the committee throughout the hearings.

As in past years, the committee asks that ministers restrict their opening remarks to a maximum of five minutes. Members will be able to question the minister on issues raised within those opening remarks. However, where an issue can be directly related to a particular output within the budget that matter should be addressed when the committee considers that output.

The matter of relevance of questions has been raised a number of times throughout previous estimates public hearings. I intend to follow the lead of the Senate, which adopted a report of their Procedure Committee in 1999 in which the following test of relevance was determined:

Any questions going to the operations of financial positions of the departments and agencies which seek funds in the estimates are relevant questions for the purpose of estimates hearings. While this general relevance test is very good, questions also need to be relevant to the outputs under consideration.

For each agency I will first invite members to ask questions on the minister's opening statement. I will then invite questions on agency-related whole-of-government questions on budget and fiscal strategies. I will then call on questions on each budget output as outlined in the committee's schedule. Finally, I will invite non-output specific budget-related questions.

Once an agency or output has been passed it will not be revisited. Members may wish to clarify with ministers at the beginning of the hearing the most appropriate output to raise an issue. The schedule giving the order of outputs has been provided to all members and is also available at the back of the room and on the Assembly's website. We will work through this document as the agenda for the committee.

It should be noted that to allow questions to be addressed to ministers with principal administrative responsibility for particular portfolio areas, it has been necessary to set out the schedule so it varies somewhat from the listing of agencies in Budget Paper No 3. Where a minister will be available for questioning on outputs administered by agencies that sit within other portfolios, these have been clearly identified in the schedule in blue text. Those particular outputs need to be addressed at the time the responsible minister is appearing before the committee, as once an output has been completed it will not be revisited.

The previous accepted method of allocating questions throughout public hearings has worked well in the past and the same process will be adopted during these hearings. I propose to invite shadow ministers to ask their questions first, followed by committee members. Finally, other participating members may ask questions. Subject to the Chair's direction, within that order the committee has agreed to the flexible approach introduced previously allowing other members to join in with a line of questioning pursued by a shadow minister rather than wait for the end of the shadow's questioning on the output.

Procedures for dealing with questions that are taken on notice are contained in the Estimates Committee Information Manual 2014. When a question is taken on notice it is vital its terms are clear for the record. When a minister of the Speaker indicates they will provide an answer at a later time, I will request the member who raised the matter to clearly and concisely restate the question. I will then ask the minister if he or she accepts the question. If it is accepted, I will allocate a number which will identify the question.

Agency officers and ministerial staff should take note of the question number and ensure it is clearly identified in any response given by the minister during the public hearing process or at some later stage.

Answers to questions on notice must be provided to the committee by 10 July 2014. The Assembly has given the last date for the publication of answers of 11 July 2014, and the committee cannot receive answers after this time.

At the request of the Leader of Government Business, many questions have been put on the Assembly's Written Questions Paper to assist these hearings. Answers to these questions can be tabled at these hearings or given in response to oral questions. Ministers are not invited to read out the answers to all written questions.

This year, the Assembly has returned to the practice during the 11th Assembly of giving time limits for hearings. This means the start and finish times of each minister's appearances is inflexible and will be adhered to. However, there is no fixed time for the duration of each agency's appearance. When questioning of an agency has concluded, the committee will move on to the next agency within the minister's portfolio immediately. If a minister's time is exhausted before an agency is reached, that agency will not be questioned. Members will need to manage their questions to allow time for agencies they wish to question.

Changes in minister and agency will be tweeted through the Legislative Assembly's Twitter account, LegAssemblyNT, to assist people knowing where proceedings are up to. Witnesses should be aware that evidence given to the committee is protected by parliamentary privilege. However, I also remind witnesses that the giving of false or misleading to the committee may constitute contempt of the Legislative Assembly.

Officers should also be aware that when they are requested by their minister to provide answers to questions they are not required to comment on matters of policy. I note all microphones on the tables are normally on, although they have an on/off switch if required.

The Speaker has approved accredited media filming of the hearings, and the cameras on the ceiling are providing a video feed that is being webcast and is available for broadcast. The rules for broadcasting are in the Estimates Committee Information Manual 2014, copies of which are available at the back of the room.

Hearings will commence at 8.30 am, lunch is scheduled from 12.30 pm to 1 pm each day, and dinner is scheduled from 7 pm to 7.30 pm. Other breaks will be determined at the Chair's discretion. For all breaks, I will indicate what time the committee will resume and ask for members and witnesses to strictly adhere to those times. Recommencement times will also be notified on Twitter.

For the purposes of the efficient recording of the *Hansard*, I request that ministers introduce the officials who are accompanying them at these hearings. As well, when the minister refers a question to an officer, that officer needs to clearly identify himself or herself for the *Hansard* record.

The committee will now proceed with consideration of the estimates of proposed expenditure in accordance with the schedule of ministerial appearances by outputs, commencing with Madam Speaker and outputs related to the Department of the Legislative Assembly.

MADAM SPEAKER'S PORTFOLIO

DEPARTMENT OF THE LEGISLATIVE ASSEMBLY

Madam CHAIR: I note that while responsibility for the Department of the Legislative Assembly sits with the Chief Minister, Madam Speaker is responsible for parliamentary services and corporate governance, and will answer questions relating to those outputs today. I welcome you, Madam Speaker, and invite you to introduce the officers accompanying you.

Madam SPEAKER: Thank you, Madam Chair. On my left I have the Deputy Clerk, Marianne Conaty, on my right is Michael Tatham, the Clerk of the Assembly, and Diem Tang, who is the Chief Financial Officer for the Department of the Legislative Assembly.

Madam CHAIR: Madam Speaker, I invite you to make an opening statement of no more than five minutes, and you may choose to table answers to written questions. I will then call for questions relating to the statement. The committee will then consider any whole-of-government budget and fiscal strategy related questions before moving on to output specific questions and non-output specific budget-related questions.

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

Madam Speaker, do you wish to make an opening statement?

Madam SPEAKER: Yes, I do, thank you, Madam Chair, and committee members.

I am pleased to take this opportunity to make an opening statement as the first witness before Estimates Committee in 2014, and for the second time in my capacity as Speaker of the Legislative Assembly.

I have introduced the officers who are here with me. For the record, they are Michael Tatham, the Clerk, Marianne Conaty, the Deputy Clerk, and the Chief Financial Officer, Diem Tang.

Today's opening statement provides me with the opportunity to report on budget matters and highlight some of the innovations which have been implemented in my second year as Speaker, and in the first year of the Clerk's role as CEO of my department.

I now provide the answers to a number of questions on notice. However, unlike last year, I will not be reading the answers.

Mr WOOD: Can I ask a question? If the answers are not given in public, what is the point?

Ms LAWRIE: We get the information tabled – the written questions. That has been the process in the past. It was only unusual last year where some ministers chose to read them and chew up the clock.

Mr WOOD: I know there are people who chew up the clock. But, I was concerned the principle of the Public Accounts Committee is the Public Accounts Committee Estimates subcommittee is meant to be public ...

Ms LAWRIE: Yes, it is public once it is tabled. Everyone gets to read it.

Mr WOOD: They get to read it, but they do not get to hear it. I will not debate it, but I note I believe all questions that have been put in should be responded to in public.

Ms LAWRIE: We would need a lot more time on it.

Mr WOOD: I know that, but that is one of the issues that needs to be addressed. Sorry, Madam Speaker and Madam Chair.

Ms LAWRIE: Thank you for tabling them.

Madam SPEAKER: There are answers to the Leader of the Opposition's questions, and also the member for Johnston had some questions on notice. They are in that pile too.

In my role as Speaker, I have specific accountability for administering the entitlements of members under the Remuneration Tribunal Determination No 1 of 2013 and under the *Public Sector Employment and Management Act*. I retain the role as employment commissioner for employees of the Department of the Legislative Assembly.

The Assembly also entrusts the Speaker with the role of custodian of this building and its precincts under the *Legislative Assembly (Powers and Privileges) Act* to ensure the integrity of the building. This includes responsibility for the functions and exhibitions policy after consultation with the House Committee, the security of the building and ensuring its status is not compromised by inappropriate use.

I will be pleased today to answer your question in relation to these responsibilities under the outputs of the agency as described in the budget papers; specifically highlight the following:

- Leadership: the leadership team in the Department of the Legislative Assembly has completed a phase of generational change. A new Deputy Clerk and a new Editor of Debates were recruited since my last appearance before the committee, and the Clerk commenced in the position on 4 July last year. The

Clerk Assistant Chamber Support, who is also the Director of Education Services and the Serjeant-at-Arms, commenced prior to last year's estimates hearings.

The Assembly has benefited from new perspectives coupled with these officers adhering to time-honoured Westminster traditions, undertaking professional development and bringing their own significant experience from other areas to these positions. I take the view that we have managed succession and change well in the department.

- Education Review: last year I advised members of this committee the department was embarking on a review of the education programs it manages and implements. The consultant reported to me late last year, and the department has put in place a range of initiatives aimed at better integrating parliament into school lives through new curriculum opportunities, and working closely with educators and the Electoral Commission.

The recommendations arising from that report have been allocated to the Director of Procedural Support and Education Services for consistent implementation and reporting. I will see the next updated report on outcomes and implementation by 30 June this year, and that information will be sent to all members, as the initial information was.

The review information plan has established 24 tasks, which groups recommendations together for ease of implementation, either immediately or in accordance with a milestone. Fifteen tasks have been completed, six tasks relating to resource development have commenced, and tasks relating to linking resources and activities to the curriculum have been commenced. The task relating to art work management has commenced.

Public engagement through education programs has increased as follows: there have been five 'Step Up Be Heard' senior school legal studies programs throughout 2014 - we only had one last year; all available Bombing of Darwin tours were filled, as well as all available Commonwealth Week school tours; the Darwin Middle and High Schools debating competition was held for the first time in parliament; outreach programs have been conducted in Alice Springs, Katherine and, for the first time, Timber Creek and Bulla; work continues in consultation with teachers and the Department of Education.

This year will also see the commemoration of 40 years of the Legislative Assembly, and planning is under way for a special celebratory open day during November.

- Cost Savings: the department remains subject to saving measures required by successive governments over many years. Last year, I reported on a range of savings as a result of the Renewal Management Board process, and questions I had asked of the department about contracts and existing arrangements. I am pleased the department continues to make an effort to find savings. However, it is worth pointing out that once a saving is made, it is not able to be made again.

My department pays the bills to run Parliament House, including electricity and water for the library occupied by the Department of Arts and Museums, the Office of Parliamentary Counsel, as well as ministerial offices occupied by the Department of the Chief Minister on the fifth floor. It is unusual and shows our Territory flexibility and practicality, that our parliament building is also occupied by these tenants at no cost to their agencies, which is not common practice in other jurisdictions. In New South Wales, for example, ministerial departments pay rent on their respective ministerial suites in Parliament House. Every effort is made to have energy-efficient lighting, timers, air conditioning only as required, and more lights off when not needed.

My department is also responsible for administering members' entitlements under the Remuneration Tribunal determination. These include paying for leases on electorate offices, salaries for electorate staff, multifunction devices and, of course, members' salaries. These are the aspects of the department's budget which are underpinned by legislation such as the *Assembly Members and Statutory Officers (Remunerations and Other Entitlements) Act*, and these cannot be reduced. For example, we cannot find savings which would mean 10 of the 25 members would lose staff, or that 10 members would not have an electorate office.

That leaves the rest of the department. The only reason the Department of the Legislative Assembly exists at all is to operate this building and administer the arrangements for members, including the Assembly on sitting days.

I take the view that while there is always scope for improvement, there is now little capacity for further reductions in the budget of the Department of the Legislative Assembly due to existing entitlements for members and the expectations of and on the Assembly. On that basis, early this year I made a submission to government in the context of budget development that, while my department is always willing to step up and make an effort, the best approach was to find a modest saving in the repairs and maintenance budget.

This building remains well served in the reduced allocation we have received, but this committee will no doubt note it is less than last year. There is no reason for the repairs and maintenance budget to grow every year. The building's needs are not static and not always increasing; they fluctuate from year to year. Some years the building needs more maintenance, and in other years it is still benefiting from that of previous years. I am advised by my department that this year's allocation is adequate for immediate needs.

- **Functions:** a total of 448 functions were held at Parliament House between 1 July last year and 31 March this year showing, once again, that it is a heavily-used venue for a range of events. As I advised last year, I continue to ensure the department applies commercial hire rates where appropriate, in order to ensure the building is not competing as an inexpensive venue with the private sector. I have waived fees where there is a compelling reason to do so, otherwise my policy is one of 'user pays'.
- **Know Your Assembly Seminars:** during May this year, the department commenced a series of seminars called Know Your Assembly. The Know Your Assembly seminars are designed to give approximately 30 attendees at a time an improved understanding of the role and functions of the Legislative Assembly of the Northern Territory, with a focus on interaction between the executive government and the parliament. The seminars allow those who attend to develop the tools to work with members engaged with the Assembly and participate in the democratic process, develop an understanding of the role and functions of the Legislative Assembly, understand the stages of the legislative process, committee inquiries and functions, and understand the working relationship between the public sector, ministers, members, and the parliament.

These seminars have been made available to public servants, legal practitioners, media professionals, professionals engaging with government on legislation such as industry groups, business leaders, lobbyists, community groups and tertiary students. These seminars take a full day, or a shorter version half a day, and have been some time in the planning and preparation stages. With contributions from Cabinet Office and Parliamentary Counsel, as well as Assembly staff, they are an excellent resource and have been well attended. I am pleased to report they are an absolute sell-out for the six dates available in 2014.

I have asked the Clerk to plan a session in Alice Springs later this year, as I was approached by some business groups there seeking the similar kind of information. Planning for next year will commence once we know the sitting dates. I welcome attendance and contributions by members of this Estimates Committee as I look forward to increasing member participation in this important program.

- **Speaker's Bulletins:** since May last year, I have issued detailed bulletins after each sitting period. I trust these are useful to members and their staff. They contain precedents, rulings, and explanation of procedures. The Clerk and I meet and consult after each sitting to consider content and edit the draft so as to provide the most relevant information to members.

The Clerk is working also with the Standing Orders Committee on a complete review of standing orders which, if agreed by that committee and, ultimately, by the Assembly, will see the first rewritten, updated and modernised set of standing orders since 1985. I hope to be in a position to say at these hearings next year that we have agreed on and put in place comprehensive improvements to assist the running of the sittings.

Members will have noticed other innovations such as reinstating the Serjeant-at-Arms position in the Chamber, which I trialled during the last sittings last year. I have decided to continue, as the Serjeant-at-Arms provides access to immediate Table Office advice for any member, as well as monitoring the galleries for security from his vantage point on the floor.

I have reopened the main doors so visitors in the Main Hall will see when the Assembly is sitting and be encouraged to attend the galleries to view them. I have re-emphasised the media gallery is only for accredited media, and media representatives can expect to work unmolested in that space while reporting on Assembly proceedings.

- Security: at the same time as securing security and safety, I am interested always in making parliament more accessible, and welcome any questions about these matters today. Two people have been excluded from the precinct since last year, with another about to be excluded. Actually, I think that has taken place. They are excluded for a period of 12 months to ensure the security of the building and wellbeing of members and the public.
- Tenancy relationships: I am pleased to report I have asked my department to work closely and cooperatively with the caterers and the other government departments which occupy space in this building. I have met also with the reviewers looking at the Protocol Unit of the Department of the Chief Minister and functions in the building because I am committed to cooperative use which will benefit all members and Territorians.

During 2013-14, the Legislative Assembly has undertaken a large-scale review of the back of House, as I call it. This has included a review of all plant and operating equipment and preparing inventories of material stored in the building. I have participated in three tours with the staff of the Office of the Clerk and the Building and Property Management over the course of the year. As a result of these tours, various repairs and maintenance work has been undertaken including works in the Members' and Guests' Lounge, CPA and Nitmiluk Lounges and the Leader of the Opposition's offices.

Storerooms have been cleaned out and items have been identified to feature in Open Day commemorative activities for this year's 40-year anniversary of the Assembly and 20-year anniversary of the building later in 2014.

There are now memoranda of understanding in place with the ABC to use broadcast facilities at Parliament House in an emergency, and with Geoscience Australia for monitoring seismic activity from the building to allow better assessment of the risk faced should a large earthquake occur.

I am pleased to advise that a braille signage project has been completed providing assistance to visually-impaired people to interpret some of the historic features of the building.

A photographic gallery of members' portraits has been erected also. In walking through the Main Hall, I have noticed many visitors using this resource and looking at members.

- Members' Survey 2013: members were surveyed on 15 October 2013 against 10 questions relating to Budget Paper No 3 and the performance measures reported against annually. Nineteen responses were received from a possible 25. I assume the six members who did not complete the survey were 100% satisfied across all categories, and advise that this assumption will be applied to non-respondents to the 2014 survey to be conducted in October or November this year. I trust all members of this Estimates Committee took the time to answer the survey, noting that the cumulative results are before you in Budget Paper No 3. Any score below 80% is a significant concern to my department.

ICT services, at an average of 78% scored poorly among a number of members. This service is not provided by the Department of the Legislative Assembly.

Scores below 85% are of concern also, with scope for improvement in travel, HR services, Parliamentary Records and provision of transcripts. Members can assist also in this last area by providing copies of their speeches to Hansard in electronic form to speed up transcribing. It is worth noting also that further efficiencies are likely to see the end of paper copies of the Parliamentary Record in coming years.

The Clerk reported these results to the Department of the Legislative Assembly Board of Management, and work has been undertaken on strategies within the existing budgetary parameters to assist meeting members' expectations to improve services in 2014. Examples include improved training for Assembly officers in entitlement delivery matters, and offers and delivery of more training to electorate staff to assist members.

I take some satisfaction in noting that in every category at least one member surveyed gave a perfect score of 100%. I will read some samples, not all.

Under Assembly Services, member satisfaction with Chamber support and advice, the highest was 100% and lowest 60% with a result of 93%. Satisfaction with the education programs we run, the lowest was 40%, highest 100%, with the result of 87%.

In Member and Client Services we have issues, as we all know. In satisfaction with IT services, which is provided by DCIS, the lowest score was 05% and highest 100% - I do not know who that is, no one has paid any compliments about IT services to me as Speaker. The result was 78% which we find an unacceptable percentage. In satisfaction with staffing and HR services, which is both Legislative Assembly and DCIS, the lowest was 60% and highest 100%, with a result of 82%, which we find acceptable, but there are always ways for improvement.

The survey result for ICT services I have outlined today has been a long-term concern and, as members are well aware, the Department of the Legislative Assembly does not have a dedicated Information and Communication Technology support service available for members and electorate officers.

However, I am pleased to report that with the cooperation of the Department of Corporate and Information Services, last month saw the introduction of a members' dedicated help desk, and I thank minister Tollner and his department for their support for that initiative.

It will be interesting to see if this year's survey exceeds the 78% result from last year. The department is working on that being the outcome.

I thank the committee for this opportunity to make an opening statement and I welcome your questions.

Madam CHAIR: Thank you, Madam Speaker. For the benefit of Hansard, I will announce who we have on the committee today. We have Nathan Barrett, member for Blain; Gary Higgins, member for Daly; me, member for Drysdale; Delia Lawrie, Opposition Leader and member for Karama; Nicole Manison, member for Wanguri; and Gerry Wood, member for Nelson.

Are there any questions relating to Madam Speaker's statement?

Mr WOOD: Yes, just one. You mentioned that the departments and parliamentary people do not pay any rent on their premises in Parliament House. Does that mean there is the likelihood you will be charging me for my room No 16 upstairs? If so, as I only use it for about 35 days of the year, can I possibly sub-rent it out as well?

Madam SPEAKER: In answer to can you sub-rent out your public house office, no. The tenants in the building are the gift shop on the ground floor, the NT Library, the coffee shop, Parliamentary Counsel and the Chief Minister's department which operates the ministerial suites. Every member is entitled to a certain amount of space in this building, and that is the space you have. I will just check how much it is. The Remuneration Tribunal stipulates a decent-sized office which is your office so you are entitled to that.

Mr WOOD: It was partly tongue in cheek, but you did mention you were trying to save money and you were missing out on, perhaps, rental from some quarters.

Madam SPEAKER: Well, it is not unusual. As I referenced, the New South Wales parliament charges rent to the government of the day for use of that building. The Northern Territory parliament, and I think Queensland parliament, are the only two parliaments where the government of the day resides in that building. In all other parliaments in Australia the executive arm, the Opposition Leader's office, and even Legislative Assembly staff in some areas, reside in other commercial buildings.

Mr WOOD: Just one other question on employment. I think Mr Tollner asked for cuts in employment in departments. Did you have to cut any staff under his direction?

Madam SPEAKER: No, we have not lost any staff. I had quite a few meetings with the Treasurer and Mr Clerk, and I stressed to him the positions we have within the department are there to service the 25 members. If there were areas where we were thinking of taking staff away - we could not. We said we would try to find savings in other areas, but no staff were asked to leave.

Madam CHAIR: The committee will now proceed to consider the estimates and proposed expenditure contained in the Appropriation Bill 2014-15 as it relates to the Department of the Legislative Assembly of the Northern Territory.

Agency-Related Whole-of-Government Questions on Budget and Fiscal Strategy

Madam CHAIR: Are there any agency-related, whole-of-government questions on budget and fiscal strategies?

Ms LAWRIE: Thank you for the opening statement, Madam Speaker. I note in Budget Paper No 3 that staffing has increased by eight from the previous financial year, if you reference the 2013-14 staffing at 90 and the 2014-15 staff number at 98. I was wondering where the additional eight staff are.

Madam SPEAKER: Within our staffing numbers, the members, electorate officers and the electorate office assistants are included. Those positions are all included in the total staffing number.

Ms LAWRIE: So the additional eight ...

Madam SPEAKER: I think the additional eight would be partly because of the electorate office assistants.

Ms LAWRIE: Could you verify that?

Madam SPEAKER: Member for Karama, there are not any additional full-time equivalent positions. What has been presented in the report is a snapshot at a particular point in time. Some of those positions associated with electorate offices come and go - the part-time assistants. Also, any casual staff we have had within the department such as Hansard, for example - there are a lot of casual staff during sittings.

Ms LAWRIE: Given it is a snapshot in time, is there any information you can provide us that shows the staff movements? At a snapshot in time, there are eight additional staff. We are wondering where they are allocated?

Madam SPEAKER: The staffing numbers, excluding members and electorate officers, as at 31 March 2014 is 87.

Ms LAWRIE: Is that the same from the previous financial year?

Madam SPEAKER: Including all members and electorate officers and their part-time assistants, it is 220. Some members have not put on electorate officer assistants and other electorate officers have a job share position. For example, the member for Nightcliff has two people job sharing and I think the member for Wanguri has two people job sharing. Sometimes they come and go, so the numbers fluctuate.

Ms LAWRIE: The numbers fluctuate between 87 and 220, if you are to take the entirety from that answer.

Madam SPEAKER: It might be better for Mr Clerk to give a description.

Mr TATHAM: Michael Tatham, Clerk. Opposition Leader, there are no differences in the actual full-time positions in the department between this year and last year. At the moment, there are three vacancies in the department, but there is the exact same establishment figure as there was last year. But, it fluctuates because some members will have a number of electorate office assistants; some will have one, and some none. The figures fluctuate. Hansard will have casual people who might only work one day a year, and that takes the figure up for the global amount of people we have on the books.

Madam SPEAKER: Opposition Leader, I think we have three members who have liaison officers, so that is also included in that mix. The member for Stuart, Arafura and Daly have a liaison officer position under their Remuneration Tribunal determination.

Ms LAWRIE: Is that the additional position full-time associated with some of the ...

Madam SPEAKER: It is not full-time; I think it is about 15 hours per week under the RTD.

It is 30 hours for the member for Stuart, 15 hours for the member for Daly and 15 hours per week for the member for Arafura, which is their entitlement in the Remuneration Tribunal determination.

Ms LAWRIE: Are they are the only ones additional to everyone else who has the eight hours EOA?

Madam SPEAKER: Correct.

Mr TATHAM: There are the 25 electorate officers, plus there are three electorate office assistants and 25 extra eight hours per week.

Ms LAWRIE: Yes. In the budget, you talked about the reduction in the Building Management Services. That is where you saw the repairs and maintenance reduction of \$100 000.

Madam SPEAKER: Yes, that is correct.

Ms LAWRIE: You said it is sufficient to meet immediate needs. At some stage, there was an assessment done of roof requirements for Parliament House, and other more significant repairs and maintenance requirements. Could you update the committee on that?

Madam SPEAKER: The roof has just been painted. It was not as serious a problem as initially thought, but it was inspected by appropriate professionals. It has been repainted because we are on the coast and there was some rust from saltwater. With more substantial jobs, the only other major one we need funding for is for painting the exterior of the building. It would be a full paint job. We have had a variety of quotes on that, ranging from \$6m down to \$3.5m. What we are doing at the moment is painting areas of the building in parts. For example, you would have seen the painting of the railing going on at the back of the Speaker's Green area. We are doing it progressively, rather than in one whole paint job.

We are putting a submission to government about painting the exterior of the building over, probably, two Dry Seasons, given that it is such a large job. Again, this is because the building is 20 years old and we are located on the ocean shore.

Ms LAWRIE: Regarding members' offices, thank you for providing information about the movement and upgrade to the member for Braitling's office. I note the cost of refurbishing that was \$35 000 ...

Madam SPEAKER: That is correct.

Ms LAWRIE: ... and the cost per annum of the new office is \$62 000 - \$220 000 per annum. Is that roughly the standard cost of an office? I know it will vary depending on location.

Madam SPEAKER: I do not know if it is standard, but we have value for money, given the size of the space. We are getting good bang for our buck. Some electorate offices can be as low as \$18 000 per year, such as for the member for Barkly, but we also have some high ones, such as the member for Wanguri's office, which is \$100 000 per year. It depends where the office is located.

Ms LAWRIE: Do you have information on all of the offices you could table?

Madam SPEAKER: We can table it, but I will tidy it up because we have some hand notes on it.

Ms LAWRIE: Of course.

Madam SPEAKER: Happy to do that.

Ms LAWRIE: Do you want to take that as a written question on notice?

Question on Notice No 1.1

Madam CHAIR: Member for Karama, please restate the question for the record.

Ms LAWRIE: Could provide the per annum lease costs of electorate offices for the 25 members of the Northern Territory Legislative Assembly?

Madam CHAIR: Madam Speaker, do you accept the question?

Madam SPEAKER: Yes, that is fine.

Madam CHAIR: The question asked by the member for Karama of Madam Speaker has been allocated No.1.1.

Ms LAWRIE: Thank you. Madam Speaker, I know we have asked this previously, but we will ask it again. Could you update us on the provisions to move the member for Nhulunbuy's electorate office? She is currently located in an office which is in breach of disability standards. I understand there was a significant security concern at that office recently - a security breach has occurred. Could you provide us with information on that?

Madam SPEAKER: Opposition Leader, I am very aware of the member for Nhulunbuy and that her electorate office is not compliant with a variety of regulations, both Northern Territory and Commonwealth. I am also aware of the security incident, and there was some remedial work done.

I have three pages of information relating to that office between my department and the member, and also from my office as the Speaker to the government, notably the Minister for Business and NT Property Management. Last week, I again wrote to minister Tollner in regard to this office, because I have been to that office of the member for Nhulunbuy, and it is unacceptable. I am trying to work a way through, with government, so she does get what she, as a member of this Assembly, is entitled to. If you want me to table this information ...

Ms LAWRIE: Yes, I would appreciate that.

Madam CHAIR: There is no objection to the tabling of them?

Madam SPEAKER: It gives a summary of the dialogue in trying to resolve the issue of having a member in an office that he or she is entitled to.

Ms LAWRIE: From my understanding, it has been on the program. Could you provide us with advice on the status of it being on the program?

Madam SPEAKER: As I have said, it is on the program. It has been on the program for nearly two, if not nearly three years ...

Ms LAWRIE: Three, I think.

Madam SPEAKER: Three, from about 2009 to 2012. There have been several attempts by NT Property Management to identify a source of offices and they have identified an office. On 8 September 2009, the then Chief Minister Henderson provided in-principle endorsement of the relocation of the office. Also, I have written to this Chief Minister, the Northern Territory government, and to the Minister for Business in regard to having NT Property Management do what they need to do to have the move and relocation undertaken.

One of the pieces of advice from the government was the relocation needed to go out to tender - and that is fine. Normally in this case, the tendering process would have been waived. However, the advice I received was that was not to happen and it was to go to tender. I have been waiting for confirmation from Property Management - or I should say my department has been - and that has not been forthcoming. Hence, my letter to the government and the relevant minister to see if we can get some action in progressing this relocation.

Ms LAWRIE: Madam Speaker, in the correspondence and conversations with the Minister for Business, is he aware of the circumstances of the office and the risk posed to staff at the office?

Madam SPEAKER: Yes, he is, because I – it will be in that document I tabled - wrote to the Minister for Business detailing there was a security incident which left the member and her electorate officer vulnerable. That individual, I believe, has been taken into custody on mental health grounds. I detailed information in a letter to the Minister for Business, so I assume he has read the letter and is aware of the issue that occurred.

Ms LAWRIE: Madam Speaker, on the electorate offices, my understanding is members receive, I think it is monthly, updates from the Chief Financial Officer ...

Madam SPEAKER: Yes, we do.

Ms LAWRIE: ... of the expenditure. Are you able to provide a snapshot of those updates for members. If you do not have it on you ...

Madam SPEAKER: No, we do not have it with us, but we can take it on notice. Happy to provide that. Do you want it for a month or for a year?

Ms LAWRIE: We want what shows a month and what shows a year to date. You can choose a month of the year ...

Madam SPEAKER: We will go to 31 March for all members.

Ms LAWRIE: Yes, that is fine.

Question on Notice No 1.2

Madam CHAIR: For clarification, member for Karama, can you please restate the question for the record?

Ms LAWRIE: The monthly and year-to-date expenditure reports for the electorate officers, including their entitlements. You know the report, if it has a specific name. Do you want to assist with that?

Madam SPEAKER: Just the members' and electorate offices' expenditure statement.

Ms LAWRIE: Members' and electorate offices' expenditure statement year-to-date, and monthly as of 31 March.

Madam CHAIR: Madam Speaker, do you accept the question?

Madam SPEAKER: Yes, that is fine.

Madam CHAIR: The question asked by the member of Karama of Madam Speaker has been allocated No 1.2.

Ms LAWRIE: Madam Speaker, under the movement of members there are aspects of the RTD that require your discretion. It has been the custom and practice of members of parliament travelling from Darwin to Alice Springs to hire cars. In a day they might have anywhere between six to eight meetings throughout Alice Springs. A recent request for a hire car was rejected, and the member was told the policy has changed and is now that where there is alternative transport available - for example, taxis - members are able to instead use taxis to get around.

Madam Speaker, are you aware of this policy change? It is just that members of parliament have not been advised of that.

Madam SPEAKER: Opposition Leader, I have not rejected any request for a hire vehicle. If a member travels to Alice Springs from Darwin - perhaps for Caucus meetings or things of that nature - they have requested cars and, to my knowledge they have always been granted a car; I have said, yes, hire car is approved. I will get some clarification on your question.

What may have happened, Opposition Leader, is if the member has a car allowance - they provide their own car and get an allowance - there might be an interpretation under the RTD that when they travel somewhere in the Northern Territory they take their vehicle with them and are not entitled to hire a car. That is what I think the reading of the RTD is. I will have to take that on notice and come back with some advice as to interpretation of the RTD.

Question on Notice No 1.3

Madam CHAIR: Member for Karama, please restate the question for the record.

Ms LAWRIE: Going on the information just provided by Madam Speaker, is a member of parliament who has drawn upon the car allowance instead of an electorate vehicle supplied by NT Fleet entitled to the use of a hire car when travelling for work purposes in other sites within the Northern Territory?

Madam CHAIR: Madam Speaker, do you accept the question?

Madam SPEAKER: Yes.

Madam CHAIR: The question asked by the member for Karama of Madam Speaker has been allocated No 1.3.

Ms LAWRIE: Madam Speaker, getting to the point of that, it is a restrictive work practice change if that is not allowed to occur in the future? I have never become aware of a situation where a member has been rejected a hire car. This is a Darwin-based member doing a day's work in Alice Springs. The custom and practice has been you land in Alice Springs, you get your hire car, and you do your work. The practicalities of trying to get around with a taxi means you will be late pretty well after your first meeting to subsequent meetings just trying to tee up taxis.

Madam SPEAKER: I hear what you are saying.

Ms LAWRIE: It is impractical.

Madam SPEAKER: As I said, I will get advice in regard to the interpretation of the Remuneration Tribunal determination and, if it shows ...

Ms LAWRIE: My reading of it says at the Speaker's discretion.

Madam SPEAKER: I will get clarification for you, member for Karama.

Ms LAWRIE: Is it your intention, as Speaker, that members can avail themselves regardless of whether they have a car allowance or a NT Fleet supplied vehicle ...

Madam SPEAKER: I can only ...

Ms LAWRIE: ... of a hire car when they travel elsewhere in the Territory?

Madam SPEAKER: I can only administer what the tribunal says they are entitled to. If there is lack of clarity in the tribunal and the report - that is what I will seek for you. If it requires a change such to avoid something you are describing, that needs to go in your submission, and your submission to the RTD. I will get some advice.

Ms LAWRIE: I guess I am asking for your view as Speaker. If you have discretion, are you happy with the existing custom and practice whereby members can hire a car?

Madam SPEAKER: If a member is entitled to a hire car under the RTD then, of course, it would be approved. But, if there is some lack of clarity I will have to seek advice from the chairman, then I can come back to you with some written notice.

A member is entitled to a hire car for parliamentary meetings. A member is entitled to a hire car for party Caucus meetings, but under the Remuneration Tribunal determination, they are not entitled to a hire car if they embark on shadow ministerial travel commitments. The tribunal has given us advice that they expect if the member has a car and has taken the travel allowance, then they use that car.

Again, I come back to the point that I will seek clarification for you from the tribunal chairman as to that practice. If it needs to change I can take it on notice when I have my discussions with the chairman. You, as Opposition Leader, when you have discussions about the annual review of the tribunal and the determinations, you should include it.

Ms LAWRIE: Yes, it is a new interpretation, it has never existed before. Shadow ministers, for years, regardless of who the government of the day was, have travelled and availed themselves of hire cars. It is not practical to travel as a shadow minister to cover a day's work in Alice Springs to spend several days on the road travelling in your own vehicle to get there.

Madam SPEAKER: That may be the case, Opposition Leader, but I am adhering to what is in the Remuneration Tribunal determination. But, I will seek further clarification from the tribunal chairman and bring it back to this committee.

Ms LAWRIE: Sure. Have any certificates of exemption been signed off in the last financial year?

Madam SPEAKER: I could not comment on that, because we do not seek the certificates of exemption, DCIS does. So, it would be a question for the relevant minister.

Ms LAWRIE: You would be aware, though, if any have been sought ...

Madam SPEAKER: We do not get involved in any negotiations. There is none to my knowledge.

Ms LAWRIE: Okay. Have you had any discussions with the Chief Minister as to when the Legislative Assembly will next sit in Alice Springs?

Madam SPEAKER: No, I have not.

Ms LAWRIE: No indication of the next Alice Springs sittings?

Madam SPEAKER: I have not had any discussions.

Ms LAWRIE: When would you need advice to ...

Madam SPEAKER: We need at least six to eight months to plan.

Ms LAWRIE: Have there been any discussions or indication from the Chief Minister as to his intentions in regards to the pursuit of statehood, and whether or not you need to bulk up the staff of the statehood area of the Assembly again?

Madam SPEAKER: Opposition Leader, discussions I have had with the Chief Minister would be of an informal nature on the pursuit of statehood. Statehood questions directly would need to go to the Minister for Statehood. The only thing I could comment on is we have budget allocation of \$600 000 to support an Office of Statehood, but we do not have a dedicated person, at this stage, to work on the path to statehood.

Ms LAWRIE: Are you seeking to employ someone?

Madam SPEAKER: Not at this stage, because we are still waiting. All of government and all of the Assembly is waiting to work out what the program is and where we are going. The Legal and Constitutional Affairs Committee has it on its agenda and it gets discussed at each meeting.

Ms LAWRIE: Thank you, no further questions.

Ms LAWRIE: I am asking all of mine in the whole-of-government, Gerry, seeing we have only one hour.

Mr WOOD: Are you? All right, quickly. How long has the parliament has been using QEnergy for its supply of electricity?

Madam SPEAKER: We are now in our third year of the contract.

Mr WOOD: Where do I find the power bill in the budget?

Madam SPEAKER: It is not in the budget, but I can tell you what it is.

Mr WOOD: I had a look in the annual report too and could not find it there.

Madam SPEAKER: No, it is not in there.

Mr WOOD: Could I ask a question - maybe on notice might be easier because ...

Ms LAWRIE: It is in the documents tabled.

Madam SPEAKER: It is about \$500 000, which includes electorate officers – no, it does not. The cost for Parliament House electricity is \$578 788.90 and the electorate office cost of power is \$89 678.81.

Mr WOOD: My question is getting to how that compares - understanding that power prices increase - over five years when Power and Water was charging you for electricity?

Madam SPEAKER: Member for Nelson, we do not have that documentation. QEnergy won the contract and the tender, so that is what we have for three years.

Mr WOOD: Am I able to ask the question then?

Madam SPEAKER: Because we have the contract with QEnergy we do not have anything to compare it with, because we are not with Power and Water.

Mr WOOD: No, but Power and Water used to give you a bill.

Madam SPEAKER: That would have been three years ago.

Mr WOOD: That is right, Power and Water would also say what your annual usage was. What was the annual usage five years ago? I will go back further because I need a comparison ...

Question on Notice No 1.4

Madam CHAIR: Member for Nelson, I will interrupt you so you can rephrase the question in the one go. Member for Nelson, please restate the question for the record.

Mr WOOD: Madam Speaker, can you tell us what the cost of electricity was for Parliament House over the last five years and - to make sure we are comparing apples with apples - can you give us the usage as well, because I know you have dropped back in your usage according to the annual report.

Madam SPEAKER: We have. I will give you an example, member for Nelson. The main lights in the Chamber were on most of the day and night previously, but I gave the direction that they be turned off when sittings are not on. That has saved us a lot of dollars.

Madam CHAIR: Madam Speaker, do you accept the question?

Madam SPEAKER: Yes.

Madam CHAIR: The question asked by the member for Nelson of Madam Speaker has been allocated No 1.4.

Mr WOOD: I know you were saving electricity, Madam Speaker, because I used a torch to get to my office on the fifth floor last night. Anyway ...

Madam CHAIR: Are there any more whole-of-government questions?

Mr WOOD: Yes, I have a few more whole-of-government questions. With the cost of meals during sittings - you have scrapped them?

Madam SPEAKER: Yes.

Mr WOOD: Could you tell us what sort of savings you have made financially? I will put my other question in there as well. Do you think it has had a detrimental effect from the point of view of members of parliament being able to mix? I feel none of us talk to one another, and that is a sad reflection on the way parliament should be.

Madam SPEAKER: Member for Nelson, the arrangement of providing a hot meal in the evening for members during sittings was introduced by my predecessor, Speaker Aagaard. It is not an entitlement; it was a courtesy provided for members. It was originally in the Speaker's Office, before being moved to the CPA Lounge. Early in the piece, I agreed with the practice on the grounds of OH&S. However, the cost of providing those meals was in the vicinity of \$28 000 per annum, so in the interest of budgetary control arrangements changed. Members receive a ploughman's lunch-type dinner on Wednesday, given it is a late night. As to your other question about integration with other members, I could not answer that, as it is not in my area of responsibility.

Mr WOOD: True, but in days gone by, one of the advantages of the old Legislative Council and Assembly was there was a bar at the back. I am not advocating we all go around the back and have a drink, but I feel it is one of the things missing today. The only time we talk to each other is when we are shouting during Question Time. Having a meal is one way of bringing people together. Perhaps we should have a canteen where you put in your brown paper bag in the morning and get your meal at night.

Madam SPEAKER: Member for Nelson, if you have any proposals you think I could look at to improve services provided to members, I am happy to look at it.

Mr WOOD: Okay. In your 2012-13 report, the purchase of goods and services was down at \$3.3m income. In the budget it says it will be \$6.2m, which is an increase of about 90%. Could you say why that has increased? I will see if I can find the spot where the figure is. It is on page 48 of the annual report 2013. It has \$22 135 as income for sales - I hope I am looking at the right thing, but it is hard sometimes. Is it the appropriation output? Am I looking at the right figure there?

Madam SPEAKER: We will have to take it on notice and analyse the figures for you.

Question on Notice No 1.5

Madam CHAIR: Member for Nelson, clearly restate the question for the record.

Mr WOOD: I was looking at the variation, which I thought was in the purchase of goods and services from 2012 and 2013. I saw there was an increase from \$3.3m to \$6.2m. Could you check whether that is accurate or not?

Madam SPEAKER: We will take it on notice.

Madam CHAIR: Yes, thank you. The question asked by the member for Nelson to Madam Speaker has been allocated No 1.5.

Mr WOOD: Okay. Can I give them a page number? I am looking at page 42 of the budget, and page 48 of the annual report from last year. I will take it on notice anyway.

Madam CHAIR: Yes, if Hansard could incorporate those page numbers into the member for Nelson's question, that would make things clearer.

Mr WOOD: In broadcasting, we have changed from having radio broadcasts to now going over the web. Have you seen whether that has made the Legislative Assembly more accessible to the public? Do you think there has been an improvement?

Madam SPEAKER: Yes, I do, in a couple of areas. We ceased the arrangement with Territory FM to have Question Time broadcast. That was reviewed as a result of the Renewal Management Board looking at cost savings. In regard to getting information about the Assembly, it is live streamed through the Internet. The Clerks at the Table also have a Twitter account from which information goes out. I also have a Twitter account. We are also in the process of finalising to have our Question Time broadcast on the public affairs channel on cable television, APAC.

Whilst I know people appreciated listening to the radio Question Time, there are other ways we are trying to get the information out to the broader community, which includes inviting people to visit parliament to watch sittings - school groups for example - and there is nothing to prevent any commercial operator broadcasting our Questions Time or sittings, except we are not going to pay them.

ABC, as you know, rents a space in the building and takes information directly from the parliament and broadcasts it. Whilst Territory FM does not have Question Time, we have many other mediums we utilise.

Mr WOOD: In relation to our website, I have just come back from overseas where I had a look at three parliaments. Two of those were the parliaments of Hamburg and Stormont Castle. I am wondering if you, from time to time, review how our website works, and perhaps look at other websites to see whether we can improve its friendliness?

Madam SPEAKER: Yes, we do, because I know many people - both internal of government and also external - try to access information. Yes, we review the website and the IT services provided by this department, which includes me and Mr Clerk talking with other Australian parliaments.

From our Legislative Assembly website, people tend to access the home page - 18.5%. The next highest is looking at members of the Assembly specifically. *Hansard* is only about 7%. Then, we have other facts

and figures. As I said, the Legislative Assembly Twitter account has 162 followers and has done 2200 tweets, as they call them. I have 130 followers and I have done 90 tweets in about the last four months.

For the IT services - of which Internet and all those things are bundled into - there is only so much this department can do because we do not have that dedicated IT professional within the department. So, we have to work with DCIS in whatever we do or what we plan to do that involves major restructuring or development.

Queensland parliament has probably one of the better websites which we have looked at, and talked with them. But, their upgrades and their changes was in the millions of dollars, and we just do not have that funding resource.

Mr WOOD: There was another question; it just fell out of my head. Regarding the Asset Management Register, your report basically said it has been abandoned. Has that had any major effect on the department?

Madam SPEAKER: The Building Services Unit of the department works and talks with the Department of Infrastructure on a regular basis in regard to asset management, and receives their advice. When the new Asset Management System is developed or implemented, then we will work with the Department of Infrastructure to make sure it is applicable to the Legislative Assembly.

Mr WOOD: The question I forgot was I noticed while overseas in Hamburg they have what they call a Petitions Committee. Here we have had some complaints about the way petitions are handled. I am wondering whether the government would give any consideration to a Petitions Committee? I presume that committee is given all the petitions that come into parliament, and gives them all a more fulsome response from a bipartisan committee?

Madam SPEAKER: Member for Nelson, two parts to your questions. The standing orders are being reviewed currently, as you are aware, and petitions and how they are handled in this parliament is part of that mix. However, in regard to whether there was another committee associated with this parliament, that is a question you will have to put to the government itself.

Mr WOOD: Thanks, Madam Chair.

Madam CHAIR: Are there any further whole-of-government questions? That concludes consideration of agency-related whole-of-government questions on budget and fiscal strategies. Given the time, I ask if anyone wants to ask a question from any of the outputs?

Mr WOOD: Just the education.

Madam CHAIR: Yes, quickly fire that one off, Gerry.

Mr WOOD: What was the cost of the review?

Madam SPEAKER: \$10 000.

Mr WOOD: How many recommendations were there and how many recommendations were taken up?

Madam SPEAKER: Member for Nelson, I said in my statement all members were given a copy of the review report. It was about 26 recommendations, off the top of my head. They were put into categories of easy to do now, middle, and long term. As I said in my opening statement, the next report is due on 30 June in regard to the implementation phase.

Mr WOOD: Thank you.

Madam CHAIR: Thank you. That concludes consideration of all outputs relating to the Department of the Legislative Assembly. On behalf of the committee, I thank Madam Speaker for attending and also thank the departmental officers who provided advice today. We will take a three-minute break.

The committee suspended

MINISTER TOLLNER'S PORTFOLIOS

DEPARTMENT OF TREASURY AND FINANCE

Madam CHAIR: The committee will now consider output groups relating to the Department of Treasury and Finance.

For the benefit of Hansard, we have Nathan Barrett, member for Blain; Gary Higgins, member for Daly; me, member for Drysdale; the member for Karama; the member for Barkly; and the member for Nelson making up the estimates panel.

Treasurer, I welcome you and I invite you to introduce the officials accompanying you.

Mr TOLLNER: Thank you, Madam Chair. I would like to make a brief opening statement in relation to my responsibilities as Treasurer.

I have with me Under Treasurer, Mrs Jodie Ryan. Other senior Treasury witnesses are with me, including Deputy Under Treasurer, Tony Stubbin, and Mr David Braines-Mead. I also have Assistant Under Treasurer, Craig Graham, and Taxation Commissioner, Grant Parsons.

Madam CHAIR: Thank you, Treasurer. I invite you to make an opening statement of no more than five minutes. You may also choose to table answers to written questions. I will then call for questions relating to the statement. The committee will then consider any whole-of-government budget and fiscal strategy-related questions, before moving on to output-specific questions and, finally, non-output specific budget-related questions.

I will invite the shadow Treasurer to ask questions first, followed by committee members and, 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 rather than waiting for the end of the shadow's questioning on the output.

Treasurer, would you like to make an opening statement?

Mr TOLLNER: Yes, Madam Chair, again, I will address financial and economic issues from a whole-of-government perspective related to the 2014-15 Budget, including the Territory's consolidated financial statements and the fiscal strategy, the management of the former government's projected \$5.5bn of debt, Territory revenue including taxes, royalties and GST, the Northern Territory economy, and the overall cash and program position of the Infrastructure budget. Details on individual agency budgetary matters including specific infrastructure projects are to be addressed by ministers responsible for those portfolios.

In addition to whole-of-government issues, I will answer questions relating to the Treasury, the Central Holding Authority, and the Northern Territory Treasury Corporation. As shareholding minister for Power and Water, I will also address issues in the budget that affect the Power and Water Corporation, including community service obligation payments, dividends and tax equivalent payments. I will also answer questions in relation to the structural separation of the Power and Water Corporation.

Operational or other policy questions relating to the corporation should be discussed at the government-owned corporation scrutiny committee session to be held later this year.

Madam Chair, as part of my opening remarks, I remind those present here today of the progress we have made in relation to winding back the projected \$5.5bn debt burden left by the former Labor Treasurer sitting next to you - a debt that carried with it an interest bill of more than \$420m a year.

The budget I delivered in May secures our children's future by taking direct action to tackle our pressing problems, notably paying back the debt generated by years of reckless spending by the former government. This reckless spending and debt accumulation breached the former government's own *Fiscal Integrity and Transparency Act* and, had they been allowed to continue, would have resulted in a downgraded credit rating putting our kid's futures into a financial abyss.

The government takes seriously its obligation to ensure our way of life is protected. The Giles government also takes seriously the duty to make sure our children enjoy the same prosperity and opportunities that are currently enjoyed by the current generation.

One of the key highlights of the 2014-15 Budget from a fiscal perspective includes a \$1.3bn reduction in the estimated debt left to Territory families by the previous Labor government and an associated reduction in interest payments of \$55m a year. This highlights the difference between the economic management of this government and the one that it replaced. The Giles government is serious about fiscal management and lowering the debt burden on Territory families and our future generations.

Labor preferred to waste millions of dollars on frolics such as the \$70m Asset Management System that simply did not work. It is also apparent the former Treasurer has still, even now, not learnt the lesson of prudent fiscal management. Her budget reply was littered with promises and increased spending with no plan at all to fund these increases. Where would this funding come from? It makes it very obvious she is not concerned about the effect of ever-increasing debt and what effect it will have on future generations. These promises would cost the budget more than \$600m over the next two years and, by the end of the forward estimates, we would be back - and probably in a worse position - to where we started.

Thankfully, as the 2014-15 Budget highlights, under a Country Liberals government the Territory's fiscal position is improving and the economy remains the envy of the nation. This government has also delivered a general government net operating balance surplus in 2014-15, a full three years ahead of the fiscal strategy target.

In addition, there has been a substantial improvement in the fiscal deficit in all years from 2015-16, with a small fiscal balance deficit position of \$39m projected in 2017-18, well within sight of balancing the budget in that year. The fiscal deficit in 2014-15 has increased by \$372m. However, this is due to the expected delay in the completion of the Darwin Correctional Precinct. The delay results in a transfer of \$521m from 2013-14 to 2014-15, without which the deficit would have improved by \$149m since the 2013-14 Budget.

Madam Chair, I am now happy to answer any questions from the committee relating to responsibility for the appropriation bills, budget papers, and the Northern Territory Treasury, the Central Holding Authority, and the Northern Territory Treasury Corporation.

Madam CHAIR: Thank you, Treasurer. Are there any questions relating to the statement?

Mr WOOD: Before we go to questions, can I ask for clarification about outputs so I do not miss out? Which output do issues about housing and loans for houses come under?

Mr TOLLNER: Can you just clarify that?

Mr WOOD: The First Home Owners Grant?

Mr TOLLNER: That is under revenue, Output Group 3.0.

Mr WOOD: Defence industries and community support does not have an output, but you are the minister for Defence.

Mr TOLLNER: I am happy to answer them from a whole-of-government perspective from the Department of Business.

Mr WOOD: I will put in at the beginning of that.

Madam CHAIR: So, are there any questions relating to the statement?

Agency-Related Whole-of-Government Questions on Budget and Fiscal Strategy

Madam CHAIR: The committee will now proceed to consider the estimates and proposed expenditure contained in the Appropriation Bill 2014-15 that relates to the Department of Treasury and Finance. Are there any agency-related whole-of-government questions on budget and fiscal strategy?

Ms LAWRIE: Treasurer, what is driving economic growth in the Northern Territory?

Mr TOLLNER: What is driving economic growth? Clearly, it is the policies of the Giles Country Liberal government.

Ms LAWRIE: But specifically, according to your budget books, what is driving economic growth in the Northern Territory?

Mr TOLLNER: There is a whole range of things. The fact is we have now hung out the open for business shingle. Government has been actively pursuing new private investment for the Northern Territory. There is a range of policy changes we have made in relation to agriculture, freeing up land and water resources. There is a range of things we have done in relation to mining. We have now seen new mines kick off in the Northern Territory since this government has come to office. Obviously, the increased expenditure in tourism will see economic growth into the future.

The way we are doing this is in a range of different areas, most notably cutting red tape, making sure the business environment is available for private operators to invest with a low-cost jurisdiction in which to operate, and a range of other things. As I said, the Chief Minister and other ministers are driving the message interstate and overseas that the Territory is the place to invest. All of those things are compounding the economic growth story.

Ms LAWRIE: In freeing up land and water resources, what role have you played as Treasurer?

Mr TOLLNER: I have encouraged ministers to get out and there and do what they can to make sure there is land available and there are water resources available.

Ms LAWRIE: Have you met with proponents?

Mr TOLLNER: No, those are matters for other ministers.

Ms LAWRIE: You issued a media release about meeting with a proponent regarding sandalwood.

Mr TOLLNER: Yes, they are interested in investing in the Northern Territory. I met with them in my role as Treasurer. In relation to land and water matters, they have met with other ministers in that regard.

Ms LAWRIE: You originally denied you were meeting with proponents, but then had a recollection once I mentioned the media release. In meeting with proponents what is your role and what do you see as the participation of the Treasurer?

Mr TOLLNER: I have several roles. One is, obviously, I am the Treasurer. I want to see more private investment in the Northern Territory. I take a deep interest in that. Obviously, I have a role as a Minister for Business to make sure the business environment is a good place to invest. There is a whole range of different hats I wear that could impact on proponents of any project in the Northern Territory. Maybe you want to be a bit more specific in your question of what you actually want to know.

Ms LAWRIE: Sure. You issued a media release of proponents who subsequently received a very large water licence – sandalwood ...

Mr TOLLNER: Sorry, who was that?

Ms LAWRIE: The company you met with. TCF, I think the title is ...

Mr TOLLNER: Territory – yes, anyhow.

Ms LAWRIE: You issued a media release about the meeting with them. Who attended that meeting with you and them?

Mr TOLLNER: I cannot recall. There were a number of people. It was a delegation from the company.

Ms LAWRIE: Delegation from the company - any overseas investors?

Mr TOLLNER: Obviously, representatives of that large Middle Eastern sovereign fund were there. I was very fortunate to be able to catch up them.

Ms LAWRIE: Okay. So, you are starting to recall them. Anyone else you can recall at the meeting?

Mr TOLLNER: What is your point? Is there someone specifically? Do you want to know who was at the meeting?

Ms LAWRIE: Whatever you can recall, Treasurer.

Mr TOLLNER: As I said, my recollection is there was a large delegation. There was an overseas sovereign wealth fund ...

Ms LAWRIE: From where, sorry?

Mr TOLLNER: The Middle East.

Ms LAWRIE: Where about in the Middle East?

Mr TOLLNER: That is a good question. I did not actually Google them. I know they are one of the largest sovereign wealth funds in the world.

Ms LAWRIE: They did not say where they were from when they were at the meeting with you?

Mr TOLLNER: I think it was Abu Dhabi.

Ms LAWRIE: Right, your recollection is coming back. Was the former Chief Minister, Denis Burke, in the meeting?

Mr TOLLNER: No.

Ms LAWRIE: Are you sure?

Mr TOLLNER: Positive.

Ms LAWRIE: Okay. So, the connection was not there?

Mr TOLLNER: What connection?

Ms LAWRIE: The introduction of the Middle Eastern sovereign fund?

Mr TOLLNER: By Denis Burke?

Ms LAWRIE: Yes.

Mr TOLLNER: No.

Ms LAWRIE: Are you sure?

Mr TOLLNER: Absolutely positive.

Ms LAWRIE: Okay. So, it would not appear on any documentation?

Mr TOLLNER: No. If you want to know what happened, after the meeting I called Denis Burke to see whether he was aware of who they were.

Ms LAWRIE: Okay. What did he say?

Mr TOLLNER: He knew who they were, but that was the extent of it.

Ms LAWRIE: Have you had any discussions with the Water Controller about providing licences?

Mr TOLLNER: No.

Ms LAWRIE: At any stage as Treasurer?

Mr TOLLNER: Never.

Ms LAWRIE: So, no meeting in your Winnellie office?

Mr TOLLNER: Never.

Ms LAWRIE: Never? Bearing in mind you are required to give accurate evidence here, you have never met with the Water Controller to discuss water licences?

Mr TOLLNER: No.

Ms LAWRIE: Right. What is your understanding of the development of water licences in the Ooloo aquifer and the Tindall aquifer? Where is it at currently?

Mr TOLLNER: They are better questions directed to the Minister for Land Resource Management.

Ms LAWRIE: You just said that freeing up water resource allocations was a key priority of yours regarding economic growth. Surely, you are aware of where it is at?

Mr TOLLNER: Absolutely. I do not know what is going on with the Ooloo aquifer or any other aquifers. I am very keen to see that water is made available for people who want to invest in the Northern Territory.

Ms LAWRIE: Would it surprise you, then, to hear that submissions from AFANT, the Northern Land Council, and the Environment Centre are all saying that the Ooloo aquifer is currently now over-allocated and the Tindall limestone aquifer is at its limits in allocations?

Mr TOLLNER: I am not aware of those letters.

Ms LAWRIE: You are not aware of that debate at all?

Mr TOLLNER: I do not believe they are over-allocated, but various people have various views on it.

Ms LAWRIE: If you were advised and aware of any allocations hitting limit or over-allocation, what would your review, as Treasurer, be in the ability to yield agribusiness in these regions, given that all the allocations were fully met already?

Mr TOLLNER: What I do know is that two-thirds of the rainfall occurs on one-third of the country; that is, the top third of the country. We have enormous water resources in the Northern Territory. There are millions of gigalitres of water washed out into the ocean every year. I would be, as I said, surprised if one or two farmers are using the entire water supply we have in that area.

Ms LAWRIE: If the advice went to you, as Treasurer, that the allocations are over-allocated in Ooloo and at maximum allocation in Tindall, yet you are relying on the water resources for a key pillar of your economic growth policy, would you be concerned?

Mr TOLLNER: I would be concerned, obviously, if we were using that level of water. I am concerned that we are using more water than seems available in Central Australia, for instance. These are pressing issues and there are concerns about the Darwin area - the fact that we need a second or third water supply.

Ms LAWRIE: In relation to the Ooloo dolostone aquifer and the Tindall limestone aquifer, the impact on both the Roper and Daly Rivers, and with over-allocation in one aquifer and its limit in the other, you said you are concerned ...

Mr TOLLNER: You are making the suggestion there is an over-allocation.

Ms LAWRIE: AFANT, the Environment Centre, and the Northern Land Council are. If you have said you would be concerned about that what action will you take, as Treasurer, to follow that up and ensure there is a strategic approach to the agribusiness needs of the Northern Territory, rather than what is currently a situation where water has been locked up into the hands of a few?

Mr TOLLNER: My job is as Treasurer not as Minister for Land Resource Management.

Ms LAWRIE: You have said ...

Mr TOLLNER: I have full confidence in the Minister for Land Resource Management to monitor those water supplies and make sure they are sustainable into the future.

Ms LAWRIE: You would not be concerned that one licence was for an increased allocation of 12 000 ML per year from the Ooloo aquifer? You are not concerned about the impact that would have to agribusiness?

Mr TOLLNER: How much water is available?

Ms LAWRIE: I am asking the questions.

Mr TOLLNER: No, you tell me how much water is available.

Ms LAWRIE: Treasurer, it is an opportunity for the opposition to question you. We know you do not like that.

Mr TOLLNER: I am not of the view any pressure is being put on these aquifers.

Ms LAWRIE: You are not concerned the second licence is 9378 ML from the Ooloo aquifer?

Mr TOLLNER: Why would that concern me? I see that as an opportunity for development. If it is being taken unsustainably it is a concern, but why would I be concerned with the fact that people are accessing water to grow crops and provide economic growth in the Northern Territory?

Ms LAWRIE: AFANT, the Northern Land Council, the Environment Centre, and local fishing and tour operators in the region have all ...

Mr TOLLNER: How many of them have responsibility for Northern Territory economic growth?

Ms LAWRIE: ... gone on the public record as stating there is an over-allocation and they are very concerned about that. There is no science modelling to support it. You are the Treasurer, you are responsible for it ...

Mr TOLLNER: Are we going to debate water? You will debate the Treasurer about water?

Ms LAWRIE: You are responsible for economic growth and have stated freeing up water resources is a key priority, so I am questioning you about what your knowledge of the over-allocation is.

Mr TOLLNER: You have no questions on the budget?

Ms LAWRIE: This is about economic growth, Treasurer.

Mr TOLLNER: You have no questions ...

Ms LAWRIE: When asked what your priorities were you said freeing up water resources. Again, AFANT, the Northern Land Council, the Environment Centre, and local fishing and tourism operators all say there is now massive and unsustainable release of water resources from the Ooloo and Tindall aquifers. What, as Treasurer, will you do? Will you launch an inquiry into it to ensure our agribusiness opportunities have not been locked up into the hands of a few?

Mr TOLLNER: That is a matter for the Minister for Land Resource Management.

Ms LAWRIE: You said, as Treasurer, a key priority of economic growth was freeing up water resources. Surely, agribusiness flows from that?

Mr TOLLNER: If you are asking whether I am a subscriber to the one big park theory of the previous government, the answer is no, I am not. I do not want to see the entire Northern Territory turned into one big national park. I want to see jobs, economic development, a future for our kids and the like. Some people might agree with locking away the entire Northern Territory and treating it as one big park, but certainly not this government.

Ms LAWRIE: You will not hold any inquiry or investigation into the allocation of water resources into the hands of a few, given water resources and agribusiness is a key economic driver of your government?

Mr TOLLNER: That is a matter for the Minister for Land Resource Management.

Ms LAWRIE: I thought it would be a matter for the Treasurer, given you have the levers of economic growth.

Mr TOLLNER: No, it is a matter for the Minister for Land Resource Management. I am just encouraging him to make water available.

Ms LAWRIE: Treasurer, as difficult as you find it to say, I refer you to your own overview - page 3 of the *Northern Territory Economy* book, which says:

Economic growth in the Territory is forecast to remain strong over the next two years, supported by onshore construction activity at the INPEX Ichthys project's Blaydin Point site.

Treasurer, is it the case that the key driver of economic growth in the Territory currently is the Ichthys major project worth \$34bn?

Mr TOLLNER: Yes, that is a project we are all very proud of. It was the Country Liberals government that got the gas industry to the Northern Territory in the first place. We got that ever-important foundation customer ConocoPhillips, which provided the impetus to see INPEX set up in the Northern Territory. We are very proud of that. They are doing their bit to drive economic growth in the Northern Territory – well, a lot, I should say. But, it is not the be-all and end-all, there are other industries and businesses and we need to diversify our economy to ensure it stays strong.

Ms LAWRIE: With regard to economic growth, your budget papers also say the curtailment of the operations of the Gove alumina refinery will detract from economic growth in the Territory through lower consumption growth and decreased net exports. It is not able to give a full effect on GSP. Earlier briefings from Treasury had it in the vicinity of 2%. Are you able to provide any further information about the economic impact of the alumina refinery curtailments?

Mr TOLLNER: Let me tell you what is going on there. There are some impacts. There is an estimated \$65m investment by Rio Tinto to increase bauxite export capacity, as well as on-care and maintenance of the facility.

The investment is expected to result in an increase in bauxite exports from about one million tonnes per annum to 6.1 million tonnes in 2014-15, to 8.1 million tonnes by 2016-17, once upgrades to ship loaders and other machinery and equipment is completed.

Rio Tinto invests \$50m to help attract economic activity and support the community transition in the region. This is in addition to the assistance package announced by Rio Tinto to support local business and the community in the region.

Rio Tinto and the Territory government will jointly fund a Regional Economic Development Fund that will explore opportunities to attract new investment into the region. The impact of the loss of alumina exports on net exports in the outer years is expected to be largely offset through the decreasing imports of fuel and caustic soda, and increase in bauxite exports.

Regarding reduced household consumption, reflecting lower employment and population levels in the region, Rio Tinto estimates the size of the workforce at its Gove operations will decline by about 1000 people, but an estimated 400 jobs will remain in bauxite mining and export operations, with these jobs expected to be filled by Territory residents.

Rio Tinto estimates the population of Nhulunbuy will decrease from around 4000 to 2100.

Ms LAWRIE: You have talked about what Rio Tinto is doing with regard to the impact. What are you doing, Treasurer? Where is the structural adjustment package from the Northern Territory?

Mr TOLLNER: We are doing a good job and have a number of bureaucrats working there with the community to ensure there is an ongoing future in the township.

Ms LAWRIE: Where is the structural adjustment package from the Northern Territory?

Mr TOLLNER: We will put in \$2m into that structural adjustment program, but details on that and how it is being done need to be taken up with the Chief Minister's department. They have the lead in those negotiations and discussions.

Ms LAWRIE: You are the Treasurer and the Minister for Business, and you cannot say what extra initiative will occur in a structural adjustment package?

Mr TOLLNER: As I said, the government, is putting \$2m into the structural adjustment package, along with the federal government and Rio Tinto. All of the government discussions with the federal government, Rio Tinto, and the community at Gove are being run by the Department of Chief Minister which coordinates a whole-of-government response. Those questions in relation to what is going on at Gove - Nhulunbuy - need to be put to the Chief Minister.

Ms LAWRIE: So, you are hands off, wiping all responsibility for Nhulunbuy?

Maybe you will talk to us about the cost of living, Treasurer. You promised there would be a reduction in the cost of living. The CLP said to Territorians, 'We will reduce the cost of living,' yet under your watch it has doubled. It has doubled from 2% under Labor to nearly 4% under the CLP. How have you broken this promise so dramatically?

Mr TOLLNER: We have never broken that promise. The fact is we are keeping a tight rein on cost of living pressures. You noticed in your own budget the cost of living was set to increase. In a strongly growing economy, you have cost of living pressures. The reason, of course, is demand always outflanks supply and the cost of living is one of those things which is difficult to keep a cap on.

Having said that, the government is doing an excellent job. This budget contained three things in particular. One is it sets up our children's future. It is about keeping an eye on our children's future and paying back that dreadful Labor debt. Secondly ...

Ms LAWRIE: Treasurer, how is doubling the cost of living containing it?

Mr TOLLNER: Secondly, it is about growing our economy, and that is something we make no apologies for. We are very keen to get out there and drive economic growth. Freeing up water is one of those areas we are looking at to drive economic growth. The third thing is putting a cap on cost of living pressures. We are doing that through increased land release, changes to the First Home Owner Grant, and a number of packages aimed at putting money into mums' and dads' pockets to make living much more affordable in the Northern Territory.

Ms LAWRIE: Again, Treasurer, your own budget papers say Darwin recorded the highest growth in the consumer price index, inflation, the cost of living, in 2013 due to increases in utility prices and motor vehicle registration. How then, Treasurer, are you in any way meeting your commitment to Territorians to reduce the cost of living when your own actions have doubled it?

Mr TOLLNER: Our wages growth more than compensates for cost of living pressures. The fact is people who work in the Northern Territory earn much more than their counterparts in other jurisdictions. As I said, we understand cost of living pressures are hurting Territorians, and, as a government, we are doing everything we possibly can to reduce those by working on land release, bringing the cost of housing down, working on putting money into mums' and dads' pockets to make sure raising a family is affordable, and working on the Power and Water Corporation to find more efficiencies to make sure ever-increasing tariffs are reduced as much as possible. With any hope we will see a levelling off of tariffs into future years.

Ms LAWRIE: But, Treasurer, you have dramatically increased tariffs and motor vehicle registration. Your own budget papers say this has led to inflation and an increase in the cost of living. You are currently offering Territorians less than the CPI in wages. You say assisting the cost of living has been high wage growth. You are currently offering Territorians a 3% wage increase, when the cost of living is running at 3.9%. So, in real terms ...

Mr TOLLNER: No, the cost of living is running at 3.9% for this financial year.

Ms LAWRIE: That is right.

Mr TOLLNER: Next financial year, 2014-15, the cost of living is at 3% and the following year 2015-16 it will 2.8% ...

Ms LAWRIE: It will come in higher than that, Treasurer.

Mr TOLLNER: ...and the year after that, is 2.5%. What people are getting ...

Ms LAWRIE: They are projections. What people are getting today ...

Mr TOLLNER: Of course, they are projections. Your projections show the cost of living is going through the roof. The reality is Treasury projections do not. They show the cost of living in the Northern Territory is coming down ...

Ms LAWRIE: No, it is not, it is at 3.9%. It has doubled. Under you, the cost of living has doubled and, right now, is at 3.9%. You are offering wages growth of 3%, less than the cost of living. How on earth are you compensating people?

Mr TOLLNER: You might want to argue about ABS projections and say they are not real and all of that sort of stuff - which is what you are doing - but I will say again, in the 2014-15 financial year CPI is expected to reduce to 3%, in 2015-16 it is expected to reduce to 2.8%, and in 2016-17 it is expected to reduce to 2.5%. I do not want to have an argument about the merits of the ABS and whether it is a proper organisation or whether it should be doing these sorts of forecasts or not. Clearly, you have other information that, somehow or other, trumps the ABS. It would be ...

Ms LAWRIE: Treasurer ...

Mr TOLLNER: ... great if you could table that other information ...

Ms LAWRIE: ... in 2013-14, right now, Territorians are facing a cost of living at 3.9%. That is double what you inherited under Labor. They are dealing with a doubling of the cost of living under your watch. That 3.9% is the highest rate of inflation in the nation. Your own budget books say that. Yet, you are offering ...

Mr TOLLNER: We have the highest growth rate in the nation!

Ms LAWRIE: Yet, you are offering wages of 3%, which is less than the cost of living increase. In real terms, Territorians are going backwards under your government, yet you promised to reduce the cost of living. Why have you failed so dramatically?

Mr TOLLNER: The average over the forward estimates is 2.7%. The wage increases are being negotiated at 3%, higher than the CPI - let us get that straight for a start.

Second, you might want to convince everyone that the sky is falling in, but the reality is, it is not. Things are improving. We have seen a massive reduction in the projected levels of debt you left the Northern Territory. We have seen a reduction in deficits. We are on track to balance a budget, and the future looks pretty damn rosy for the Northern Territory based on all of the economic advice the Territory government is receiving from Deloitte Access Economics and a whole range of commentators.

The fact is the only person talking things down is you, Leader of the Opposition. You are the one who is trying to suggest that CPI will blow out. If you have that information, table it so we can have a look at it.

Ms LAWRIE: Treasurer, again, how are you meeting your commitment to Territorians to lower the cost of living when, right now under your watch, it has doubled?

Mr TOLLNER: I just explained that.

Ms LAWRIE: People are having to pay an extra 3.9% on everything. That is the impact on the household budget, yet you are offering them wages less than the cost of living. They are going backwards under your watch because, as your own budget papers say, you have hyped up power and water charges and motor vehicle registration. When will you understand that families are doing it tough in the Territory, and small businesses are starting to go to the wall under your policies?

Mr TOLLNER: Leader of the Opposition, with all due respect, you have absolutely no credibility whatsoever in this area. You left the Territory with a projected \$5.5bn worth of debt ...

Ms LAWRIE: With a 2% CPI.

Mr TOLLNER: You left the Territory in an absolute financial mess ...

Ms LAWRIE: 2%, you have doubled it.

Mr TOLLNER: We were looking at being downgraded by Moody's Credit Rating Agency ...

Ms LAWRIE: Will you answer the question on inflation?

Mr TOLLNER: In your budget reply speech, you added another \$600m-odd to the bottom line ...

Ms LAWRIE: We have heard your fantasy, we go to the facts.

Madam CHAIR: Opposition Leader, cease interrupting the minister.

Mr TOLLNER: ... of the Northern Territory budget. Now, you seem to think you can come in here and suggest we are doing the wrong thing because we are fixing your mess. You have to be joking! You were an absolute failure when you were Treasurer.

The fact is we were projected to have \$5.5bn worth of debt. Look around and see what we have to show for that. We have the prison Mahal. What a great legacy you have left Territorians! The best prison in Australia. The fact is ...

Mr WOOD: Better than the hellhole you have them in at the moment, isn't it?

Mr TOLLNER: Well, better than the hellhole. The question is where do we want to spend our money? Do we want to spend it looking after prisoners or trying to drive economic growth in the Northern Territory? Clearly, the previous government thought it was great to spend money on a five-star hotel for prisoners ...

Mr WOOD: It is not a five-star hotel. I object to that.

Madam CHAIR: Member for Nelson!

Mr TOLLNER: I will take your interjection, member for Nelson. The fact is we are not into providing prisoners with luxury digs in the Northern Territory ...

Mr WOOD: Have you heard of Sentenced to a Job?

Ms LAWRIE: Madam Chair, this is way off.

Mr WOOD: Sentenced to a Job is a good thing.

Ms LAWRIE: It is of no relevance.

Madam CHAIR: The minister is answering the question.

Mr WOOD: He wants to rubbish something ...

Mr TOLLNER: If you want to sit here and argue government policy ...

Ms LAWRIE: Absolutely no relevance.

Mr TOLLNER: ... and how we manage the economy and government finances, I am more than happy to do that. It is a bit difficult, though ...

Mr WOOD: You would have them back in Port Arthur.

Mr TOLLNER: ... when we are taking questions from the same person who left us in this financial abyss that was currently projected to happen. As I said, one more budget from the Leader of the Opposition would almost have spelt the end for the Northern Territory ...

Ms LAWRIE: Goodness me!

Mr TOLLNER: You can giggle and laugh, but people want to make sure the government is handling their money ...

Ms LAWRIE: Treasurer, can we get on with questions? This is estimates.

Madam CHAIR: Opposition Leader, the minister is answering the question.

Mr TOLLNER: You asked the question, let me answer.

Ms LAWRIE: You are not answering the information question at all. You have gone on an ideological rant.

Madam CHAIR: The member has the discretion to answer the question, Opposition Leader.

Mr TOLLNER: The fact is you left the Territory in a mess ...

Ms LAWRIE: You have gone on an ideological rant – again.

Mr TOLLNER: We are doing everything within our power to fix up your mess ...

Ms LAWRIE: Rubbish. What is fuelling economic growth? Ichthys. Who got that – Labor.

Mr TOLLNER: Look at our economic growth, read the budget papers.

Ms LAWRIE: What will happen to state final demand under your watch? Treasurer, what is happening to state final demand?

Madam CHAIR: Opposition Leader! Minister, are you still answering the question?

Mr TOLLNER: No, move on to another one.

Ms LAWRIE: Excellent. Under your watch, Treasurer, state final demand starts to drop away in 2014-15. That is a very soft domestic economy. Whilst we have Ichthys, the major project fuelling our economic growth, we have the haves and have nots. Businesses are doing it tough across a range of sectors. Your state final demand figures show a significant drop off over the next few financial years. What are you doing? What projects will you deliver to turn these figures around?

Mr TOLLNER: We do not take a lot of notice, in the Northern Territory, of state final demand figures. The reason is part of state final demand includes overseas purchases. As you correctly allude to, Leader of the Opposition, we have the Ichthys project at the moment which has some enormous purchases within it. We see enormous fluctuations in state final demand because of these international purchases and the like. For a much better picture of the state of the economy we prefer to focus on gross state product, which is a much fairer way of measuring the strength of our economy as opposed to state final demand. I will say it again: state final demand in a small jurisdiction like the Northern Territory – 230 000 people seeing a \$34bn project - state final demand will fluctuate as some of those big offshore purchases are signed and delivered.

Ms LAWRIE: In your books, whether you look at GSP or state final demand, economic growth is being delivered through the Labor Ichthys project - nothing the CLP has done. All the data in these books show the Ichthys project is driving economic growth. The data also shows in the books, Treasurer, that drops away from a peak of 2014-15. What project is your government delivering to turn these figures around?

Mr TOLLNER: That is a good question and I will take up the first bit. Labor liked to claim the Ichthys project, and good on you; no one is knocking you for that. However, the reality is the foundations of the project were with ConocoPhillips and the works done by previous governments. Ichthys would not have come here if we did not have a demonstrated ability to deal with oil and gas projects in Darwin, and that foundation was put in place by previous governments.

In relation to what we are doing in to the future, we are working overseas and interstate to attract private investment to the Northern Territory. We want to diversify our economy. As you well know, with accrual accounting and the way Treasury operates, projects are not put into Treasury figures until there are signed documents or there is something very clear about projects happening ...

Ms LAWRIE: Low-hanging fruit, what are you going after? Anything? Name any project.

Mr TOLLNER: What are you talking about?

Ms LAWRIE: In private investment in the Northern Territory, which drops away from 2014-15 according to your own books - whether it is GSP or state final demand. Name any project – low-hanging fruit your government is going after?

Mr TOLLNER: There is a range of things our government is doing. As I said ...

Ms LAWRIE: Name them!

Mr TOLLNER: Agriculture. We are looking to get more food growing in the Northern Territory.

Ms LAWRIE: How?

Mr TOLLNER: By freeing up water resources.

Ms LAWRIE: You have given away the water resources to a few people - your mates.

Mr TOLLNER: To whom?

Mr WOOD: Sandalwood is not a food.

Mr TOLLNER: No, it is a timber. It is produce.

Ms LAWRIE: How can you, when the water is already allocated to your friends?

Mr TOLLNER: You do not think those projects will work?

Ms LAWRIE: They will not give you the scale of an agribusiness economy you say you will pursue because you have already allocated the water to your mates.

Mr TOLLNER: Are you saying there is no more water?

Ms LAWRIE: Have you done any modelling on it all, as Treasurer? Have you done any modelling on what you have done with water extraction licences?

Mr TOLLNER: The government is focused on getting more agriculture in the Northern Territory. We are working at making sure farming is available - whether it is timber, food, cropping or the like. There are enormous efforts being put in by the Department of Primary Industry ...

Ms LAWRIE: Water has been allocated. What economic modelling on that allocation shows what you would yield?

Mr TOLLNER: Do you ever hush? Could you let me answer a question before you rudely butt in?

Ms LAWRIE: What economic modelling do you have on the water allocations that will show the economic yield? Have you done any?

Mr TOLLNER: Can I answer the previous question?

Madam CHAIR: Minister, you have the call.

Mr TOLLNER: We are driving economic growth through greater investment in agriculture. We are freeing up water resources and land availability. The government is focused on delivering Ord Stage 3, and there is a lot of work being put in place there. There is also a lot of work being put in place on the Tiwi Islands with proposed farming. There is work going on in the Daly and around Mataranka and the Katherine regions.

We are also looking further afield at how we might get agriculture happening in Central Australia. Similarly, the minister for Primary Industry has been doing an enormous amount of work repairing the damage caused to the live export market by the previous Labor government and previous federal government. All of those things are taking place on the agricultural side.

On the mining side, an enormous amount of work is being done to foster exploration. People will be aware of the commitments government has made to support mineral and oil and gas exploration onshore. This is something we are very keen to support.

There is work going on in the tourism industry. In some of these things, there are long lead times. We have a big marketing spend in tourism. People do not run out and book a trip immediately, but we would expect to see the fruits of those investments in the next 12 to 18 months.

On top of that, the government is pushing a pro-business agenda. We have made intimations we want to see a second port and a secondary industry park in the Glyde Point area.

We are doing a whole range of things to drive economic growth across the Northern Territory. We make no apologies for that because we want to get away from the boom and bust cycle - the one big project mentality which the previous government was focused on.

Ms LAWRIE: Treasurer, under economic growth, the only driver is the Ichthys project. You cannot name what the next driver will be. You go to agribusiness and have no economic modelling around the water resource allocation and what those yields will be.

You have also acknowledged that inflation has doubled under your watch, that wages growth in real terms is 3% less than inflation.

Finally, to the area of revenue under your watch, Treasurer, national partnerships are reduced in Commonwealth funding to the Territory by \$73m. Under your watch, we will get \$73m less in national partnerships. How will you deal with this revenue deficit from the Commonwealth?

Mr TOLLNER: I do not accept the premise of the question.

Ms LAWRIE: On page 81, Central Holding Authority, national partnerships has a \$73m reduction.

Mr TOLLNER: Oddly enough, it seems the federal Coalition has inherited a similar situation. I say similar because it is nowhere as near as bad as what we inherited in the Northern Territory. They, clearly, have to make savings as well.

Ms LAWRIE: How will you deal with a \$73m reduction in national partnership funding? Will the services cease?

Mr TOLLNER: The only things that have ceased are some agreements under national partnership agreements. They might total up to \$73m, but they were always going to cease.

Ms LAWRIE: You do not know? You are the Treasurer.

Mr TOLLNER: Any contracts we currently have with the Commonwealth government are being maintained.

Ms LAWRIE: There is a \$73m reduction from last financial year to this financial year in national partnership funding from the Commonwealth to the Territory. So, under your watch we are going backwards in funding from the Commonwealth in partnership programs.

Mr TOLLNER: Yes, they are being renegotiated.

Ms LAWRIE: They are being renegotiated, so it is up in the air. How are you going with those negotiations?

Mr TOLLNER: It is obviously up in the air. I do not know whether you are living in a bubble, but the fact is the federal government has a projected debt of \$667bn. It found itself with a ...

Ms LAWRIE: You are okay with a \$73m reduction?

Mr TOLLNER: The federal government had a \$50bn budget deficit, thanks to Wayne Swan. These things seem to mean nothing to you, Leader of the Opposition. It is the same as when you gave your budget reply. These things mean nothing to you, which is why you were quite prepared to go on spending money. That fact is that ...

Ms LAWRIE: Treasurer, what are you doing about the \$73m?

Mr TOLLNER: ... these national partnership agreements have expired, we have to renegotiate them. Whether we will get that money back - or more or less - is up for negotiation. I suggest, given the fiscal position of the federal government, it might be looking to reduce funding to the Northern Territory.

Ms LAWRIE: Would you be comfortable with that?

Mr TOLLNER: No, I would like to see the magic pudding continue forever, but the fact is it will not. There are some of us who live in reality and some who live in some sort of fantasy world who think money just grows on trees.

The job of the Treasurer is to take into account all extraneous circumstances around us, and those things which impact on us, and craft a budget that will see us operating sustainably into the future. This is something you did not do, because you never had a plan to repay that debt, and you never had any way of telling anyone how you would repay the debt. In fact, you came in here two weeks ago and spent another \$600m ...

Ms LAWRIE: Welcome to today. Let us deal with your budget.

Mr TOLLNER: Goodness me, how pathetic is that?

Ms LAWRIE: Treasurer, let us deal with your budget. You received a series of written questions. Can you please table the responses?

Mr TOLLNER: Yes, I might read them out.

Ms LAWRIE: It is already established practice that they are tabled. Madam Speaker tabled them.

Mr TOLLNER: My understanding was that members of the committee wanted them read out.

Ms LAWRIE: Gerry, are you okay if he tables them?

Mr TOLLNER: Hang on, does the Chair have a role in any of this, or are you dictating everything?

Madam CHAIR: Minister, it is at your discretion. Madam Speaker did table them.

Mr WOOD: How many pages of questions do you have?

Mr TOLLNER: Not that many, so I could whip through them fairly quickly.

Mr WOOD: As much as I think questions should answered here, that is going to the point of ridiculous, and you know you are doing that on purpose.

Mr TOLLNER: I am more than happy to table them, if it makes the committee happy.

Ms LAWRIE: Thank you, Treasurer, that was not so difficult after all.

Mr WOOD: Your laugh gave you away.

Mr TOLLNER: I am here to respond in any way I can to this committee. You can ask me any question you like, however you like, and I will do my best to respond to it.

Madam CHAIR: Thank you, Treasurer.

Ms LAWRIE: I have no more whole-of-agency questions.

Madam CHAIR: Are there are other questions?

Mr McCARTHY: Yes

Madam CHAIR: Member for Barkly

Mr TOLLNER: I thought the shadow Treasurer got first go. Anyhow, clearly not.

Ms LAWRIE: The Leader of the Opposition, by convention, always gets first questions.

Mr TOLLNER: Really?

Ms LAWRIE: You obviously have an issue with that.

Mr McCARTHY: You are always learning, Treasurer, and there is always potential.

Mr TOLLNER: In the changing world, it is the learner who survives, and the learned who struggles.

Mr McCARTHY: Treasurer, I am interested in some of your opening statements about developing the economy of the Northern Territory. You mentioned the new mines which have kicked off since the CLP came to government. That was in August 2012. What new mines does the CLP claim credit for?

Mr TOLLNER: I suggest there is a swag of them, but those questions are better put to the Minister for Mines and Energy.

Mr McCARTHY: I rattle around the Territory considerably in a motor vehicle, and I could probably answer that question for you. However, I am really interested since you have made the statement, which new mines the CLP claims credit for since August 2012 in the Northern Territory?

Mr TOLLNER: As I said, that is a question that should be put to the Minister for Mines and Energy. I would not do the answer justice. The minister is far more up to date with what is going on in the Northern Territory than I am, and I would not possibly want to try to steal his thunder. Ask him that question yourself.

Mr McCARTHY: Treasurer, you are not giving me any confidence in the Territory's economic future. However, let us talk about one mine which has recently gone into production. Let us talk about Western Desert Resources. In that mine - having helped you out - I remember negotiations vividly through the previous Labor government to get that mine out of the ground. Another point in your statement was to also establish the Limmen River National Park and Maria Island Marine Park associated with that mining venture, and also the Sherwin Iron mining venture. Is that mine paying anything to the Northern Territory government yet?

Madam CHAIR: Treasurer, can I just interrupt you for a moment? We have just had a change of makeup of estimates. We welcome Nicole Manison, the member for Wanguri, in the place of Delia Lawrie, the Opposition Leader.

Mr TOLLNER: Member for Barkly, I am informed I cannot answer that question because of commercial-in-confidence and secrecy provisions in relation to those matters.

Mr McCARTHY: Let me rephrase that then. Are royalties streaming to the Northern Territory government from Western Desert Resources yet?

Mr TOLLNER: What I can tell you, member for Barkly, is when the company is making a profit, absolutely the royalties will be flowing to the Northern Territory government. However, I cannot give you details about the value of those royalties or whether they are currently making a profit or not. That is not something I can disclose.

Mr McCARTHY: I respect that, Treasurer. I also respect the company's rights. You have just highlighted a point I was trying to get to. When the mine starts making a profit, is that when the Northern Territory government will see royalty payments?

Mr TOLLNER: Yes.

Mr McCARTHY: Have you factored in any royalty streams to your economic plan you are telling us about today to grow the Territory?

Mr TOLLNER: We can only factor in what the royalty payers tell us in relation to if and when they will be making profits and the payments they will be making. We cannot, obviously, disclose when they suggest they will be making profits and what sort of profits they are making at that particular point in time.

Mr McCARTHY: In economic modelling, you are just working on assumptions when you make a statement around new mines in the Northern Territory?

Mr TOLLNER: No, no. I will make that statement again. We do factor things in based on what the royalty payers tell us they expect to be paying, but we cannot disclose what they have told us - basically when they will be making a profit and when they will be making royalty payments. Anything that is disclosed to Treasury is factored in, but we cannot give a breakdown, obviously, mine by mine.

Mr McCARTHY: How does that feature in the budget, then, and your forward estimates reducing your projected debt?

Mr TOLLNER: If you look at Budget Paper No 2 on page 16, you will see disclosed mining royalties income. We have the estimate that was received for 2013-14. We also have a budget for 2014-15, but it remains flat in the outer years. There is no change to that rate in the outer years because we simply have not been advised what those rates will be, and it is probably too difficult to calculate.

Mr McCARTHY: So, in your statement about economic growth and development, it really is an unknown?

Mr TOLLNER: This is a good point you make. There are many things that are unknown in the budget. The way Treasury puts together budgets is only on known events or transactions. For instance, you know we have a desire for a second port. That is not factored into the budget because there is nothing signed up, there are no proponents, there is no money allocated to it, and the like.

Similarly, there are very strong views that we are expecting expansions in the oil and gas industry. Those things are not factored in until there are contracts in place. So, in that regard, Treasury's budget papers will always look relatively conservative because they only encapsulate known facts. It does not take into account ideas I or Cabinet might have about where the Territory is heading.

My view is these numbers are quite conservative and, in the outer years at least, we will see stronger economic growth, as is projected, because I believe more projects will come online.

The other side of the coin is things like natural disasters are not predicted. Next year we could be hit by a cyclone which will, obviously, throw the budget - our projections will be completely misguided. There is an upside and a downside. Treasury is very much reporting on the reality that is now; that is, contracts signed up rather than speculation about what industries or projects may get off the ground in the future.

Madam CHAIR: Treasurer, I will call a five-minute break for the committee as we have been going for two hours. We will see everyone back and continue with the member for Barkly's line of questioning on whole-of-government. Thank you.

The committee suspended

Madam CHAIR: We will recommence now, thank you. We are pursuing a line of questioning under whole-of-government by the member for Barkly.

Mr McCARTHY: Thank you, Madam Chair. Treasurer, we will go from projected to quantified ...

Editor's Note: *Technical problem - no audio recovered from 10:37:14 to 10:37:58.*

Mr TOLLNER: ... obviously, when you spend \$521m, you see an impact on jobs and wages, it employed many people, without a doubt. The question is could the Territory afford it? Could we have done things better? My answer is yes. However, detailed questions about the prison should be directed to the Minister for Correctional Services.

Mr McCARTHY: Treasurer, I take that great advice. However, with regard to the economy, you are talking about the economic future, but you have also claimed considerable credit for the economic presence. What impact did that construction project have in delivering new Territory revenue?

Mr TOLLNER: There could have been an impact on payroll tax, I suggest, but nothing shows up in any meaningful way in the budget papers.

Mr McCARTHY: But good for the economy, no doubt - 1000 jobs, a major construction project?

Mr TOLLNER: It is an interesting take 'good for the economy'. Is it good for the economy the Northern Territory government goes a further \$521m into debt? This is a line your member for Casuarina took. In last year's budget, 'We had to go into debt because we had to pay teachers, doctors and nurses'. Whilst that might sound good for the previous government, that is generally frowned upon in financial circles because you are borrowing money to pay day-to-day expenses, and that seems a bad thing. Do we need a prison Mahal - a five-star prison - at this point in time?

Mr WOOD: Bear in mind it is one that cares and tries to change people's lives around.

Mr TOLLNER: Well ...

Mr WOOD: Gets them a job.

Mr TOLLNER: ... caring ...

Mr WOOD: No, not in a silly way, in a proper way.

Mr TOLLNER: Is that the best use of taxpayers' money? Our strong view is it is not.

Mr WOOD: If they do not go back to prison it is a good use of taxpayers' money.

Mr TOLLNER: We have seen a whole change in Corrections' policy. I do not want to go into that detail too much, as that is a matter for the Minister for Correctional Services. I put it to you we are seeing fewer prisoners in gaol and less recidivism rates ...

Mr WOOD: You are seeing a flattening out, not less.

Mr TOLLNER: We have not started using the new prison yet, it has been delayed. The fact of the matter is we are achieving those results without this new prison operating so, from our point of view, it was an extravagance the Territory could not afford.

Mr McCARTHY: Leaving aside the economic stimulus package and those 1000 jobs over a very critical time in the Northern Territory to keep the economy going, have you done any economic modelling of the concept of justice reinvestment or rehabilitating Territorians through the Correctional Services system, which then makes them earners for the Territory and part of the economy and economic stimulus?

Mr TOLLNER: All of that work has been done by the Minister for Correctional Services, and the outcomes we are seeing from his department are very encouraging. Sentenced to a Job seems to be working quite well, we are seeing more people going into employment. However, for detailed explanations of that you need to address questions to the Minister for Correctional Services.

Mr McCARTHY: You mentioned you have seen that, and you are obviously interested in it as the Treasurer. What is your take on it?

Mr TOLLNER: Our Minister for Correctional Services is doing a sterling job – a fine job indeed - and we are seeing reductions in recidivism and crime. That is largely due to the work the Chief Minister and the Minister for Correctional Services have been doing in that area - all done without the need for this new prison Mahal.

Mr McCARTHY: Treasurer, recidivism nationally is measured over two years minimum. The CLP has been in for two years minimum, so what economic modelling have you looked at, or are you interested in, of recidivism rates? It is a big call for you to claim any reduction in recidivism based on national statistics and research. In justice reinvestment and investment in rehabilitation of disadvantaged Territorians, what have you seen? What has the minister presented to the Treasury?

Mr TOLLNER: He has presented very encouraging figures. I ask you to ask him those questions when you have him here later this afternoon – I am not sure if it is this afternoon or tomorrow.

Madam CHAIR: This evening.

Mr TOLLNER: Yes, it is not too far off.

Mr McCARTHY: So encouraging ...

Mr TOLLNER: You do not have to wait too long at all, and you will have all of that information. He is busting at the seams to impart it.

Mr McCARTHY: I can imagine. I congratulate your government and that minister on the continuation of Labor's new era in Corrections that will show, over three years and beyond, a possible reduction in recidivism.

However, in the economics around this, you must be interested. You mentioned that he is doing a sterling job. What is translating into Treasury briefs about that sterling job? I do not think you are talking about it at all, Treasurer.

Mr TOLLNER: I will say it again. Crime statistics are looking better, prisoner numbers are reducing or levelling out ...

Mr WOOD: It is a difference.

Mr TOLLNER: We have been in government now for just under two years. It is early days, but the figures we are seeing are very encouraging. These things have to be looked at as a whole, it is not one specific program that does the job. There is no silver bullet, as you know, in lots of these things. For more detail on all of those programs - to get a fulsome answer and as much of the detail you are chasing - you need to put those question to the Minister for Correctional Services.

Mr McCARTHY: Will do, Treasurer, will do. Just between me, you, and the gate post, we are saying the investment in justice across the Northern Territory is worthwhile?

Mr TOLLNER: Obviously, we came in on a platform to reduce crime, and that is something we are making a lot of inroads in. The fact is all of our ministers are looking at what we have inherited, trying to find out what works and where we can do things better. That is what they are doing.

As for the detail around the reduction in crime, incarceration rates, and recidivism, you need to ask those relevant ministers. But, as far as the economy is concerned, there has been no great impact either way from the spending on that prison.

Mr McCARTHY: Let us talk about that one last time. Coming off the back of the global financial crisis, saving Territory jobs, we had 1000 people working on that site at its peak time. You are also congratulating the minister on great work he is doing in investment in justice. Seriously, then, this is a really good economic story for the Territory's future? Yes?

Mr TOLLNER: No, no, it is ...

Mr McCARTHY: Please explain, minister.

Mr TOLLNER: ... as I said, an extravagance we did not need to have.

Mr McCARTHY: Would you prefer cages? Have you been to Berrimah prison, minister?

Mr TOLLNER: Yes, I have been out there on one or two occasions. In my experience getting around the country and around the world, prisons are not meant to be comfortable. They are not somewhere where you send someone for a luxury holiday. They are places where people are sent to do time and are meant to be a deterrent to crime. Building a five-star hotel is not, in my view, a deterrent to crime. If the thing was not built as a deterrent to crime, but was built to stimulate the economy, that is another thing again.

My view is you could have spent the money better elsewhere, received the same bounce in the economy, but given something of lasting value to Territorians other than a five-star prison.

Mr McCARTHY: Treasurer, I want to get off this, but you just keep dragging me back in. Let me talk about efficiencies. If you have been to Berrimah and have been in B Block, for a prisoner's family visit - and let us say we both agree that is a good thing in rehabilitation - are you aware of the logistics that are needed to get that prisoner out of a series of what are literally cages to the visiting area, and how many officers are needed? In other words, what I am saying is, are you aware of the complete, inefficient operation of the Berrimah prison that costs taxpayers an enormous amount of money, and the risks of safety of staff and the prisoners? Are you aware of the new Darwin Correctional Services precinct delivering new efficiencies - the state-of-the-art Correctional Services efficiencies - that will actually save the Territory taxpayer money?

Mr TOLLNER: I am not aware of any efficiencies that will save the taxpayer money in those areas. I will pull you up at the initial point you made. Most people, in my view, concede that people who end up in prison have committed very serious crimes - not the run-of-the-mill type of crime. My view is people do not have a lot of sympathy for the rights of people who find themselves in gaol after committing serious crimes. Whilst it may be of overwhelming interest to you that they have a comfortable lifestyle and access to family and friends while they are doing hard time, I do not know whether the community shares that same priority.

Mr McCARTHY: Minister, you should sit with me at the back when the minister for Corrections is in the Chair because you have a lot to learn. I will just leave ...

Mr TOLLNER: I am not the minister for Corrections. Perhaps you should be directing some of these questions to him because the lifestyle of prisoners is not really an area of my expertise.

Mr McCARTHY: Yes, that has come across very clearly, Treasurer.

Mr TOLLNER: Yes, that is right and I do not make any bones about it. In the Northern Territory, the community expects us to be tough on crime, and that there is some sort of punishment for people who commit serious crimes. I am not certain they think building a five-star luxury hotel for prisoners is the best use of taxpayers' money.

Mr McCARTHY: It is not a five-star luxury hotel. For the public record, I advise another statistic, Treasurer; that is, 60% of the Territory's prison population is there for low-level offences relating to alcohol and motor traffic. The whole idea ...

Mr TOLLNER: You do not end up in prison without committing some sort of serious crime.

Mr McCARTHY: The whole idea of the new infrastructure is to deliver better outcomes which will save the ...

Madam CHAIR: Member for Barkly, do you have a question for the Treasurer?

Mr McCARTHY: Yes, Madam Chair, I will move along. You mentioned the Ord River Stage 3 as a major pillar in your economic plan. The budget appropriation in 2014-15 is about \$400 000. What does that deliver for the future?

Mr TOLLNER: That is a very good question and something you should direct to the Minister for Primary Industry and Fisheries.

Mr McCARTHY: Treasurer, would you say ...

Mr TOLLNER: Will we get a question relating to the budget or the economy?

Mr McCARTHY: Yes, I have those on another page.

Mr TOLLNER: You are asking a lot of questions that should be directed to other ministers.

Madam CHAIR: I remind ...

Mr TOLLNER: I am happy to try to answer them, but ...

Mr McCARTHY: Let us keep going then.

Mr TOLLNER: ... but I do not see it as my role to step into another minister's shoes. It is not appropriate either.

Madam CHAIR: I remind members of the committee, and the Treasurer, that ministers cannot be asked for an expression of opinion. We have had quite a few of those and I have been very flexible, but I am tiring of it. If we can get to agency-related whole-of-government questions, we can keep this show moving.

Mr McCARTHY: Thank you, Madam Chair. I would not want you to get too tired - you have a fortnight ahead of you.

Madam CHAIR: I will outrun you, member for Barkly, do not worry. Just keep chugging away at the Treasurer and we will have a good day.

Mr McCARTHY: No worries, Madam Chair. Treasurer, speaking of the Ord River as a mega infrastructure project, what sort of budget appropriation do you think we need to keep pace with that as a major pillar in our economic development?

Mr TOLLNER: That is a good question. Much of what government is doing is about attracting private investment. One would hope that by making land available private investors would do the work required to set up suitable infrastructure. The fundamental difference between this government and the previous government is we are making land available to private investors providing they commit with real money.

Mr McCARTHY: You have no real modelling around infrastructure requirements?

Mr TOLLNER: I have met with several different groups which are very keen to access land at the Ord River Stage 3 side. They say they are not that interested in what government provides because they see it as their role to provide the necessary infrastructure. My job, as Treasurer, is to limit the cost to government and, at the same time, provide the stimulus for economic development and growth. If that stimulus is provided by way of reduced red tape through a government focused on trying to find ways to say yes rather than no, the business community will be more than happy to invest their money.

Mr McCARTHY: Good luck with that, Treasurer. What is your latest communication with the federal government about mega infrastructure?

Mr TOLLNER: About the Ord specifically ...

Mr McCARTHY: Absolutely.

Mr TOLLNER: ... or any infrastructure?

Mr McCARTHY: No, let us talk about the Ord.

Mr TOLLNER: I have not had any discussions with the federal government about the Ord. That is a matter for the minister for Primary Industry.

Mr McCARTHY: It is interesting that you say that. I will ask the minister about that because he has gone very quiet on the Ord. From the big bang when the CLP came into government to the last 18 months, there has been no talk about the Ord. Looking at that budget appropriation, I found it very interesting that it seems to have dropped off your radar. Would that be correct, minister?

Mr TOLLNER: I would not have thought it has dropped off our radar or that the minister has gone quiet on it. However, again, they are questions you need to direct to the minister, not to me.

Mr McCARTHY: Let us move on to the second port, which is a good idea - let us get that right. I presume government will be thinking about a bulk commodity port.

Mr TOLLNER: Thank you.

Mr McCARTHY: That is one thing, but what about the deficits we have with the north Australian rail line and the need for passing loops? That is a private company you have directly in your sights, Genesee & Wyoming Australia owns that infrastructure. It is already in need of critical passing loops, I am advised, to the tune of around \$40m to satisfy the immediate customers coming online. Have you had any discussions about that infrastructure with a private company?

Mr TOLLNER: No, those are matters for the Minister for Transport and the Minister for Infrastructure.

Mr McCARTHY: There are many ministers to talk to but, as the Treasurer, I can clearly see your seat at the Cabinet table. Having sat opposite a Treasurer for four years, I know exactly what goes on. Have you been having those discussions with ministerial colleagues about the need to get the private sector involved and stump up the cash?

Mr TOLLNER: Absolutely. Regular discussions we have in Cabinet meetings are how we get more private sector involvement in the Northern Territory, fast-track projects, and get out of the way of business and let

them do their business. All of those things are matters for discussion. However, when it comes to specific infrastructure programs, who is promoting them, and who is looking to invest they are matters for the Minister for Transport and the Minister for Infrastructure.

Mr McCARTHY: With all respect to the member for Nelson, it is the chicken and egg story. Do you not think you should be getting the supporting enabling infrastructure right before you start looking at a second port?

Mr TOLLNER: Yes, they are matters for the Minister for Transport and the Minister for Infrastructure. It is the same bloke.

Mr McCARTHY: It goes to where the second port would be as well, would it not?

Mr TOLLNER: Yes, that is right.

Mr McCARTHY: Where do you think the second port should go?

Mr TOLLNER: My personal view is it should go out to Glyde Point. That has been on the drawing board for many decades. There are plans for that, and you need to discuss them with the minister for Lands and Planning. You need to discuss the infrastructure requirements with the Minister for Infrastructure. What happens on the railways lines, roads, and airways you need to discuss with the Minister for Transport.

From my point of view - I am very encouraging of these projects - I want to see more private sector involvement and I am trying to limit the amount of money government has to contribute to get these projects off the ground.

Mr McCARTHY: We will leave it there from me, Treasurer, but it is a high-level position you hold from your responses.

Madam CHAIR: Are there any other questions on whole-of-government?

Mr WOOD: Yes thanks, Madam Chair. The basis of this government is the saying 'open for business'. I have nothing against the government being open for business, but how much weight do you place on being open for business regardless of anything else, versus open for business in a sustainable manner?

I say that because if you go down the path of open for business in a non-sustainable manner, we will be paying the cost of it in the future. Do you put any weight on looking on the counter side before we open up land for development, which is what will be the future costs if we do not do it properly?

Mr TOLLNER: Yes, we do. That is a good question. We do not want to kill the goose that lays the golden egg. I could have said the chicken.

Mr WOOD: I know, but they do not lay golden eggs.

Mr TOLLNER: In the Northern Territory, all of our wealth, prosperity, the divine gift we have been given, is in our natural resources. When you look at the industries we are most focused on such as oil and gas, mining, agriculture and tourism, they all take place in the natural environment. The fact is we are dependent on our natural environment, so all of these developments need to take place in a prism where the environment is protected into the future.

We are not backing away from taking a tough line on making sure it is protected, even when we say we are allocating water. Again, I do not intend to answer questions in this area. It is very important to make sure those resources are sustainable into the future. All of our assets have to be sustainable into the future.

From a financial perspective, we want to make sure projects are sustainable into the future. I will give you a case in point. The previous government saw the global financial crisis as a reason to waste money. It thought that was good for the economy, and we now know that sort of spending was unsustainable. Had we had maintained that, and that government been allowed to continue, we would have seen the Northern Territory head towards a financial abyss - go over the cliff, so to speak.

Everything we are doing is focused on sustainability into the future. We want to ensure things are financially, environmentally, and socially sustainable into the future.

Mr WOOD: Thanks, minister. I remind the minister about a speech by the previous Chief Minister, when he said they knew where they were going, and if they had headed in that direction they would have been in considerable debt and they were not going to go down that path. It is easy to talk about being in debt. I do not think any government in its right mind - you must also remember the CLP built this building in State Square and went into debt to keep people employed.

Mr TOLLNER: That is right. The question is when did they intend to start paying back that debt? There was nothing in the forward estimates to show they ever had any intention of winding or scaling things back. If we had stayed another couple of years with them on their path, we would have gone over a cliff to a financial abyss. The previous government did not have the ticker to make hard decisions. I know where you are coming from, member for Nelson, and you seem to think it is okay to keep booking things up on the credit card ...

Mr WOOD: No, I did not say that. Do not put words in my mouth.

Mr TOLLNER: ... but sooner or later, you have to pay the piper.

Mr WOOD: I am saying the CLP also did the same thing, in that it paid for Parliament House and State Square, and went into debt. It did it to stimulate the economy.

Mr TOLLNER: But, when you look ...

Mr McCARTHY: We had a plan.

Mr TOLLNER: It was never articulated to anyone.

Mr McCARTHY: You would not articulate it, of course.

Mr TOLLNER: It was never articulated to anyone. However, going back to look at the CLP and previous governments, the fact was it was done in a financially sustainable way.

What we saw happen from 2008-09 onwards was spending without restraint for the sake of spending. I ask you to think back to that time. The whole thing was about getting money out the door. That was the Labor policy across Australia, from Kevin Rudd down. He was not concerned that he was mailing \$900 cheques to dead people. It was nothing more than getting the money out the door. We have seen the pink batts inquiry wash up. Over and over again, the priority was to get the money out the door.

In the Northern Territory it was the same: just spending for the sake of spending to the point where there was never any restraint or thought about having to pay that money back. It was seen as 'economically responsible' to go out and blow a lot of money. In our view, that was a wrong decision.

Mr WOOD: Moving off that, minister, we are talking about the philosophy of where your government is coming from. What were the details of the meeting you had with some people from Dubai?

Mr TOLLNER: The meeting with the people from Dubai came as a result of that company, TFS, which wants - Tropical Forestry Services I think they are called - a tree growing operation at the Daly River. My understanding is it has attracted this major investor which is a large Middle Eastern sovereign wealth fund, one of the largest organisations in the world. It was keen for that organisation to meet with the government.

As Treasurer for the Northern Territory, I was, obviously, very keen to say hello, tell them the Northern Territory was open for business, and try to promote the Northern Territory as much as possible. Quite often, ministers will fly overseas to meet companies just like that to promote the Northern Territory. To me, it would be an abrogation of my duty as Treasurer not to show some courtesy and meet with the organisation while it was in Darwin.

Mr WOOD: This company is owned by foreign owners?

Mr TOLLNER: I do not know about the ownership of the company.

Mr WOOD: The reason I am asking is has it purchased land?

Mr TOLLNER: That I am not aware of either. I know it has interests in the Daly. Whether it has purchased the land, leasing the land, or are in joint ventures, I am not certain. I know it has operations in Western

Australia and Queensland. It sees a bright future for sandalwood and is looking to expand the growing of timber. I cannot see any reason why the Northern Territory should not be a suitable place to grow that timber. But, I am not the minister. To fully dig out and determine what is appropriate or not is that minister and his department's role. I am not going to pre-empt what they have to say about that. Needless to say, any large investment company that turns up to the Territory, I am very keen to meet and talk to and promote the Northern Territory as much as possible.

Mr WOOD: One of the reasons I am asking the question is the land is in the Douglas Daly. Do you know if the land in the Douglas Daly is freehold or pastoral lease?

Mr TOLLNER: I cannot answer that question.

Mr WOOD: You do not know whether it is buying a lease or freehold?

Mr TOLLNER: I have no idea.

Mr WOOD: The matter concerns me. You will probably say put it to the minister for Primary Industry, but it needs to be asked. There is a huge amount of water being given out - probably far more than any of the other farmers in the area - for a crop that is not a food crop, on potentially good arable land. Do you think that is a wise use of our resources? We are pushing that we will be the food bowl - not that I think we will be; we will be the food source. Do you think using up good land and a substantial amount of water for a tree crop is a good way to use our resources?

Mr TOLLNER: Ultimately, these are commercial decisions that people need to make. If they can derive similar income from growing crops of food, I imagine that is where they would invest. I do not know whether we are being knocked down in the rush from food growers or timber growers.

When it comes to the water resource, I have to say – and this is not my portfolio - a 20% water allocation across the Territory seems daft to me. To suggest you can take 20% of the water sustainably from a Central Australian aquifer forever is probably wrong. Similarly, to suggest you can only take 20% of an aquifer in the Top End every year, is equally as wrong. However, this is not my area of expertise. Those questions need to be put to the minister responsible. I just want to see more economic activity across the Northern Territory.

Mr WOOD: That is why I asked you the first question about whether you are open for business anyway it goes or in a sustainable manner?

Mr TOLLNER: No, no. As I said, everything we do has to be sustainable into the long term, otherwise what is the point of doing it? If you are only going to give yourself a headache somewhere down the track there is no point in doing it. For example, my concerns about the way the previous government attacked the books and spent money; it certainly was not sustainable.

Mr WOOD: One of the issues you raised in your opening statement was about land release for either agriculture or residential. I am not happy with the government's plan to carve up part of my electorate into suburbs, but I am not against it developing that land as rural subdivision because there is a need for it. Do not say I am against the government opening up land.

The issue is - I spoke to Nigel Scullion at the Freds Pass Show - your government's commitment is to affordable housing, which needs affordable land. Will the government change its policy that when it opens up land for development it looks being the developer itself - I have asked this before and Nigel Scullion agrees – and not sell it off to a developer? You get a developer to put in the water, roads, and electricity, and you retain ownership so you can release the land at a price which does not include a proportion of cost that goes straight to a developer you have sold the land to. That developer has to recover the price he paid for the land, plus he will add a percentage for profit on top of that. Do you see benefit in the government retaining ownership, developing and selling its own land?

Mr TOLLNER: I do not really want to see the government taking too much of an active involvement in the marketplace, aside from providing enough land to ensure prices remain affordable, as opposed to sitting on land as the previous government did when we saw the housing and residential crisis occur in the Territory - a massive escalation in housing costs over a very short period of time. We are focused on getting land out as quickly as possible.

The development you mentioned - pardon me, member for Nelson, I know you hate the name of Palmerston north. I do not think that is the name, it is a descriptive term. I am sure it will be named something else based on the objections ...

Mr WOOD: It was not in the media releases. Someone's folly perhaps.

Mr TOLLNER: ... from you and others. In any case, that and the Berrimah Farm development are englobo developments – if I can take a second to explain that. These things were way out in the forward estimates as land that would be released some time away.

The way it has worked in the past is government would do the headworks, prepare the land for development, then put it out to tender. A developer would win the right to develop that land and, when the houses were built and sold somewhere down the track, the Territory government would take a percentage of that to recoup some of the cost for the headworks it originally put in.

These two, in particular, were sitting way out in the forward estimates. Cabinet made a decision to bring them forward and make them englobo developments. That means we put them out for tender or expression of interest - I am not sure how the minister will do it. The expectation will be the developer will do the headworks - the roads, sewerage, water and all that - and the Territory government will forego taking a percentage some years down the track. We have done this to ensure we can fast-track development and do not have to wait until we have money in the bank to get these things up and running.

In the last budget, we announced 6500 lots across the Territory for development. We are very keen to maintain that type of land release into the future as much as possible because, in our view, making sure there is a supply of adequate housing is the best way to put a cap on, particularly, further increases in residential property prices.

Mr WOOD: Many people are not happy with the proposal in the Holtze and Howard Springs area, but we agree there needs to be more housing choices. If you give a developer the right to develop the land, he still needs to get a loan, just as you would, and he still will charge that loan back on to the cost of the land.

Mr TOLLNER: That is right.

Mr WOOD: Nigel Scullion and I are at one; we cannot see why you cannot develop the land yourself. You can sell some land at market price, but you can sell land to first homeowners.

I have figures from New South Wales, for instance. The number of first homeowners buying housing in New South Wales is the lowest since 1991. People are shut out of the market by investors. Part of the problem is the cost; they cannot get into the market. Yet, you have a choice as a government to sell your land at a cheaper price rather than some developer getting a layer of that money, which is unnecessary.

Mr TOLLNER: We are not in the business of selling huge chunks of land to make big profits.

Mr WOOD: No, I am not saying you. But, you sold Johnston to – who was it - Brierty?

Mr TOLLNER: Yes.

Mr WOOD: Brierty wants to recover the cost of the land they paid you.

Mr TOLLNER: Yes.

Mr WOOD: It was your land in the first place. Why can you not develop it? You owned it. If I owned a private block of land I can develop it any way I want.

Mr TOLLNER: A couple of things. One is unequivocally we want developers to make profits ...

Mr WOOD: But we do not need a developer. You could be the developer.

Mr TOLLNER: Let me finish. We want developers to make profits. Without them making profits nothing works. Let us bear that in mind, no one is trying to screw over ...

Mr WOOD: What do you mean by developer?

Mr TOLLNER: People who come in and develop the land, builders and the like. We want everybody in that equation in the construction industry to be making a profit. When people are not making profits there are serious problems.

Mr WOOD: I am not saying you should not have developers. You own the land, you get a developer to put the sewerage, water and electricity in - that is the developer's job. Builders come along and they build the house - that is their job. You have a third party, which does not need to be there. It is your land. You get a developer to come in and put the infrastructure in and other developers put the houses there. Why do you need to sell it to another developer who has to do all that again?

Mr TOLLNER: We are not selling it to another developer ...

Mr WOOD: You put the land up for auction. What happened to Johnston? Did it go for tender?

Mr TOLLNER: Yes, that goes to a developer.

Mr WOOD: Yes, but how much did he pay for that land?

Mr TOLLNER: The headworks were already done on that.

Mr WOOD: How much did the developer pay for the land?

Mr TOLLNER: They have to win it on a successful ...

Mr WOOD: Yes, and how does he recover that price?

Mr TOLLNER: Through the sale of houses.

Mr WOOD: You do not need him there. You develop the land, it is your land. That is what I am saying, and Nigel Scullion said the same thing. Why can you not make the land affordable?

Mr TOLLNER: We are trying to encourage business, not discourage it ...

Mr WOOD: No, you are adding a layer that does not need to be there. You talk about getting rid of red tape. Get rid of one layer.

Mr TOLLNER: No, you will find we did get rid of the cost of the developer by putting these developments out englobo. There is some lag with Zuccoli, Johnston, and the others where government has footed the bill for the headworks and the provision of services.

Everybody else who comes along will expect to make a profit because they are in business which, quite simply, does not function unless they make a profit. We are pulling forward many of those land releases that were in the forward estimates and saying we do not have the money to put into the headworks so we will release them as is and expect the developer to not only develop the housing, but also develop the infrastructure required - the water, sewerage, power provision, roads and the like.

Mr WOOD: To clarify, are you not selling the land to that developer?

Mr TOLLNER: We are putting it out to expressions of interest. There could well be a whole range of different things. These matters need to go to the minister for Lands and Planning. I cannot answer this question. There could be things such as saying, 'You come to us, we will give you land. We want to know what sort of deal we will see at the end'. For instance, developers might come to us and say, 'If you give us that land we can put a price cap on houses so they will not exceed X number of dollars'. Or, in the case of Palmerston North, 'We will do the headworks for the new hospital site as part of that development if you give us the land'. There is a range of things.

We do not necessarily need a big wad of money returned to government in order to see those developments take place. What we want to see is more houses in the marketplace to stop the exponential growth in property prices that was occurring under the previous government.

Mr WOOD: The reason I asked is not because I want you to take over from the minister for Lands and Planning, but you are the Treasurer and this is about revenue. Of course, Treasury does not always like losing some revenue, which it gets from the sale of land.

Mr TOLLNER: It is not necessarily about revenue, it is also about expenditure. The fact is we do not have the money now to spend on headworks and all of that, which is why we brought these projects forward. We do not want to be spending that money if we can get a developer to come in and do the headworks. All we are saying is we will not take a percentage when those houses are eventually sold.

Mr WOOD: I will ...

Mr TOLLNER: Ultimately, those sorts of arrangements have to be discussed with the minister for Lands and Planning and others.

Mr WOOD: I will be asking some questions, because you have said this was planned long ago. It never came up during the previous election, and it is not in the CLP's plans to develop ...

Mr TOLLNER: No, no, I did not say this was discussed long ago.

Mr WOOD: You said you have brought forward these plans.

Mr TOLLNER: Yes.

Mr WOOD: You have only been in government for two years, so you, obviously, had them in mind.

Mr TOLLNER: The previous government must have had them in mind. They were way out in the forward projections ...

Mr WOOD: You will probably say leave it for the minister for Lands and Planning. As a government, you put out plans when you were opposition which said the land you are talking about would be retained as rural residential, not suburban. All of a sudden, out of the blue – and it really came out of the blue, except for the Planning Commission issuing an A4 sheet which was just for discussion – you made an announcement that was going to be suburbs. I find it difficult the government does not talk to people about its plans. It announces it - and you have all of the economic arguments why you have to do it - but it leaves out the people who live in the area.

Mr TOLLNER: Moving right along.

Mr WOOD: I will leave it for the minister for Lands and Planning, but I still think land can be cheaper if you develop it yourself. That is all the questions I have.

Madam CHAIR: That is all the questions? There are no further questions on whole-of-government? That concludes consideration of agency-related whole-of-government questions on budget and fiscal strategies.

OUTPUT GROUP 1.0 - FINANCIAL MANAGEMENT

Output 1.1 - Financial Management

Madam CHAIR: The committee will now proceed to Output Group 1.0, Financial Management, Output 1.1, Financial Management. Are there any questions?

Mr McCARTHY: Yes, Madam Chair. Treasurer, in financial management and less strategic issues, there is a question I have based on page 69 of Budget Paper No 3. It talks about active participation in the Commonwealth Grants Commission's 2015 methodology to review and ensure the Territory receives an equitable share of GST revenue. What correspondence have you tendered to the Prime Minister and the federal Treasurer seeking a commitment that no change to the GST funding formula horizontal fiscal equalisation to per capita will take place?

Mr TOLLNER: To answer, we are working closely with the Commonwealth Grants Commission. I went to Canberra last year and spoke to the commission about our concerns in relation to the calculation of relativities. The key relativity which concerns us is based on Indigeneity. Obviously, there has been a big change since the last Census of people in the nation claiming to be Indigenous. Whilst the Northern Territory has remained relatively static, there has been an enormous number of people self-identifying in New South Wales, Victoria, and the ACT in particular, as Indigenous. This changes the makeup of that pool, and last year cost the Northern Territory government in excess of \$120m in GST revenue.

We think that calculation is wrong. The ABS advised the Commonwealth Grants Commission to use the 2006 Census numbers, but the Commonwealth Grants Commission prevailed and used the 2011 numbers.

I took up the matter with Wayne Swan at the time, who was unconcerned I have to say, and refused to budge on the matter.

There is a review that is taking place in relation to those relativities which we will hear of in February 2015, next year, to outline exactly what the Commonwealth Grants Commission proposes to do about the Indigineity relativities.

Our view is it was never based on people identifying as Indigenous or not, it was based on hardship. The fact is, in my view - and probably the view of you and most people in this room - we see an enormous difference between an Indigenous person who lives in the leafy suburbs of Sydney or Melbourne as opposed to the circumstances of an Indigenous person who might live in the remote parts of the Northern Territory, and they should be treated differently by the Commonwealth Grants Commission. These things need to be treated on a means basis rather than a race basis. The fact is Indigenous people in the Territory live a far different lifestyle than those people who live in the built-up capitals of Australia.

Similarly, \$121m out of the Territory budget is an enormous blow to the Northern Territory. It is equivalent to around \$5bn being taken out of New South Wales' and Victoria's budgets. If the Commonwealth Grants Commission took that sort of money out of the New South Wales and Victorian budgets we would never hear the end of it. But, in the Northern Territory it does not seem to matter. It did not matter to Wayne Swan that they were inflicting that sort of impact on our budget. That is one of the things we are constantly fighting for with the Commonwealth Grants Commission to see rectified.

Mr McCARTHY: You mentioned the former Treasurer, Wayne Swan. Are you getting a better hearing with Mr Abbott and Mr Hockey?

Mr TOLLNER: Wayne Swan could have, at the time, just overruled that decision with a stroke of a pen. The fact was he did not. That meant it almost became set in stone, so it would be very difficult now for Mr Hockey to overturn that previous decision by Mr Swan.

All of our efforts, though, are going into convincing the Commonwealth Grants Commission there is need for recognition of the unique differences between Territory Indigenous people and those in other parts of the country. We are working to inform Mr Hockey in particular, and to a lesser extent, Mr Abbott, of the concerns we have in the Territory about the relativities around Indigineity.

Mr McCARTHY: As an aspiring Treasurer, what would it take to get Mr Hockey to reverse that decision?

Mr TOLLNER: He cannot reverse the previous decision; he can only act on their recommendations. In February next year the Commonwealth Grants Commission will have done their assessment. We have made good representations to the Commonwealth Grants Commission. As you are no doubt aware, there is an enormous fight over GST revenue between the states and territories. My hope is we will have made adequate representation to the Commonwealth Grants Commission to see them look at things in a different light, and there will be recognition by the new federal government that, indeed, the Territory has a case.

Mr McCARTHY: Thank you, Treasurer. It seems a Liberal block of Premiers is the biggest threat to the Northern Territory in any changes. What correspondence are you tendering to your Liberal colleagues nationally?

Mr TOLLNER: I attend Treasurers' meetings. Mrs Ryan, next to me, attends the Heads of Treasury meetings. Governments around Australia are well informed of our position. Obviously, there is always jockeying when it comes to the divvying up of GST money. The Western Australians are not happy - they are getting 37¢ in the dollar back. They look at us rather enviously when we get - it is over \$5.60 now. Many people do not understand that is not how the entire pool is treated, it is only one small portion of it.

Mr McCARTHY: Thank you, Treasurer. The same page talks about contribution to the Territory's input into the Commonwealth's Federation White Paper on the reform of taxation and managing the effects of the response to the National Commission of Audit. In regard to the Territory's position, what correspondence have you tendered to the Prime Minister and Treasurer Hockey to seek a commitment there will be no \$80bn cut to states' and territories' Health and Education funding?

Mr TOLLNER: There is no cut. There has been a reduction in indexation that will be felt in the forward estimates, but there has been no cut in funding. The Commonwealth has not taken any money out of our budget, they have simply reduced the level of indexation. It puts us into a difficult position, particularly when

we want to develop north Australia and we need money for infrastructure for that. The provision of services is critical to developing the north. We need good education and health services.

The Chief Minister is, obviously, aware of this and has, for some time now, been working within COAG to ensure the Territory's needs are taken into account, particularly in light of the development of north Australia. We can see, somewhere in the future, that the Northern Territory can, and will be, the economic power house of Australia. Shifts are taking place where, in 50 or 100 years time, the greatest economic driver will be north Australia.

However, until then, we need to be given every chance all other states have had over the last 200 years; that is, to develop and grow their economies. We want to see the Northern Territory supported not because we are mendicants, but because it makes good economic sense to support the development of north Australia. The Chief Minister is taking those matters up in COAG with a very strong voice.

Mr McCARTHY: That is reassuring to hear. When we hear announcements from Canberra that there will be these major cuts to budgets for states and territories, what argument can we put in regard to health funding - for instance, the cost for a patient in New South Wales and a patient in the Northern Territory, let us say a regional or remote area? Do we have economic modelling around that and do we present that as a hard case for evidence?

Mr TOLLNER: These things are a moving feast. Nationally, there are changes to the way health is being funded. It is much more focused around an independent pricing model looking at those things, taking into account many of the things that were taken into account with the GST allocations, such as remoteness, ability to access health services, the type of injury or illness a person has where there is an automatic price put on it. These things take into account remoteness and disadvantage.

There is pressure on our Health Department to come up with new systems to monitor these things because, unless you put in an invoice you do not get paid in the future. As you would be aware, that was the previous government's plan for Health funding which has not changed.

Whilst \$1.35bn is being spent on Health in this budget, it seems and is a lot of money. But, when you take into account the fact we have to fund five hospitals and 60 or more remote health clinics, that money is spread very thinly. We recognise we need more resources in our Health Department. We also realise we need to change the way we do things to ensure we get maximum efficiencies out of our Health Department and it works well with the private sector, particularly with NGOs which play a big role in the provision of health services in the Northern Territory. Part of the new health services framework that was introduced by our Minister for Health goes a long way to addressing and dealing with those issues, making sure everybody is pulling together in the same direction.

Member for Barkly, we recognise there is more money needed for Health. We, as a government, are pretty stretched as to the amounts we can put into the provision of health services, and are keen to maintain that dialogue with the feds to say the money we are putting into health is very important and we need to, at least, maintain it. If people are sensible they will see there is a need to increase it in some areas.

Mr McCARTHY: You seem far more conciliatory with the Prime Minister and Treasurer Hockey around these health cuts than your Liberal colleagues in the eastern bloc. If we are to arm up our Chief Minister to get to the table and fight for Territorians, can we quantify it? Is it \$5 to treat a patient at Alpururulam in the Northern Territory, compared to \$1 to treat a patient at Bankstown in Sydney?

Mr TOLLNER: I do not know what the differences in costs are between Bankstown and Alpururulam. I imagine you could ask our Health minister. She might have a good understanding of that, I do not. If I feel sympathetic towards the federal government and some of the other Liberal governments around Australia, it is because I have found myself in the same situation, coming into a government wracked with debt and enormous deficits, and trying to dig yourself out of a hole.

When I look at the federal government - this is six years ago you have to remember - we had a surplus budget, money in the bank, and we now have a \$667bn debt and a \$50bn deficit. I feel sympathy for the federal Coalition because we found ourselves in a much worse situation.

The fact is, if you look at Queensland, I think it had \$80bn of debt which Campbell Newman inherited, and he had to make some tough decisions. No one is liked when they have to take tough decisions. Look at the flak Tony Abbott and Joe Hockey are copping at the moment because of the federal budget. I saw the

flak Campbell Newman copped when he had to make savings. These things are hard and, at the end of the day, that is why people elect Liberal governments.

A new Australian said to me the other day, 'I came to Australia, and I asked someone who to vote for. The person said we fundamentally have two parties in Australia, one that spends the money, while the other one saves it.' That is generally a view across the board. We are the ones who find ourselves in this situation where we have to claw ourselves out of a hole. It would be great to think we are living in some endless party, but we are not and someone has to be responsible.

Mr McCARTHY: Thank you, Treasurer. Let us get down to the tin tacks; you rolled off some big numbers there. Let us talk about Australia as a wealthy country. You talked about the positives in the Northern Territory economy, which is good to hear. When we talk about Australia and a debt ratio of 12% compared to our gross domestic product, and compare that to the UK with 80%, they are in extremely difficult circumstances. Most Australians realise we are in a good position.

To arm up our Chief Minister at the table negotiating with his Liberal colleagues who are threatening these major cuts to Health and Education, do we not prioritise them? Let us make the cuts. Everybody has a plan. We had a plan, there is no doubt about that. You are not going to articulate that, but we had a plan. Do we not prioritise Health and Education?

Mr TOLLNER: With the premise of your question, you have it wrong. I can understand that as there has not been a lot of commentary as to why the feds have handed down the sort of budget they have. I believe they have done a pretty poor job of selling it. Fundamentally, I do not think they have done a very good job of informing the community of the problem Australia currently faces.

You are dead right that our debt to GDP is not that high. We still have a AAA-rated economy. When you look at debt we are sitting somewhere in the middle of the pack in relation to OECD countries, and people could be forgiven for thinking that things are all okay.

I have been more fortunate than most people, inasmuch as I have been able to get to Treasurers' meetings and have had Martin Parkinson, the head of Treasury, give presentations for me in those briefings. Whilst all of those things you said are true, what you missed out was that Australian government spending is projected to rise quite sharply over the forward estimates, where federal government increase is projected to fall. What that shows is while things are reasonably manageable now, unless there are serious cuts to spending, things will quickly get out of control, and it does not take long for these things to occur. Look at the previous government. Just six years in office and it created \$667bn of debt and a \$50bn budget deficit. I know you like driving country roads at a hefty pace. If you take your eyes off the road for half a second anything can happen. It is similar with our economy in Australia. If you take your eye off the road where you are heading and things can go awfully pear-shaped awfully quickly. When you see spending increasing at the rate it was projected to increase, and income levelling or even declining, you know that serious decisions have to be made.

I do not think Joe Hockey and the team in Canberra did a very good job of informing the public of exactly how dire things are at this point in time. The earlier you nip these things in the bud the better. The longer you let these things go, the harder it is for you down the track.

That is probably what you found with five or six years of Delia. Had you got rid of her a couple of years into when she was Treasurer, things would have been a lot easier to recover, than leaving her there for the five or six years you did, because it was almost out of control when we got into government.

Mr McCARTHY: Treasurer, you have defined the difference between Labor and Liberal for your mate, so you probably want to add that to the joke line; that is, priorities. There is seriously a difference in priorities, and that is why maintaining this position in Health and Education ...

Mr TOLLNER: There is. No, no, somewhere along the line, we have to say what is responsible to spend on our generation and how much are we prepared to load up the next generation with spending of this generation? Our view is our kids take priority over us, and we need to seriously think about the Territory we will leave for our children. Personally, I do not want my kids ...

Mr McCARTHY: So, we do not fund their education?

Mr TOLLNER: No, we are funding their education.

Mr McCARTHY: We make them pay for their tertiary education.

Mr TOLLNER: We are funding their education; we are putting things into ...

Mr McCARTHY: The haves and the have nots.

Mr TOLLNER: ... childcare, and into Back to School vouchers. We are making things easier for families to make sure their kids get the best possible go. But, we are also trying to ensure we do not leave them a big debt hanging around their neck. That is often referred to as intergenerational debt. It was one of the things Labor put into the *Fiscal Integrity and Transparency Act* when they created it in 2002 to keep themselves honest. It is probably the key part of FITA they breached, with this handing over of debt to the next generation.

That is something that, as a government, we take seriously and we need to address. That is why we have seen reductions in spending, a reprioritisation of spending, and trying to get the budget under control.

As I said, this has been quite a remarkable budget, inasmuch as we have shaved \$1.3bn of debt from what was projected and, at the same time, we are maintaining services and delivering a whole range of other things that assist people with cost of living pressure, such as sports voucher schemes, Back to School vouchers, and childcare subsidies. All of those things go directly into Territorians' pockets and assist them with costs of living pressures.

Mr McCARTHY: Thank you, Treasurer. While we are talking about financial management and debt, and the government's continued focus on a balanced budget by 2017-18 in your book - you have outlined what you are doing there, increasing taxes and charges, cuts to public sector jobs, and cuts to services ...

Mr TOLLNER: Well, there is no increases to taxes and charges.

Mr McCARTHY: ... and you want to improve the financial performance of the Power and Water authority which we will get to directly. In Budget Paper No 2 on page 5, you say net debt is expected to increase marginally over the forward estimates and by 2017-18 will be \$42.bn.

We hear talk about projected debt and the absence of that when you are talking about Labor's governance. In the book it says 'will be', so the semantics is saying that will be the debt in 2017-18. Is that correct?

Mr TOLLNER: Based on everything we know now, yes. As I said earlier to the Opposition Leader when she was here, there is a whole range of things that cannot be factored in. There is a bunch of new projects we think will happen. We know we will find further efficiencies which may lead to a reduction in that debt.

Similarly, Darwin could be hit by another cyclone or we might have another financial crisis. A whole range of external factors could impact on that outlook. But, if everything remains the same and there is no new project, no this, no that, and no cyclone or natural or financial disaster, all things being equal that is where we are projected to end up.

Mr McCARTHY: Coming to government, the first financial transaction was the Renewal Management Board to produce that report. We never saw a report, but a document was tabled in the parliament. If you believe the estimates and the assessment around that, it cost the Territory \$6m for that first piece of financial information. What does this type of budget cost, Treasurer?

Mr TOLLNER: The RMB was \$1m not \$6m.

Mr McCARTHY: That is including all the salaries, the units, the cars and the expenses. I think it was a lot more than \$1m, Treasurer.

Mr TOLLNER: No, it was \$1m. The compilation of this budget has been done within the budget of the Department of Treasury and Finance. This is the main focus of the Treasury department. I am not saying they do not do other things, but this is really why we have a Treasury to work on the budget - that is their natural job and they are allocated money.

The campaign, if that is what you are referring to, cost roughly \$85 900 to run. The 2013-14 budget cost \$210 665, and the year before that, the 2012-13 budget cost \$322 776. Basically, in this year's budget, the campaign cost a little more than a quarter of the 2012-13 budget.

Mr McCARTHY: A lot less than the Renewal Management Board.

Mr TOLLNER: That is just the campaign. We did not run a campaign for the Renewal Management Board. We just wanted a bunch of old heads to go through the numbers and give us a bit of advice. I apologise, that is being flippant. The Renewal Management Board members were expert in their fields - three Under Treasurers with a good feel for Territory finances. As a new government, it was money well spent. It would have taken us a long time to get our heads around exactly what was going on in the Northern Territory financial area. Without assistance from the RMB, it would have taken us some years to get on top of everything.

Mr McCARTHY: Thank you, Treasurer. As an aspiring Treasurer, do you have a ministerial credit card?

Mr TOLLNER: No, I do not. As an aspiring Treasurer? You?

Mr McCARTHY: Yes. As an aspiring Treasurer. The question, Treasurer ...

Mr TOLLNER: No, I do not have a ministerial credit card.

Mr McCARTHY: You do not have a ministerial credit card as Treasurer?

Mr TOLLNER: No, I do not. When I claim expenses - on the rare occasions I do, and they are few and far between - I pay with my credit card and send an invoice off to have that repaid. I do not have a ministerial credit card.

Mr McCARTHY: Thank you, Treasurer. Thank you, Madam Chair.

Madam CHAIR: Are there any further questions on that output?

Mr HIGGINS: If I could?

Madam CHAIR: Yes, member for Daly.

Mr HIGGINS: We have spoken a lot, Treasurer, on high debt. Can you outline the risks of that high debt and what implications that would have on our credit rating?

Mr TOLLNER: We talk about debt a lot. Debt is not necessarily a bad thing; it is when you generate the debt and what you use it for. The previous government was generating the debt for the sake of generating debt. It was the order of the day at the time to get out and spend money for no apparent reason apart from to stimulate the economy. Excessive levels of debt are bad. The worst part of excessive levels of debt is when it becomes intergenerational. We are spending things now and expecting our kids to pick up the bill in the future, which is a concern we had when we came to government, seeing debt projected to grow to \$5.5bn with no effort to limit spending or change our ways. It sent alarm bells ringing right through our parliamentary team, so we knew we had some serious work to do in order to cut spending.

The concerns were further elevated by the Moody's rating agency putting us onto a negative outlook, which was their way of saying, 'You guys pick your act up or we will downgrade your credit rating'. A downgraded credit rating would have meant a higher interest bill, which means you then start into that downward spiral where not only are you creating more debt, but also a greater amount you have to pay back. Things get so much harder and, without a doubt, that is where we were heading.

Moody's credit rating agency also said we had to seriously look at the Power and Water Corporation, because it was a millstone around our necks. It had far too much debt or spending in relation to its income. That is why there has been this focus on reforming the Power and Water Corporation and adopting national laws. We want this organisation to function above board, to be transparent, accountable and efficient, and make sure Territorians are paying the least possible cost for power, water and sewerage. Whilst we have done a lot in this area in relation to the structural separation, much more needs to be done.

They were the major messages sent to us by Moody's, 'Pick your act up, sort yourselves out, reduce your spending, fix up the Power and Water Corporation or else we will downgrade your credit rating'. As I said, a downgraded credit rating would have meant more in interest repayments and would have put us on the slippery downward slope even quicker.

Mr BARRETT: Treasurer, have you heard anything since this budget has been released from that agency? Is there any information you have about how they have responded to this budget?

Mr TOLLNER: Yes, I do - I thought we had it. Hang on, I am on the wrong page.

On 1 May, Moody's published its annual update for the Northern Territory. Essentially, Moody's long-term issue on debt ratings for the Territory remained at AA1 with the rating outlook also remaining negative.

On 13 May, the day after the budget was introduced, Moody's published a post-budget update. While Moody's highlighted the improved fiscal outlook and stated the projections are credit positive for the Territory, they also identified the challenge for government to deliver projections over the forward estimates. So, they are still waiting and watching to make sure we are serious about what we are saying we are doing.

Madam CHAIR: Okay, that concludes consideration of Output Group 1.0.

OUTPUT GROUP 2.0 – ECONOMIC

Output 2.1 – Economic Services

Madam CHAIR: The committee will now move onto Output Group 2.0, Economic, Output Group 2.1, Economic Services. Are there any questions?

Mr McCARTHY: Yes, Madam Chair. Treasurer, in Budget Paper No 2, the government talks about the Territory economy and the economic outlook. It is good that the INPEX project is acknowledged and identified. What I did not find in here, though, is anything about the Marine Supply Base project. Would you like to update us on what I see as another signature project in the Northern Territory in our economic outlook?

Mr TOLLNER: No, I will not. I will leave that for the Chief Minister and the Darwin Port Corporation to give you an update.

Mr McCARTHY: In the economic outlook, though, it did not appear. You have articulated the Ichthys project, and we have talked about the Darwin Correctional Services Precinct as another major economic driver. What about the Marine Supply Base?

Mr TOLLNER: Let us get something straight. We have not talked about the Darwin Correctional Services Precinct as a major economic driver; what we have talked about in this budget is the delay in it being handed over to government. We thought it would be handed over this financial year, and it will not be. It is to be handed over next financial year, which moves that \$520m from the 2013-14 year to the 2014-15 year. That explains a discrepancy, as people might call it, in looking at the budget papers and saying, 'Why is our deficit higher this year than it was last year?' It is because of that movement. It is not suggesting it has been a great economic driver in the Northern Territory.

Clearly, the size of investments with INPEX are a driver. With the Marine Supply Base, whilst it will be a good thing for the Territory, I cannot, at this stage, comment on its economic impact because it is still being commissioned.

Mr McCARTHY: In your three Pillars of Economic Growth, what do you think of it as a concept in capturing all of those offshore opportunities in the energy sector which are coming online in northern Australia?

Mr TOLLNER: I suppose that remains to be seen as to what sort of impact it will have. As I said, we will see what it does when it is up and operating.

Mr McCARTHY: You do not share my enthusiasm about the concept as a major economic driver for the Northern Territory?

Mr TOLLNER: As far as being a major economic driver, it might well be an economic enabler. I do not know whether it will drive economic growth, that remains to be seen. There is not a lot I can comment on in relation to the Marine Supply Base. That is a matter best put to the Chief Minister as the minister for Darwin Port Corporation, or the Minister for Infrastructure in their output groups.

Mr McCARTHY: Treasurer, it is only a couple of years back now you would have torn me apart for answers like that when you were on this side. I have learnt lots from you but, today, you are not teaching me much.

Mr TOLLNER: I do not really know how to answer the question. It is not a major economic driver at the moment; whether it shapes up to be is anybody's guess. Obviously, you are very bullish about the future of it and I hope you are right. I do not see it as a bad thing at all. Obviously, it will become a key requirement for the oil and gas sector and maybe other parts of our economy as well. As to the level of economic activity derived from it, I cannot guess at this stage.

Mr McCARTHY: Have you been to the East Arm logistics precinct recently and seen the developments there?

Mr TOLLNER: I have been quite tardy when it comes to getting out of the office. I have a number of responsibilities - not just putting together a budget - that kept me indoors, I suppose. I have to say that does not sit well with me. I am a bit like you who likes to get out and about a bit and have a look around. I have not had the opportunity in recent times to get out to the East Arm port area and have a good look around. In the next few weeks, I will be keen to have a look and see how the Ichthys project is going as well. I have only seen it from the air so I am keen to get out and have a look at that as well.

Mr McCARTHY: Thank you, Treasurer. I encourage you to visit the Land Development Corporation and look at the potential in that holistic project. If you are in the business of making money this is something I thought would be in Budget 2014-15 as this major project takes shape.

Mr TOLLNER: I am all with you, I hope it goes well.

Mr McCARTHY: We might see it in next year's budget? Yes?

Mr TOLLNER: No, no, it is in this budget and it was in last year's budget as well - the fact that there has been money expended there and the like. As for being a major economic driver ...

Mr McCARTHY: Can you point to anywhere, Treasurer, being the expert of the books, the doctor of the books?

Mr TOLLNER: Yes, certainly can. If you have a look at Budget Paper No 3, page 48, it has its own business line. There you go, it is in the budget.

Mr McCARTHY: What is it, minister?

Mr TOLLNER: Do you want me to show it to you? That is it there, page 48 Budget Paper No 3.

Mr McCARTHY: If you would not mind, Treasurer, I would like you to talk about it.

Mr TOLLNER: Provision of a Marine Supply Base facility dedicated to vessels specialising in servicing the offshore oil and gas industry. During 2014-15, there will be a focus on a smooth and effective transition in berthing operations from East Arm Wharf to the new Marine Supply Base facility. Ongoing deliveries include the efficient management of the facility to complement existing port operations at East Arm Wharf.

It sounds very exciting to me, member for Barkly, and I am sure the Chief Minister will be delighted to take you through more details.

Mr McCARTHY: We are not going to take up any more time; it is short, sharp, and very succinct, Treasurer. I can see it is one of your signature projects that you are driving in the Territory economy.

On the other hand, though, I was very concerned about the story about Gove and Nhulunbuy. You have outlined already to the committee the loss of jobs. It was really Rio Tinto's assessment - the company's assessment.

We have a major economic signature project driving ahead with the Marine Supply Base that captured about six lines in your budget paper and, on the other hand, we have the critical issues around Nhulunbuy and the loss of a major economic driver.

Mr TOLLNER: Yes, the issue with Nhulunbuy is all through the economy book. It is mentioned in there a lot.

Mr McCARTHY: You talked about Rio Tinto's position, but I wanted to hear from our leadership team, our governance body, about what we can expect, what we need to do, what Treasury has in plan to compensate that economic restructuring analysis and packages.

Mr TOLLNER: On the issue with Nhulunbuy, when you look at the entire package, it is around \$0.5bn. Predominantly, that package is coming from Rio Tinto, but the federal and Territory governments are contributing money towards that package as well.

You need to bear in mind that the Territory government already spends quite a bit of money in the Nhulunbuy community through the provision of services, and there is no great desire to see that wound back at all. We want to do what we can to rescue that community and try to maintain it as a regional hub. There is an enormous amount of effort being put in to see what businesses we can set up or what opportunities may be in store for the Gove community. I appreciate it has not been easy for the people of Gove.

It is, obviously, a major concern when any large operation closes down in any community. We have seen what has happened in parts of South Australia, Victoria and New South Wales when major industries close their doors - it impacts on communities.

The Territory government came under fire for probably not acting quickly enough, but in our defence it was very important that we gave time to Rio Tinto to make decisions about what they were going to do for the community before we committed to anything. The reason was the minute we committed to doing something that would have been one less thing Rio Tinto would have committed to. We wanted to be very clear and understand exactly what it was Rio Tinto would be doing before we committed to anything. I think the federal government was in the same boat.

Having seen the commitment from Rio Tinto, the Northern Territory and federal governments are very keen to fill the gaps, make sure there is an orderly transition for that community and make sure we can maintain it as a regional hub. As I said when speaking to the Leader of the Opposition, exactly what is going on there is not in my portfolio, it is a matter for the Chief Minister. All that engagement is being directed out of the Chief Minister's Department, and that would be a good time to get detail on exactly what is going on in the Nhulunbuy community.

However, from a budget perspective, the Nhulunbuy community features highly. We have put additional money into that community on top of everything we currently spend, and we have been working very closely with the federal government and Rio Tinto.

Mr McCARTHY: Thank you, Treasurer. We are watching the Marine Supply Base take shape and it has a mention in the budget book. We are looking at Nhulunbuy possibly halving in population - a major economic driver being subtracted from the Northern Territory economic outlook. What about some serious dialogue around Rio Tinto's opportunities? In relation to the plant - the refinery - are you concerned a watch and wait process if that scale of infrastructure sitting right on the coast will lead us, in your words, to a headache further down the track?

Mr TOLLNER: All that equipment is owned by Rio Tinto. What they do with that equipment is a matter for them. They make their own commercial judgments. As a government, I do not think it sets a good precedent for us to say, 'You must do this, you must do that' when it comes to the commercial viability of the organisation. They will make their decisions based on what they think is best for the company. As far as the sustainability issue around the plant itself, I am not sure what you are getting at.

Mr McCARTHY: I have ideas for Rio Tinto and hope to share them with Rio Tinto one of these days. What is the next major signature economic project for the Northern Territory?

Mr TOLLNER: Without a doubt, the North Australian Development Strategy put in place by Queensland, Northern Territory, Western Australia, and federal governments. That is without a doubt the biggest change in Australian policy in the last - goodness knows when. It is enormous. Finally, in a little jurisdiction like the Northern Territory, the opportunities are being seen not by the people who live here - we have known them for years - but by others in Australia. Much of that recognition needs to go to the Chief Minister for driving that message, particularly with the Coalition in the lead-up to the last election. But, there has been fantastic buy-in by both Western Australia and Queensland.

The opportunity now remains for the Northern Territory to get in there and drive this because, ultimately, north Australian development is all about us harnessing the opportunities we have in the Northern Territory. There will be a myriad of different projects arising from that.

I suggest also look at our near neighbours and where we are positioned geographically. We are in the middle of a range of emerging economies - East Timor, PNG, Indonesia just to name a few. We are in the right place and, with a bit of focus, particularly from the federal government, the opportunities are boundless in the Northern Territory.

Mr McCARTHY: Absolutely, Treasurer, a bit of focus - I could not agree with you more. It was ironic that on the day the Chief Minister of the Northern Territory announced the big launch of developing northern Australia, the Prime Minister of Australia announced \$10bn worth of infrastructure into the second airport for Sydney. That was closely followed by announcements totalling \$40bn of nation building projects for the east coast and southern Australia.

How do you hope to change the ideology - which represents our political system essentially, where the votes are - before you get near attracting any investment into nation building infrastructure for the north?

Mr TOLLNER: A lot of this has to be taken in context. When you look at these dollar amounts, you sit there and say, 'Holy hell, they have just stuck \$40bn into that and \$50bn into that, none of which is in Darwin,' but ...

Mr McCARTHY: Gee, \$4m goes a long way in Tennant Creek, I can tell you.

Mr TOLLNER: Yes, dead right. Look at the way we are funded by the Commonwealth. Any way you cut it, the Northern Territory gets a pretty damn good deal. Horizontal fiscal equalisation has been wonderful for the Northern Territory. For every dollar in GST raised we get \$5.60 back. That is recognition that it costs more to do business here. We have 230 000 in a population of 23 million - work out the maths on that. If they put \$40bn into a project down there we would get \$4m here equivalent. There are some things you need to take into account of scale.

My view about north Australian development is it is not necessarily for governments to spend the lion's share of the money. What we have to do is get our business environment right. The federal government can make some simple changes to a range of different areas - for instance taxation, migration policy, bilateral agreements we have with other countries, and there is talk of special economic zones. These types of things, in my view, will be the impetus that drives private investment into north Australia and, ultimately, that is where we should be looking, rather than trying to find ways for government to tax people more in order to put more money into government-owned assets. If we can encourage the private sector to put money into these assets, all the better.

Mr McCARTHY: It is an interesting comment, thank you. You did not answer my question. I was looking for some ...

Mr TOLLNER: Sorry, go back and ask again ...

Mr McCARTHY: ... solid Liberal rhetoric around how you will change that political ideology for a start, before we get anywhere near ...

Mr TOLLNER: What ideology?

Mr McCARTHY: The ideology of \$40bn worth of nation building projects on the east coast and in southern Australia.

Mr TOLLNER: The second airport in Sydney has been talked about for 30 or 40 years. Somewhere along the line, someone has to buy the ...

Mr McCARTHY: But we are the power house, we are the future.

Mr TOLLNER: At the end of the day - you know this - you have constituents everywhere across this mighty nation we live in who pay taxes and demand services. There are six or seven million people - goodness knows how many - living in Sydney. Sooner or later, they will need a second airport.

Mr McCARTHY: At the expense of our second port.

Mr TOLLNER: Why is it at the expense of our second port?

Mr McCARTHY: We will move from macroeconomics to microeconomics, if you like?

Mr TOLLNER: I do not see why it should be at the expense of our second port.

Mr McCARTHY: This discussion was about our next major economic signature project and we have rhetoric around a plan ...

Mr TOLLNER: As I said to you, the next major economic signature project is the development of north Australia, and the Northern Territory will be key to that. There will be a range of different individual projects which come online as a result of that.

Mr McCARTHY: Let us hope we can hold the population in the Northern Territory while we wait, because when they get a little low on finances or out of a job, they head across the border. That is one of the key problems for the Northern Territory ...

Mr TOLLNER: They do, and when they get there they find out that things in the Northern Territory are not so bad. Things in the Northern Territory are pretty much better than most other parts of the country ...

Mr McCARTHY: If they do not have a job, they are not going to come back.

Mr TOLLNER: I get a lot of people coming in to see me, saying, 'Boo hoo, things are bad'. I say, 'Get on a plane and check out some other parts of the world'. At times, we live in a bit of a bubble here. We all complain about everything going on around us. But, get on a plane and check out other parts of Australia. Check out power prices in other parts of Australia; see what people pay for power. See what people ...

Mr WOOD: Privatised power.

Mr TOLLNER: Well, see what they pay for privatised power or whatever. Go overseas is the next step. Check out a few of these other countries people live in. It does not take long to realise that our lot is pretty good in Australia, and very good in the Northern Territory. I am proud to be here, and I am here for a reason: it is the best place to live in the world.

Mr McCARTHY: We all agree with that, Treasurer.

Let us go to the microeconomics. The CPI is running at 3.9%, and in the budget you have identified the reasons for that. I am suggesting a major signature project, in economic outlook, would help keep people employed and on our side of the border. The one question I want to ask relates to Darwin. Do we measure CPI in regional areas?

Mr TOLLNER: No, just Darwin.

Mr McCARTHY: Just Darwin. If the CPI is running at 3.9%, which is a high inflation rate given in your budget paper with the reasons for it relating to housing, transport, alcohol, and tobacco – you go through all those items. What would it be in Tennant Creek? Would it be more or less?

Mr TOLLNER: That is a good question. I cannot answer it, obviously. But, CPI is about changes in prices and tariffs, so it is a good question about Tennant Creek. I do not know whether housing is more expensive in Tennant Creek or cheaper than Darwin. All of these things are thrown into costs, and it is very difficult to compare without some rigorous work being done around it.

Mr McCARTHY: I can tell you, Treasurer, that in the supermarket there is a big difference in prices.

Mr TOLLNER: I imagine so. I have been to Tennant Creek. You pay more for fuel ...

Mr WOOD: Sometimes you do not, they have competition.

Mr TOLLNER: Maybe sometimes you do not. I have not been there and paid less, I have to be honest.

Mr WOOD: I should not refer to the cost of living, should I?

Mr TOLLNER: I imagine grocery prices are high. They tell me housing prices are cheaper.

Mr McCARTHY: Treasurer, a last question for me in this output. How much will the federal government budget increase in petrol tax add to recurrent spending in the Northern Territory budget?

Mr TOLLNER: While I am digging that up, I will talk a little more about the CPI. The Opposition Leader says we have doubled CPI from 2012 to 2013; it has gone from 2% to 3.9%. When you look at a historical chart of the CPI - and you can find this in Budget Paper No 2 on page 25 - the CPI during the years 2003 to 2005 went from 1% to 4.5%. That was under a Labor government. Similarly, there have been sharp increases and decreases. We are now seeing a reduction in CPI rates across the Territory. So ...

Mr McCARTHY: Treasurer, you are in the saddle. I can tell you the CPI in Tennant Creek, where we do not have the high wages, and a large proportion of the population is on fixed incomes - and we can multiply that across the regional remote areas - is running a lot higher than 3.9%. We can talk about the past all we like, but you are in the saddle, boss, we know that.

Mr TOLLNER: Yes, you did ask me the question about ...

Mr McCARTHY: Petrol tax and the recurrence.

Mr TOLLNER: It was written question No 162.21. The response I gave you was the federal government announced in its 2014-15 Budget that fuel excise would be indexed twice a year by increases in the CPI. Any resulting increase in retail fuel prices will be managed by agencies within existing budgets.

Mr McCARTHY: Thank you, Treasurer. Thank you, Madam Chair.

Mr WOOD: We are dealing with policies, especially economic policies, minister. The federal government's budget put an emphasis on putting more responsibility back to states for education and health. One of the things also mentioned is the federal government was expecting states to raise more of their own revenue. Where would the government raise more revenue? Are you a supporter of the level of GST being raised if that is the only way you can raise more revenue?

Mr TOLLNER: The Territory is a low-taxing jurisdiction and remains so. When you look across the states, our revenue raising is nowhere near the order of some of the other states. This poses some problems for the Northern Territory - I will get on to your question in a minute, but you need to know the context - because the way the Commonwealth Grants Commission operates is it requires states to raise their own revenue. If we are not raising what they consider a suitable level of revenue, they will punish us by reducing the amount of revenue the Commonwealth provides us through the GST.

In the last couple of budgets, you will notice there has been a couple of small revenue measures. This one was the bookmakers' tax, raising the threshold from \$250 000 to \$500 000. In the previous budget it was the way we treated mineral royalties in the transfer pricing. That raised us some \$10m. This bookmakers' tax raises \$2.8m. Whilst they are not big revenue raises, they signal to the Commonwealth Grants Commission that we are prepared to do a little more.

Both of them have been very creative, and I thank Treasury, and Mr Parsons here in particular, for the way he has looked at revenue raising in the Territory. We want to maintain a low-taxing jurisdiction, and it is difficult to find ways we can raise revenue without impacting right across the community. The small tax on transfer pricing from mining companies was good because it did not affect our industry greatly, it has not seen anyone leave.

There was a level of consultation done with bookmakers to make sure that would not have too much of a negative impact on them but, at the same time, provided impetus to ensure we got our fair share of GST money.

In relation to whether I agree with an increase in the GST, at the moment, it is a hypothetical. From a government perspective, I will not answer that question. Personally though, it is my view I would not want to see an increase in the GST across Australia. What is driving the federal government is this desire to reduce its spending to bring revenue and expenses much closer together. At the moment, the crocodile jaws are opening up, certainly not closing. Until there is some meat put on the bones - forever and a day the big states have been bitching about GST revenue. Western Australia is now bitching about GST revenue. From a Territory perspective, horizontal fiscal equalisation has served us well. It is a fair way of allocating revenue.

We all share in this thing called Australia and we all have to do our own bit. Our taxes are probably a bit too high in Australia. I would like to see them reduce but, then again, I can see where Joe Hockey is coming from. He has a looming problem.

Madam CHAIR: Treasurer, I will hold us there. It is now 12.30 pm, so it is half-hour lunch break and we will return at 1 pm to continue that output. Thank you.

The committee suspended

Madam CHAIR: Welcome back from lunch everyone, revived and ready for another session. Thank you, Treasurer, for returning. We are currently on Output 2.1, and I believe the member for Nelson will continue with questioning.

Mr WOOD: I do not know whether this is a question, but you are dealing with policy. We mentioned the CPI, but one of the major influences on the CPI is the cost of petrol and diesel. As you know, minister, I do not need to tell you, we pay a lot more than people down south, yet the gate price here is not much different than anywhere else. Government has promised to reduce the cost of living. How can you break the duopoly that, in most parts of the Territory, is causing us to have a much higher price of fuel than anywhere else in Australia?

Mr TOLLNER: Good question. We have been constantly in contact with the ACCC. It is their role in Australia to ensure there is no collusion. We have been urging them to conduct an inquiry in the Northern Territory in relation to fuel prices. We have not had much luck, I have to say. It is not an area about which I am ready to praise that Commonwealth agency. It has been a rather pathetic response, to tell you the truth.

Having said that, we have heard from the opposition wanting us to reinstate Fuel Watch. Fuel Watch has proven to be a failure in the past. In the 2000 election, Labor committed to doing something about fuel prices. They instigated Fuel Watch. It did absolutely nothing; it had no impact whatsoever on fuel prices. Kevin Rudd, in his term of government, introduced, nationally, Fuel Watch which, again, did absolutely nothing.

My view is it is the ACCC that is responsible in this area, and they have to get their act together and conduct a proper inquiry in the Territory.

Mr WOOD: Minister, you come from a government that lauds competition as being a way to reduce prices. You have told us all about that with the Power and Water inquiry. In this case, it is not working. Do you think there is room for government to intervene in the sense of limiting the number of people who can be buying new fuel stations, as happens in America with the retail markets where certain supermarkets can only own a percentage of the market? Do you think there is room for government intervention to try to break that duopoly and get more players into the market?

Mr TOLLNER: I am not aware of what you are talking about in the duopoly.

Mr WOOD: You, basically, have two companies in Darwin that run the fuel. I do not know of any independents that still operate - maybe there are some. The price of fuel is nearly the same throughout Darwin and there is only ...

Mr TOLLNER: When you say 'run the fuel', what do you mean?

Mr WOOD: Sell the fuel – they own the fuel outlets in Darwin. One would be United and one is AFD. They are the two main companies. The only place you get competition is in Katherine. Katherine has an independent – we do not have the member for Katherine here - and my understanding is because there is an independent, a third operator, you have cheaper fuel.

Mr TOLLNER: I was not aware there is a duopoly. I thought there were other outlets, but you could be right. I have never looked into the ownership of the fuel stations, but I see Caltex, BP, Shell, Woolies, Coles – not Coles. There is a range of different retailers I thought were out there, but maybe they are only owned by two companies. I am not certain of that. That is something we would like to see the ACCC look into.

As far as encouraging further competition, it would be good to see another terminal here. When it comes to questions in relation to that, given the fact that one would expect they would probably look to go to the port

where Vopak is, or some other location, you could put those questions to the Chief Minister. I have not talked to anybody about trying to get greater competition.

Mr WOOD: I would like to put that to the Chief Minister, because it would be interesting to see how that would work in reality. Okay, thanks, Madam Chair.

Madam CHAIR: Are there any further questions on that output?

Mr HIGGINS: Yes. We have spoken - it has come up a couple of times - about indexation on fuel excise. What about implications of removing the carbon tax? This is the opposite, the removal of something. What will be the impact of that on our budget and cost of living?

Mr TOLLNER: Clearly, if the carbon tax was removed we would see a reduction in the CPI across the board across Australia, not just in the Northern Territory. From a Power and Water perspective, the carbon tax adds 5.5% to people's electricity bills. We would see an automatic reduction in power prices of 5.5% with the removal of the carbon tax.

I have to say I am stunned there is opposition to removing it. It was one of the key issues that was run in the last federal election campaign. Clearly, Tony Abbott has a strong mandate to remove the carbon tax and I encourage federal members of parliament, both members and Senators, to honour the mandate the Australian people gave Tony Abbott at the last election. I particularly encourage my friends in the Labor Party to also encourage their federal colleagues to get out of the way so we can get rid of that soul-destroying tax.

Mr BARRETT: I have a question around the third party projections for the Northern Territory economy and the strength of the Northern Territory economy. Deloitte Access Economics and CommSec have issued reports. I am wondering if they concur with the reports we have had internally from our own departments of the strength of the economy here?

Mr TOLLNER: Yes, I have some information here in relation to that. The CommSec *State of the States* report identified the Territory as leading the country and having the strongest economic growth in the country. In overall economic performance, the Northern Territory remained the second strongest economy amongst all jurisdictions behind Western Australia.

Economic output in the Territory was almost 52% higher than the decade average as at the December quarter 2014. This is much higher than the second ranked jurisdiction, Western Australia, which recorded economic activity 30% above the decade average level. The Giles government is turning around the economic mess that was left to us by the previous Labor government. That is what CommSec says.

Deloitte Access Economics makes similar comments in their reports, and pretty well all economic analysis and indicators are pointing in the right direction for the Northern Territory. It is fair to say we are the envy of the jurisdictions in Australia. This government is absolutely committed to maintaining that economic growth and the performance of our jurisdiction.

Madam CHAIR: No further questions on that output? That concludes consideration of Output 2.1.

Output 2.2 – Payment on behalf of Government

Madam CHAIR: The committee will now consider Output 2.2, Payments on Behalf of Government. Are there any questions?

That concludes consideration of Output 2.2 and Output Group 2.0.

OUTPUT GROUP 3.0 – TERRITORY REVENUE

Output 3.1 – Territory Revenue

Madam CHAIR: I now call for questions relating to Output Group 3.0, Territory Revenue, Output 3.1, Territory Revenue. Are there any questions?

Mr McCARTHY: Yes, Madam Chair. Treasurer, NT revenue is expected to drop from \$881m this financial year to \$816m in 2014-15. Where do you expect the predicted loss of \$65m to occur, and how does this factor into the CLP fulfilling its election commitments?

Mr TOLLNER: Sorry, can you repeat that question? What years were you talking about?

Mr McCARTHY: NT revenue is expected to drop from \$881m this financial year to \$816m in 2014-15.

Mr TOLLNER: That is this year.

Mr McCARTHY: That must be the following year, sorry. It might be my numbers here. There is a predicted loss of \$65m. Where do you expect that to occur and how does that factor into the CLP fulfilling its election commitments?

Mr TOLLNER: Sorry, where does it say we are seeing a reduction? Can you point that out?

Mr McCARTHY: In Territory revenue over forward years from \$881m to \$816m.

Mr TOLLNER: What page is that on?

Mr McCARTHY: I do not have that page in front of me, sorry.

Mr TOLLNER: I am not sure if you have read the books right, member for Barkly. I am not aware that revenue is declining. I am trying to find where in the budget papers you are referring to.

Mr WOOD: I am looking at page 72. Perhaps the member for Barkly is looking at a different page.

Mr TOLLNER: Of what book?

Mr WOOD: Budget Paper No 3. I am presuming that is it - Territory revenue collected.

Mr TOLLNER: What you are referring to on page 72 of Budget Paper No 3 is not the revenue that is coming in to the Territory, it is just some revenue that has been collected. That refers to government payroll tax. There is an expectation payroll tax from government agencies will reduce.

Mr McCARTHY: Is there a reason for that expectation?

Mr TOLLNER: There are a number of changes you would be aware of - Darwin Bus Service and the Government Printing Office. There will be a reduction in staff generally, which will see a reduction in payroll tax.

Mr McCARTHY: That is government payroll tax?

Mr TOLLNER: That is government payroll tax it pays itself.

Mr McCARTHY: That equates to the difference in the number of government employees today and ...

Mr TOLLNER: That is right, yes. There are a number of areas - Territory Discoveries we have outsourced, the Government Printing Office and the bus service.

Mr McCARTHY: That is a difference of \$65m?

Mr TOLLNER: There could well be some other taxes internal of government.

Mr McCARTHY: That is a considerable difference. Would you agree, Treasurer?

Mr TOLLNER: Yes.

Mr McCARTHY: To Territory's revenue?

Mr TOLLNER: No, it is not, because this is us taking from one hand and putting into the other hand. It does not affect Territory revenue at all. It means agencies will be spending less.

Mr McCARTHY: The other area I am interested in is other revenue. You will see that on page 12 of Budget Paper No 2. It also appears in the budget books and says other revenue. One-off increases in other revenue in 2013-14 are \$40.1m and 2014-15 are \$4.5m. I want you to explain what constitutes other revenue and why there is a substantial variation between those years.

Mr TOLLNER: It is not explained very well on page 14, it just says one-off increases in other revenue 2013-14 are \$40.1m, and \$4.5m in 2014-15. There are a number of little things in there. The major area is a one-off legal settlement, which we cannot discuss. Put it this way, it was a health facility in Central Australia, if that is a lead.

Mr McCARTHY: Sure. Thank you, Treasurer.

Mr TOLLNER: I am sure you understand what I am talking about.

Mr McCARTHY: Yes. Other revenue. Thank you for clearing that up. Thank you, Madam Chair.

Mr WOOD: Minister, I think this is the spot to talk about the First Home Owner Grant. A young lady came to see me who wanted to buy a house in the rural area. She has to get a deposit, but was hoping to get the First Home Owner Grant. Now, if she waits until after the date, which is the end of the financial year ...

Mr TOLLNER: It is 1 January.

Mr WOOD: ... she will not get the grant. That is based on your prediction from some great economist company - I have forgotten what the company's name is. They say this will help boost the number of houses built. Is it not more to do with you signing up for a uniform deal across all states that home owner grants will only apply to newly constructed houses? I have a table which shows that New South Wales ceased on 30 September 2012, Victoria, Queensland and Western Australia the same. Is it about the states getting together and making it uniform across Australia, rather than ...

Mr TOLLNER: No, not at all. I can understand why you would think that ...

Mr WOOD: It says it in here.

Mr TOLLNER: That is right. No, there is no deal, not even urging. This is something that has never come up in any Treasury meetings I have been involved in interstate. Fundamentally, it is that all states have been grappling with rising housing prices. The Territory probably has the most extreme concerns in that regard when you see the way our prices have been skyrocketing. I think you are referring to Saul Eslake.

Mr WOOD: My apologies.

Mr TOLLNER: He is a well-known Australian economist. He is no longer with Westpac, he is now with the Grattan Institute, I am told ...

Mr WOOD: I am overcome.

Mr TOLLNER: He is one of many. The evidence has become overwhelming that First Home Owner Grants on existing residences have an inflationary effect on the housing market. As I said in the budget, we are trying to stimulate new construction, which is why we have increased the grant – it is not a big increase but it is an increase - and have removed the \$600 000 cap.

I understand many people would see the way the home owner grant operated for so many years in Australia for existing houses as some right or entitlement, but in the Northern Territory that is not the case. It has never been the case. We, as a government, are very keen to do what we can to foster and promote new housing construction, which is why we have targeted it specifically at new houses.

Mr WOOD: My concern is that I am not sure you are aiming at the right people. I will read a quote. These are not the only people I have quoted. A gentleman called Glen Dyer, late last year - I know this is called Share Café, but there are a number statements like this. He said:

First homebuyers are being shut out by the surge in home prices and market pressures coming from self-managed super fund investors, offshore buyers, and people upgrading their homes.

I believe he makes a good point. How many houses in the Territory are investment purchases which are shutting first homeowners out of the market?

Mr TOLLNER: I would not be surprised if an enormous percentage of our houses are being sold for investment purposes because, whilst the cost of housing is high, rental returns are high as well. The return

on capital is very high in the Northern Territory. It is not just recently, but for a long time interstate and overseas speculators have chosen to invest in the Territory.

We are not focused necessarily on who is buying the houses, but on how we level out the cost of housing. That is about greater land release, putting the focus of new homeowners into new construction and, fundamentally, trying to get more supply into the marketplace where, for years, we saw a restricted supply of housing, which fed into an escalation of prices.

Mr WOOD: I have two questions. Why do you not take up what I was talking about before, where the government releases the land. It could release ...

Mr TOLLNER: For one, we are broke ...

Mr WOOD: Hang on.

Mr TOLLNER: We are not out of the woods yet. We have a pretty bad financial mess, and to develop land costs money ...

Mr WOOD: It does.

Mr TOLLNER: ... and we do not have that money on hand. Given that and the fact - it would be great if we had inherited a fully functioning, financially secure government, but we did not.

Mr WOOD: Just to clarify what you are saying so I understand. Are you saying you are not funding headworks?

Mr TOLLNER: We are funding headworks in some locations where we are already committed to it. But, where we can, we are releasing land where headworks are not funded, and where the desire is for the developer to do them and we are not going to take a return somewhere down the track, if you understand what I am saying.

Mr WOOD: I understand what you are saying, but I still think governments can invest, even in the long term ...

Mr TOLLNER: At the end of the day, the pie is only so big, and money has to come from somewhere.

Mr WOOD: But you are giving people the money - \$12 000 for a first home loan. Why not, for instance, try to have land which is available for people who are first homeowners, at a cheaper price? You can offset that with a higher price for investors. These people who are investing, good luck to them, but those missing out are young Territorians.

This young girl with a baby who came to see me has no hope. I did not say that to her, but she has no hope of buying a house. She is not even within miles of what would be required - not only because the deposit would be so high but, by the time she gets around to having the deposit, your loan would not even help. All I am saying is the government does have some ability, through the ownership of land, to turn that around.

I will ask the second question. Why could a young person not have the right to buy an old Housing Commission house in one of the suburbs in Darwin? They are not going to be equivalent to the price of some of your flash ones in Palmerston or some of the new suburbs such as Lyons. You have taken away the ability to buy what I call a second-hand house. It is an old house, it is pretty basic, but it would not hit the big-time market. A person cannot even get into that market now. You have taken that ability away for people who have a choice by only allowing this particular home grant to apply to newly constructed houses.

Mr TOLLNER: The First Home Owner Grant, if it is allowed to continue, puts an upward spiral on prices. If you allowed people to buy existing homes, you have an extra wad of cash that comes in that makes that house more valuable. That puts on upward pressure.

At the moment, yes, it might make it more difficult for people to get into a house but, over the longer term, if we leave that in place it is only going to add more pressure into the future for people to buy a house. By taking it away from existing houses, you take away that artificial escalator, so to speak, on existing houses. Somewhere down the track, those houses have to be more affordable because you are not artificially driving the price up with the First Home Owner Grant.

In relation to what we do with old Housing Commission houses, I have 1001 creative ideas of what we could do with them, but I do not want to comment on that because they are matters for the Housing Minister, and he will have his own agenda about how he will make houses affordable, what he is doing with public housing, whether he will sell off old stock, and whether he will make them available for first homebuyers or put them into an affordable market.

Member for Nelson, my two boys are now 16 and 17. It is not too far down the track before they will need a house ...

Mr WOOD: I am a bit older than you. My grandkids are that age.

Mr TOLLNER: That is right. This is something all families struggle with - the cost of housing is very high. Having said that, owning a house is not a right, it is not an entitlement. Ultimately, people have to scrimp and save the way they did when you were a kid and when I was a young bloke. People have to make sacrifices if they want to buy a house. For something unaffordable - there are still plenty of first homebuyers out there who seem to be able to do that. Some of them have help from mum and dad, others are not so fortunate, they can go out and get second jobs and all of that.

The question is how we make housing more affordable. As I said, what we are doing is releasing land and focusing the First Home Owner Grant in a much more targeted way. There is a whole range of things that are being done to make housing more affordable.

Mr WOOD: I wondered whether what you say will make a difference. I again read from here. This is New South Wales, I do not have any figures from the Territory. They said in September, first home buyers only made up 6.8% of new housing loan commitments. If that was reflected in the Territory, what difference would it make whether someone was able to buy a second-hand house or a new house? If the percentage of people who are first homeowners buying a house is so small and the rest is investors, then what is the point?

Mr TOLLNER: What do the New South Wales figures say about first homeowners buy existing houses? What is the percentage there?

Mr WOOD: According to this, the percentage of total owner occupied houses – no, I do not have that in front of me here. But, you are stopping people buying a second-hand house ...

Mr TOLLNER: No.

Mr WOOD: Well, not stopping them, but they do not get the discount or the First Home Owners Grant if they ...

Mr TOLLNER: It is not a discount, it is an additional premium ...

Mr WOOD: It is a help, yes.

Mr TOLLNER: ... paid. If people selling a house know when a person is buying it is getting a First Home Owners Grant, it is making those houses more affordable for first homeowners. Therefore, it is adding upwards pressure on prices. That is something we are trying to avoid.

Mr WOOD: Yes, I am just ...

Mr TOLLNER: I would love my kids to be able to walk into Mrs Ryan's office and say, 'Jodie, my dad is a mate of yours, how about giving me \$26 000 because I want to buy the old dump down the road?' That would be great, but ...

Mr WOOD: You did not live in the flashest house on Andrews Road.

Mr TOLLNER: I have never lived in a flash house.

Mr WOOD: No, neither do I. I have a demountable for a house. But, the point is now, even in the rural area, people cannot afford - I do not want to go through it now, Madam Chair. There should be a cheaper option for rural people; that is, rural blocks which do not need as much infrastructure. But, the government does not seem interested.

Mr TOLLNER: Anecdotally, I hear stories all the time, 'My grandparents scrimped and saved most of their lives'. My grandparent's first house was a house my dad bought for them in 1965 and they lived in that house until they died. They achieved the goal of home ownership only at the end of their lives. I think my dad bought a house in his mid-40s. I probably got into a house at 31 or 32 years old.

These days, people coming out of high school expect to have a house. The expectation to own a house is increasing, and the worst thing I could do is to try to nullify that expectation. We want people with big aspirations in the Territory. We want them to have dreams of owning houses and working. But, it is not a given that everybody will have a house when they leave school.

Mr WOOD: All right. That is a discussion that ...

Ms MANISON: Can I follow on with some questions from that, Gerry?

Mr WOOD: Yes.

Ms MANISON: Treasurer, with regard to the First Home Owner Grant and what we have been hearing about the changes you are implementing through this budget, would you say now fewer Territorians will access the First Home Owner Grant as a result of the changes?

Mr TOLLNER: I imagine that is the case, but I do not have a crystal ball here.

Ms MANISON: Looking at the budget papers, there is, effectively, in tax-related subsidies, a \$6m reduction which you are attributing to the First Home Owner Grant predominantly. If you look at the figures you provided in the written questions, you can see, this year alone, the First Home Owner Grant has attributed to about \$12m. Effectively, with the figures you are forecasting, you are saying you would be looking to cut the number of people accessing the First Home Owner Grant by about 300 first homeowners across the Territory?

Mr TOLLNER: We have simply deducted the number of existing houses and taken them out of the equation - they will not be accessing them. Some of those people may well access a new house, given the fact they cannot get the grant for an existing house. But, without a doubt, I would think there will be a decrease in the number of people accessing the First Home Owner Grant ...

Ms MANISON: As a direct result of your policy changes there will be fewer first homebuyers in the Territory.

Mr TOLLNER: No, sorry, fewer people accessing the First Home Owner Grant, not necessarily fewer homebuyers. I do not see a curtailment of real estate agents; the number of homebuyers will remain strong. As for people who access the First Home Owner Grant, there will certainly be a reduction in them. Treasury factored in a reduction in spending of \$5m this year. We have factored in a saving ...

Ms MANISON: Is that this financial year there has been \$5m less access ...

Mr TOLLNER: Sorry, 2014-15.

Ms MANISON: In 2014-15.

Mr TOLLNER: We expect there would be fewer people ...

Ms MANISON: That is about half of what you expended this financial year on the First Home Owner Grant? At present, the First Home Owner Grant is \$11.6m or \$11.7m.

Mr TOLLNER: Yes, that is what it will be after the change. We are on track to spend about \$17m this financial year.

Ms MANISON: Yes, thank you.

Madam CHAIR: If there are no further questions on that output, that concludes consideration of Output 3.1.

Output 3.2 – Tax-Related Subsidies.

Madam CHAIR: We will now consider Output 3.2, Tax Related Subsidies. Are there any questions?

Mr WOOD: I want to ask about payroll tax. For many years, I sat in estimates and the CLP would go crook at the Treasurer for increasing payroll tax when he actually did not - there was just more businesses and the tax percentage stayed the same. The government used to get hammered as to when it would reduce payroll tax. Minister, as someone who supports business, when are you going to reduce tax on business?

Mr TOLLNER: You support business? All right.

I agree, I would like to see the abolition of all taxes, to be honest. But, bearing in mind we have some commitments to maintain in the operation of the wheels of government, the money has to come from somewhere ...

Mr WOOD: Mr Parsons would not have a job.

Mr TOLLNER: As I explained earlier, there is a relationship between our revenue-raising capacity and what we get in federal government grants, most notably through the Commonwealth Grants Commission.

Whilst one would like to abolish payroll tax, reduce rates, or take less money, the ability is not there until we can replace it with something, otherwise we will take a double hit in a loss of GST revenue. As much as I can say we would like to reduce it, at this moment our hands are tied. I will go back to the old story - we are looking down the barrel of a \$5.5bn debt and have to clean up this financial mess we have found ourselves in. Getting rid of payroll tax is not something currently on our agenda.

Mr WOOD: I remember the black hole in 2001 well, but that is another matter.

Mr TOLLNER: It has gone from \$100m to \$5.5bn.

Madam CHAIR: Are there any further questions? That concludes the consideration of Output 3.2 and Output Group 3.0.

OUTPUT GROUP 4.0 – SUPERANNUATION **Output 4.1 – Superannuation**

Madam CHAIR: The committee will now proceed to Output Group 4.0, Superannuation, Output 4.1, Superannuation. Are there any questions? That concludes consideration of Output Group 4.0.

OUTPUT GROUP 5.0 – ECONOMIC REGULATION **Output Group 5.1 – Utilities Commission**

Madam CHAIR: The committee will now consider Output Group 5.0, Economic Regulation, Output 5.1, Utilities Commission.

Mr TOLLNER: I remind you I have the new Superannuation Commissioner sitting next to me, busting at the seams to answers questions about superannuation.

Madam CHAIR: We apologise.

Mr WOOD: You could tell us what is exciting about it, Dave.

Madam CHAIR: I note that under this output the Treasurer will take questions relating to his role as shareholding minister of the Power and Water Corporation. Are there any questions?

Ms MANISON: Yes, Madam Chair. Going back to debate in the last parliament, you said we would have the opportunity to ask, and you were delighted to take questions on Power and Water as part of the estimates process.

I do not have a huge number of questions for you today, but I am keen to clarify that the Statement of Corporate Intent for Power and Water Corporation, Retail Corporation, and Power Generation Corporation will be available soon?

Mr TOLLNER: Yes, they are. We are tabling them in August.

Ms MANISON: Following on that, we will go through a more formal detailed estimates process?

Mr TOLLNER: Yes.

Ms MANISON: Very good.

Mr TOLLNER: Just bear in mind there was a bit of confusion about this last year. I want to clear it up. I answer questions as the shareholding minister in this Treasury session ...

Ms MANISON: We have plenty of operational questions as well.

Mr TOLLNER: I do not answer operational questions, they are answered by the government-owned corporation in their session. That will occur in August.

Last year, I came under a bit of flack because I did not turn up when Power and Water turned up. That was put in place deliberately many years ago by other governments. It would have been improper for the shareholding minister to turn up with the Power and Water Corporation in their session.

Ms MANISON: Towards the end of Labor's government, I recall we had the shareholding minister and, I think, the Essential Services minister as well.

Mr TOLLNER: No, not in the Power and Water session. Not in the government-owned corporation section. The managing director and chairman turned up and the shareholding minister was not there. To clarify that, ask the shareholding minister the question in the Treasury section, which I am more than happy to answer ...

Ms MANISON: You are not coming back in August?

Mr TOLLNER: I am more than happy to come and answer Power and Water questions any time you like ...

Ms MANISON: I would love to have you come back in August to answer a few more questions.

Mr TOLLNER: Bear in mind I might take the running on that session ...

Ms MANSION: We have the Statement of Corporate Intent and you ...

Mr TOLLNER: ... and it would be much more desirable to question the chairman and the managing director.

Ms MANISON: I would more than welcome you there.

Mr TOLLNER: You will not be questioning them if I turn up.

Ms MANISON: Yes. It would be great to have you all there and available for questioning. It would be fantastic.

Mr TOLLNER: They will all be turning up, but they will not be answering too many questions.

Ms MANISON: Absolutely, and having the operational side as well, because there are many questions about operations and how they are going.

Mr TOLLNER: Generally, it has been the view of the Public Accounts Committee to ask the government-owned corporation questions directly, rather than through a particular minister. So, if that is the way you want to change that, I am more than happy to turn up in August as well.

Ms MANISON: That is good.

Mr TOLLNER: That is all right.

Ms MANISON: We will have lots of questions ...

Mr TOLLNER: Come back to me in August, and let me know whether you want me there. I am more than happy and absolutely thrilled to turn up. I would have been happy last year too.

Ms MANISON: We will have many questions for you and minister Westra van Holthe. It will be good to have a chat to you all about how things are going at Power and Water and the new corporation.

Mr TOLLNER: Absolutely, without a doubt.

Ms MANISON: To date, under the CLP government, the tariff increases we have seen for power, water and sewerage - for power it is in the vicinity of 25% now? Is that correct?

Mr TOLLNER: Sorry?

Ms MANISON: The tariff increase for electricity which domestic household customers pay.

Mr TOLLNER: You mean since last year when we announced the changes?

Ms MANISON: The major tariff increases, yes.

Mr TOLLNER: Yes, that is right.

Ms MANISON: Yes, and in relation to the budget, Budget Paper No 2 attributes a large proportion of the 3.9% CPI rate and the increasing cost of living in the Territory to power and water costs. With the formulation of your budget, and looking at where you put the money, how much modelling did you do about real impacts on Territory families and businesses that power and water increases have had? How did you have to incorporate them into the formulation of the Territory budget?

Mr TOLLNER: We asked ourselves a very simple question: how will Territorians react when the lights go out, when the joint has to close its doors and fold? We made a decision that Territorians wanted a sustainable supply of electricity, water, and sewerage. In that regard, we had to put them on a sustainable footing.

Obviously, you are aware that when we came to government the biggest millstone around our neck was the deplorable state of the Power and Water Corporation. It was highlighted in a range of different areas and something drastic had to occur.

You also know the previous Treasurer indemnified the board because they were so worried they would all be sued for the way the Power and Water Corporation was falling into a mess - the previous Treasurer indemnified the board.

Without a doubt, our first priority was to keep the lights on, which is why we put those big increases in place. They were not popular, but I can tell you now I am 100% convinced they were a lot more popular than seeing the lights go out and services shut down forever. People can criticise, but the fact is we have kept the lights on.

Second, we are very keen to ensure we are not in that situation again, so we have put in place measures to rectify the problems in the Power and Water Corporation.

Ms MANISON: Sticking to the theme of keeping the lights on, would you agree that repairs and maintenance play an essential role in that ...

Mr TOLLNER: Yes.

Ms MANISON: ... and ensuring we have adequate investment in R&M, particularly at Power and Water? We know we have a lot of ageing infrastructure there. It is a worrying trend to look at your budget again this year, and see that R&M continues to be on a downward spiral. Budget 2012-13 ...

Mr TOLLNER: No, it is not, it is increasing.

Ms MANISON: Looking at Budget 2012-13, there was an R&M budget of almost \$87m, but last year there was \$78m, and this year there is about \$81m. Would you not agree that if we want to keep the lights on you have to invest in repairs and maintenance? It is a bit of a worrying trend. What is going on with repairs and maintenance at Power and Water Corporation?

Mr TOLLNER: No, that statement you made is misleading. We have always increased the R&M budget at the Power and Water Corporation. It has not been reduced at any one time.

Ms MANISON: This is budget book figures I have gone through going back on the budget books.

Mr TOLLNER: Where? It is wrong, because we have not reduced the R&M at Power and Water. Power and Water's R&M continues to increase. It is \$80m this year and \$81m next year.

Ms MANISON: Looking at 2012-13, there was a budget of about \$87m, and now we are seeing this year a budget of about \$81m. Even if you take cost escalation indexation ...

Mr TOLLNER: No, no. In 2012-13, they never spent the budget. They were well below the budget.

Ms MANISON: I will tell you what else happened in 2012-13. There was a change of government.

Mr TOLLNER: Oh yes, right. All of a sudden, it became very efficient.

Ms MANISON: You had your mini-budget. You have to agree, that is a reduction in repairs and maintenance for Power and Water Corporation. You are still not at those levels.

Mr TOLLNER: As I said, the R&M budget has never reduced.

Ms MANISON: Okay.

Mr TOLLNER: The spending on R&M has increased the whole way through. I put it to you that Power and Water is not plagued with ageing infrastructure. There are some small areas where there are some difficulties but, in the main, the infrastructure of the Power and Water Corporation - poles and wires I am talking here – is in pretty good nick across the Territory.

Ms MANISON: That is not the feedback I tend to hear. There are lots of challenges.

Mr TOLLNER: In the remote areas we have problems through the IES - we have some problems with the infrastructure. In water and sewerage we have some problems with replacing old pipes in people's backyards but, in the main, things are fine.

These are R&M figures. We will start at 2011-12 - \$72.169m; 2012-13 - \$79.527m; 2013-14 - \$79.638m; 2014-15 - \$81.179m - and then it increases all the way through the forward estimates.

Ms MANISON: I will still go back to this. This is from the budget papers of the 2012-13 Budget that said the repairs and maintenance budget for the Power and Water Corporation was \$86m, almost \$87m.

Mr TOLLNER: That might be what the budget was ...

Ms MANISON: Yes.

Mr TOLLNER: ... but they did not spend anywhere near that.

Ms MANISON: Yes. Clearly, once the new government got in, the priorities greatly changed within the Power and Water Corporation, it would be fair to say.

Mr TOLLNER: Rubbish - absolute rubbish!

Ms MANISON: There is a lot to get through, minister ...

Mr TOLLNER: That is all right, keep going.

Ms MANISON: Yes. Going back to the structural separation of the Power and Water Corporation. During the process of looking into that through the PAC, we had discussion with NewCo, that what you budgeted for, for the structural separation, was based on best-case scenarios, and the budget that was forecast and presented to the PAC at the time would be re-examined after the legislation had passed.

At the time, NewCo said their figure was about \$6.8m for structural separation. Power and Water presented figures saying they had spent, just this financial year alone, about \$2.2m which differed somewhat to what NewCo presented - the figure would be about \$9m for structural separation. Have you had an opportunity to review those budgetary figures?

Mr TOLLNER: We budgeted \$1m. We have spent about \$700 000 last year, and we expect to spend the rest this - sorry, when I say last year ...

Ms MANISON: This is just Treasury?

Mr TOLLNER: Let me finish. We expect to spend the rest of it in the 2014-15 year. All the other costs are being met from within the Power and Water Corporation, but the cost to taxpayers is about \$1m. This is what we have budgeted.

Ms MANISON: That is just Treasury's figure, not including NewCo from DCM, and the Power and Water Corporation?

Mr TOLLNER: Power and Water is paying for those costs – NewCo and all that. That is all coming from within their own budget.

Ms MANISON: That is about \$9m they have to find from within?

Mr TOLLNER: I do not know. They are matters you need to address to the Power and Water Corporation.

Ms MANISON: The figures we were presented last month ...

Mr TOLLNER: I could not see how they could spend \$9m, but I do not know. You have clearly come up with some numbers from somewhere.

Ms MANISON: They were the figures we were presented with at the PAC, where we heard from Power and Water Corporation. We also heard from NewCo at the time. They provided them in submissions as well.

Mr TOLLNER: My understanding is \$6.8m was allocated from within Power and Water over a couple of years. Where the \$9m would come from I do not know.

Ms MANISON: My figuring of that was NewCo saying \$6.8m. At the time, they said only \$400 000 of that was from Power and Water Corporation. Power and Water Corporation, presenting to the PAC, said they had spent \$2.2m this financial year alone. Take out the \$400 000 from the \$6.8m and adding in the \$2.2m - they had not had figures put forward for the upcoming financial year, so that figure would surely grow even further. The NewCo figure incorporated the Treasury expenditure on the structural separation of the work you had done through lawyers and what not.

Mr TOLLNER: They are matters you would have to put to the new boards.

Ms MANISON: Okay, some questions for August.

Through the debate regarding the structural separation, we know privatisation was a fairly hot topic to say the least. We have seen further media reports since structural separation - about two weeks after the legislation passed - where the Chief Minister did not rule out the privatisation of Power Retail Corporation. Has any further action been taken to look at that?

Mr TOLLNER: No, the view is we are not intending to privatise any of the Power and Water Corporation assets - the new retail business or the new generation business. It is not on government's agenda. However, what has emerged with the new retail business is they require - and would have required in any case, whether they stayed within the Power and Water Corporation as a whole or been split out - a new billing system. That billing system will be very expensive.

Ms MANISON: It was only replaced about four or five years ago.

Mr TOLLNER: That is right, it was another Labor disaster. We saw it grow. I think their budget was \$5m or so for the billing system, it blew out to \$65m - very similar to the AMS.

Ms MANISON: Those figures seem a bit extreme, but ...

Mr TOLLNER: Yes, it was extreme; there is no doubt about it.

Ms MANISON: I will check those figures.

Mr TOLLNER: Your team proved quite appalling when it came to implementing computer systems.

However, they need a new billing system. The question is whether government gives them money to do that or whether they take on an equity partner that can provide it. At this stage, no consideration has been given to either scenario because we are going through the motions of structural separation. For the time being, through a shared services agreement, they will be able to maintain their billing system as they currently ...

Ms MANISON: An equity partner is news to me, Treasurer. Can you talk me through how that could possibly work?

Mr TOLLNER: Similar to other jurisdictions which have taken on partners. Canberra would be the easiest solution. ActewAGL is a partnership between two companies. The AGL side of the equation provides a range of different services and expertise.

Do we develop a new system for all the new retail business, or do we take on an existing player that can add value with skills and expertise with an existing system within their business? These are all hypotheticals at the moment. The government has not made any ...

Ms MANISON: But, you are clearly looking at hypotheticals, so you are saying you are not privatising the retail corporation, but looking at partnering it up with a private utility?

Mr TOLLNER: That is a possibility - no, not a utility, a retail business. That is a possibility which is being considered.

Ms MANISON: Part privatisation?

Mr TOLLNER: To all intents, we want these businesses to run as if they are private organisations - lean and efficient, providing a good service for Territorians.

It was Labor that made the first steps to privatisation when it changed it from a statutory authority to a corporation. It was in Labor's time that you got rid of the Power and Water Authority, made it the Power and Water Corporation and introduced the *Government Owned Corporations Act*, which meant they were to operate as commercial organisations. We want to maintain our investment in these organisations, but we want them to act commercially.

Ms MANISON: With this potential private partnering of the electricity retail corporation, was this an arrangement you were looking at prior to the structural separation going through? Is this something you have been planning for some time?

Mr TOLLNER: No, we have been planning to make power and water provision much more transparent and understandable. In that regard, we looked at the structural separation. There have been some holes identified within our regulatory environment, which is why we want to move to the AER and adopt national rules, to make sure everything is above the table, and we know what is being spent, how much is being spent and where it is going. This was very difficult under the monopoly business. We did not know where the money was going, what was going into generation, the network, retail, or water and sewerage and it was difficult to separate that out.

Money moved very fluidly throughout the organisation, which was highlighted in the most recent Utilities Commission report into the system black. The people who were commissioned to do the report found it almost impossible to find the money trail and see where money was being spent within the organisation. That reaffirmed our reasons for wanting to separate the Power and Water Corporation.

Mr WOOD: Can I ask a question on that?

Ms MANISON: Yes.

Mr WOOD: The advice I got from the Auditor-General was you did not need to split, you could have made a direction which changed the accounting processes and forced Power and Water to provide that transparency without breaking it up into separate companies.

Mr TOLLNER: Yes, that is true. That view was put to me initially when we started going down this path - whether accounting separation was adequate and would do the job. It is something you could put in place,

but company law in Australia these days means you have to operate that business as maximally and efficiently as possible. To do that, often you move resources from one area to the next. Whilst you might have created some accounting separation, you would not stop the fluid movement of money between relative entities within the organisation.

Mr WOOD: As long as that was transparent, it is not a problem.

Mr TOLLNER: That is right, but you have to constantly keep watch to make sure that is happening. The view was if we wanted to make it transparent but, just as importantly, grow the economy and attract private investors, it is very difficult to do when you have an investor who wants to provide generation capability and compete with a monopoly organisation which has that ability to move costs within its various arms. That consideration was taken into account as well.

I agree with the Auditor-General. We could have achieved some level of accounting separation to make it much more transparent, but the priority was also to attract private players to the market. With a strongly growing economy, it is not going to be too long before we need generation capacity and, quite frankly, the government is in no position at the moment to provide that, given the fact we have this debt hanging over our heads and already have spending problems.

Mr WOOD: On the reverse side of that, the issue is you want to make Power and Water a company in a competitive field ...

Mr TOLLNER: Yes.

Mr WOOD: My discussions with people who are much more knowledgeable about this than me showed that an electrical company which generates and also sells does not split itself into two or three different companies. The left hand knows what the right hand is doing, otherwise it would be a bit strange if the company did not know what was happening on either side of its business.

By splitting Power and Water into three separate individual companies, how are they going to know what the other side is going? Generation is now a GOC, retail is a GOC, so why should they talk to one another if you are making them competitive against themselves?

Mr TOLLNER: Generators do not compete with retailers.

Mr WOOD: But retailers can become generators after five years. So, why would you make a company which is less competitive – that is, Power and Water - than other companies in the same business?

Mr TOLLNER: First, we are not making them less competitive. In an effort to try to attract competition up here of all the players, we are saying they will stay 'demerged' for at least five years. This gives other players the opportunity to come here and at least start to set up. In five years time, when we have an embedded wholesale market operating and all of that sort of stuff, government can quite easily step back and say, 'All right, go for it, guys, merge together, disband, join forces with whoever you want to join forces with' because we will have a market operating.

It will take a little while to get a market operating in the Northern Territory. This is no quick fix; these things will take time. This structural separation is the first of a much larger reform package; there will be other separations to come. There will be changes to be made. In relation to electricity ...

Mr WOOD: Are you saying there will be more GOCs?

Mr TOLLNER: More GOCs, absolutely.

Mr WOOD: More administration, more boards?

Mr TOLLNER: Absolutely.

Mr WOOD: Is that not more cost?

Ms MANISON: More cost!

Mr WOOD: It is not a very effective competitive market.

Mr TOLLNER: I love the way you guys want to have a go.

Mr WOOD: I am saying you are trying to set it up as a business. Show me a business which would split itself up into so many parts with so many boards. You would not have extra boards, there would be one.

Mr TOLLNER: Let me tell you the example of Queensland. Queensland, when it went through structural separation, separated its generation business three times. It did not have one generation business, it created three of them. In actual fact, we are the only jurisdiction which is not splitting up our generator into a number. The reason is we have no capacity to split it up further, which is why we are so desperate – not desperate, very keen – to see other competitors come into this market to create the market. In other jurisdictions, they split these things up several times in order to have a marketplace with various competitors in it.

Member for Nelson, I have to say that there is nothing new in what we are doing. You asked a rhetorical question in parliament a few weeks back, saying, 'I would like to ask questions about whether this has occurred in other jurisdictions'. The question should be: has this not occurred anywhere else? I am scratching my head. I cannot think of a single place this has not occurred ...

Mr WOOD: I am not trying to compare government with government, I am comparing business with business. I am not sure what the company is called that does southwest Queensland. Ergon is the one that does regional, I am not sure of the name of the company that does the main - is it Origin? Origin has a single board, it does not have three boards. It operates as a company that does generation and retail. It has one board. We have three boards and now you tell us we will have more boards ...

Mr TOLLNER: No, they do not have a network business.

Mr WOOD: No, I did not say they did. I said they had generation and retail, but they operate as a total business. They do not have two boards, they have one board. Why do we have all these boards? It seems to me that is a very inefficient way of operating a business. With one board the left hand knows what the right hand is doing. We will create more GOCs, more administration. It seems to me we make Power and Water less competitive if they will be part of a competitive market.

Mr TOLLNER: What we want to do is get a market going. We want retailers to be able to buy from generators, and generators to be able to sell to retailers. If your first step is to join them all together, they are bound at the hip. If we had Power and Water as a gen/tailer they would not go to a new competitor and try to find ...

Mr WOOD: But is Origin not the same? They are a gen/tailer.

Mr TOLLNER: That is right, but they have a much deeper and more mature marketplace. What I am saying is we do not have a mature marketplace. We do not even have a marketplace yet. What we are trying to do is create a marketplace. That is why we have said for the first five years at least we will have them all separated. After five years, when we have competitors, retailers, generators - all of that sort of stuff - we will allow the market to move to where it finds its equilibrium.

Maybe some will want to stay as retail only businesses. Maybe some will want to stay as generation only businesses. Maybe some of them will want to merge because they find more synergies with other businesses.

The first thing we want to do is have a competitive marketplace. For that reason, we have separated them out. Then, after five years, we will check it out, see what the environment is like at that time. If it is conducive to merging, that is fine.

The other point I should make is nowhere in the country is there a generation business owner network or retail business owner network. Networks are always separate and are fundamental to the wholesale market.

Mr WOOD: I will check.

Mr TOLLNER: Check it.

Ms MANISON: Going back to Power Retail Corporation and your potential private partner coming in. With Power and Water ...

Mr TOLLNER: Member for Wanguri, I am more than happy to answer these questions, but do not make a whole hullabaloo about this because it is just hypothetical.

Ms MANISON: You said government is considering it. Yes, it is hypothetical that government is considering it. You are looking at it. When do you think you will ...

Mr TOLLNER: Maybe I should have sat here and buttoned my lip and said nothing because I can see what you will do. You will run out here ...

Ms MANISON: I appreciate the fact that you have been very forthcoming with it.

Mr TOLLNER: ... and say 'They will merge up AGL or Ergon or Energex or one of those'. I hope I have not created in you that sort of ...

Ms MANISON: I appreciate that you have been forthcoming with that information and addressed the comments that have been raised by the Chief Minister ...

Ms MANISON: All I am saying is there are decisions the new retail business will have to make in relation to how it provides its services. Whether it decides to partner up with another company, or it wants to purchase in a whole heap of new equipment are decisions they will have to make in the short to medium term.

I have to say my focus has not been in that area. My focus has been on getting the regulation for the marketplace in place, and making sure the structural separation of Power and Water happens in a proper, timed manner ...

Ms MANISON: I have some questions around regulation as well.

Mr TOLLNER: Yes.

Ms MANISON: I have a few other questions about assets and tariffs first ...

Mr WOOD: Can I say one thing?

Ms MANISON: Yes.

Mr WOOD: Minister, Origin is the leading Australian integrated energy company. Being integrated, Origin has diverse operations spanning across the energy supply chain, from gas exploration and production to power generation and energy retailing. That is Origin.

Mr TOLLNER: Yes.

Mr WOOD: One board.

Mr TOLLNER: Yes.

Mr WOOD: Thank you, that is all.

Mr TOLLNER: That is fine. I have no drama with that. We will have, I have no doubt, in years to come gen/tailers operating in the Northern Territory as well. Initially, we want them to find their feet - for a retail business and a generation business to find their feet. Once they see some opportunity merging down the track, that is for future governments to determine. We want to keep them separate for the first five years.

Ms MANISON: Treasurer, going back to assets, we know at Treasurer's level meeting with your state and federal counterparts, and also the Chief Minister at COAG level has signed off to look at potential sales of assets in exchange for federal funding around infrastructure. Is that something you have looked at further in relation to the Power and Water Corporation, the GenCorp, or the Retail Corp assets?

Mr TOLLNER: Absolutely. Some of the major assets Power and Water Corporation has that are in line for sale are gas assets. We have, as you know, purchased a gas take-or-pay arrangement with various players. Because the Gove pipeline is not going ahead it means we have an excess of gas which we are currently banking. We even lose some of that gas. We paid for it, but we have lost it.

We are very keen to sell any excess gas we have, and the Power and Water Corporation is going about that business right now. There are a couple of negotiations going on. I do not want to talk about them in depth because they are currently happening and we want to see something come from that. We have had it checked out with Treasury here and Treasury federally that these gas agreements are assets.

Ms MANISON: Any other infrastructure you are looking at around generators?

Mr TOLLNER: No.

Ms MANISON: Just the gas at the moment? That is sitting as a unit within Power and Water Corporation?

Mr TOLLNER: Yes, it is the Gas Sales Division. The Power and Water Corporation has bought that gas in its own right and has the ability to sell the gas as well.

Ms MANISON: When do you anticipate being able to report back further on moves to sell some of that gas?

Mr TOLLNER: I am hoping by the end of the year we will have those agreements in place.

Ms MANISON: Thank you, Treasurer. Looking at the network's price determination of 2014, clearly within that there was an increase to the networks tariff of 39% over five years which would equate to over \$1bn ...

Mr TOLLNER: A maximum allowed to be charged.

Ms MANISON: Yes, to over \$1bn for Power and Water. I take note of the paper you tabled in parliament at last sittings where you were looking at the vicinity of a step increase, which would end up equating to about 19% over the control period and a required revenue allowance of \$875m.

Mr TOLLNER: I got that wrong.

Ms MANISON: Talk me through that.

Mr TOLLNER: I might as well tell you right here and now.

Ms MANISON: Please talk me through it because I was concerned when I read on to see:

I formally direct the Board of Power and Water Corporation to implement this proposed revenue path and submit a tariff schedule necessary to give effect to this revenue path to the Department of Treasury and Finance for approval.

Ultimately, \$845m is a lot of money. Who will pay for that? How will you find the money?

Mr TOLLNER: Yes, I got that wrong. The price path I put in place for the Power and Water Corporation is probably a little high. We did it at 19% over five years. I have since recalculated, and sent a letter off to the Power and Water Corporation last week reducing that to 16%.

Ms MANISON: How much does that equate to if the 19% was \$845m?

Mr TOLLNER: It will be of that order again. It will be about \$825m I am told.

Ms MANISON: But, \$825m is a hefty sum. How is that money found? Will it be ...

Mr TOLLNER: It makes up part of people's power bills.

Ms MANISON: Yes, in power bills, who is paying for that? You and the Chief Minister have said firmly before that you would not pass on these increases. You said the pricing structure you had in place for householders and small businesses was going to stay.

Mr TOLLNER: That is correct.

Ms MANISON: Will they be impacted by this?

Mr TOLLNER: No.

Ms MANISON: Who is paying? Is it the people already on contracts?

Mr TOLLNER: Everybody is paying, because it is all part and parcel of someone's bill. When you get an electricity bill, you get a dollar amount saying what the bill is, but there are various components that make up the bill, including a charge for retailing, transmission and the generation of electricity.

You do not generally see those three line items, but they are all part and parcel of the same bill. All you see is a total amount. The vast majority of that money is already picked up in existing power bills. You are worried about the increase ...

Ms MANISON: There has been an increase, you need to find that \$825m.

Mr TOLLNER: No, it is not an increase, that is the total. The question is where is that increase being paid? We know Territory tariff payers' – households' – prices are locked in. We know many of the higher tranche customers' prices are locked in. Most of them are on three-year contracts. The only place those increases can come from is through Territory revenue. Obviously, the taxpayer will have to foot more of the bill to the Power and Water Corporation.

Ms MANISON: Okay. You are not going to be increasing any tariffs whatsoever that come out of Power and Water to meet that \$825m?

Mr TOLLNER: No, they are locked in. As contracts come up for renewal with the ...

Ms MANISON: Not impacting street light charges or any areas like that?

Mr TOLLNER: The street light charge is a separate area. There is an acknowledgement that councils should pay for what councils use. It is not fair that people in Tennant Creek, for instance, should subsidise people's street light charges in Darwin. Councils have to pay for their street lighting costs.

They have been given adequate notice of that. It was your government that informed them that street light charges would apply. We delayed that for a year, and I delayed it again in order to ensure the new price path was taken into account when Power and Water divvied up their bills and sent them off to each council. These costs have to be borne by someone, either the tariff payer – the taxpayer – or the government.

Ms MANISON: Effectively, it is \$825m which has disappeared from your revenue. If you will be absorbing that cost what gets cut?

Mr TOLLNER: No, no, the vast majority of that \$825m – I think all of it – under this new price path is already covered by the bills people pay. They are already paying a portion for the transmission of their electricity in their bill.

Ms MANISON: Which is a proportion of their tariff ...

Mr TOLLNER: That is right, and that is what ...

Ms MANISON: This is on top of that as of 1 July.

Mr TOLLNER: No, no, it is not. That is the total amount that will be paid for the transmission. It is not on top of something already existing. This is the global amount being paid.

Ms MANISON: You are saying it is not going to impact any business or household customers ...

Mr TOLLNER: It will impact some business customers.

Ms MANISON: Which business customers are those?

Mr TOLLNER: Depending on where their contracts are at, most of them – not all of them ...

Ms MANISON: Ultimately, some businesses will pay.

Mr TOLLNER: Let me get this straight for you, so you understand. Businesses generally sign a three-year contract. Some will sign for less and some will sign more for a price they will pay for that three-year term. Part of that price is in the transmission of electricity. When we renegotiate and redo their contract, the price

for transmission will increase slightly. It is not a whole lot, because they are already paying a big portion of that \$825m.

Ms MANISON: To my understanding, the network tariff takes about 30% of the tariff a customer is charged.

Mr TOLLNER: That is right, and of that 30% the vast majority is already being paid by consumers.

Ms MANISON: Yes, but I thought this increase which comes into place as of 1 July ...

Mr TOLLNER: It is not \$825m of new money. It is the percentage increase to \$825m

Ms MANISON: Either way, the networks tariff charge over the next five-year period, from 2014 to 2019, will be a 16% increase?

Mr TOLLNER: Yes.

Ms MANISON: Some business customers, you are saying, will end up having to pay for that ...

Mr TOLLNER: No, they are already paying.

Ms MANISON: But they will have increases.

Mr TOLLNER: It is an increase of 16% on – what did you say? - 30% of their bill.

Ms MANISON: 30% of that tariff.

Mr TOLLNER: Over five years.

Ms MANISON: Yes.

Mr TOLLNER: I have one tip for this business. Stop listening to the Leader of the Opposition, who runs around saying power bills will go up by \$1.2bn.

Ms MANISON: You are the one who worries me.

Mr TOLLNER: That is nuts.

Ms MANISON: Come on!

Mr TOLLNER: That is nuts, and she tells everybody. They run it in the media that our power bills will increase by \$1.2bn.

Ms MANISON: You just said 16% for the networks tariff charge at \$825m.

Mr TOLLNER: It does not work out to \$1.2bn.

Ms MANISON: \$825m.

Mr TOLLNER: \$825m over five years for 30% of your bill - which is a fraction of \$825m. It is nowhere near the \$1.2bn the Leader of the Opposition cries about.

Ms MANISON: I have to say, Treasurer, I am not much clearer on this issue, but we will wait to ask a few questions later in August.

Mr TOLLNER: Do you want me to be clearer?

Ms MANISON: At the moment, I have to say ...

Mr WOOD: Can I ask a question on power poles?

Ms MANISON: On power poles?

Mr WOOD: Council power poles.

Ms MANISON: Yes, go for it.

Mr WOOD: It is an important question. Being ex-local government, I am interested in the logic behind charging councils for power poles. On the roads the NT government owns, which look like circus because some great Australian standard requires them to have a light every so many metres - which is overkill - will the government have to pay for those power poles - the lights and the maintenance?

Mr TOLLNER: The government pays for all electricity it uses.

Mr WOOD: The Department of Transport, which I presume is the owner of the road, will pay Power and Water for all of those lights?

Mr TOLLNER: Government pays for all services it receives from the Power and Water Corporation.

Mr WOOD: I am not getting into the issue of whether you should pay rates, as we have already raised that. Council should charge Power and Water rates to recover the costs of the power poles they did not put up. Okay?

Mr TOLLNER: Yes.

Mr WOOD: That is what I think should happen. When you have a power pole on ...

Mr TOLLNER: I do like councils, Gerry.

Mr WOOD: Power poles on a road reserve, I presume, are on a Power and Water easement?

Mr TOLLNER: One would hope.

Mr WOOD: If they are on a Power and Water easement, they are owned - we will presume that was a yes. If they are on an easement, they do not belong to the council. How can you charge the council for a power pole which is not on its land?

Mr TOLLNER: Can I ask that you ask that question of the government-owned corporations?

Mr WOOD: But you are the ones ...

Mr TOLLNER: That is more of an operational issue.

Mr WOOD: Yes, but this is an important issue. You will charge, and make money out of, all of these councils for all of the light poles.

Mr TOLLNER: When you say, 'you will charge', you mean the Power and Water Corporation will charge.

Mr WOOD: Which bit of it ...

Mr TOLLNER: It is not me or the government ...

Mr WOOD: I am not picking on you.

Mr TOLLNER: ... it is not Treasury, it is the government-owned corporation.

Mr WOOD: You are representing them here.

Mr TOLLNER: For the GOC, it is an operational matter about who they are charging and that sort of stuff. It is not a question for me, as the shareholding minister, much as I am interested in the question, because I am also the Minister for Local Government and Regions and I have a big interest in what councils are being charged.

Mr WOOD: Yes, all right. So, you think this question should not go to you, it should go to ...

Mr TOLLNER: No, no, no. I agree with the philosophy of user pays. I do not like the idea that someone in Tennant Creek could be paying power bills in order for us to get cheaper street lighting in Darwin. I do not know whether that ...

Mr WOOD: We use the lights in Tennant Creek and he uses the lights in Darwin. That is how it normally works ...

Mr TOLLNER: Yes.

Mr WOOD: That is why you pay rates in those towns.

Mr TOLLNER: Whilst he might spend a lot of time in Darwin, I am sure the good citizens of Tennant Creek do not spend anywhere near as much time in Darwin as the member for Barkly who, rightly, is here some time of the year.

Mr WOOD: All right. I am watching the time. You think we need to address this question to ...

Mr TOLLNER: Government-owned corporation.

Mr WOOD: In August?

Mr TOLLNER: Yes. They will give you an ...

Mr WOOD: By that time, they will have the bill.

Mr TOLLNER: They will give you an easy, simple answer.

Mr WOOD: By that time, they will have the bill. For many ratepayers this will be a fairly big increase in their rates, probably already reflected in that.

Mr TOLLNER: No. Let us get something straight again ...

Mr WOOD: No, no, the rates for the council – the council rates.

Mr TOLLNER: I am getting a bit sick and tired of councils saying, 'We are raising rates because of you'. No, I am not the cause, that is a decision they make. I am sitting here looking at Darwin City Council. They have \$85m in the bank and they are saying they are raising rates because of me? Hang on! Palmerston got \$30m, Alice Springs got \$35m and, all of a sudden, we are to blame because rates are going up?

Mr WOOD: Excuse me, as the Minister for Local ...

Mr TOLLNER: Pardon me.

Mr WOOD: As the Minister for Local Government, you will know that under the accounting standards all councils are required to keep a certain amount of reserves for asset management. That is a requirement otherwise they go out the door if there is a disaster. You, as minister for Local Government, should know the reason they have to keep reserves. But, I will leave that to August, I presume, and we will find out why they have been charged.

Mr TOLLNER: Yes.

Mr WOOD: Yes, okay.

Mr TOLLNER: The other thing I should say is in the repairs and maintenance of those street lights, councils are not obligated to use the Power and Water Corporation.

Mr WOOD: They are probably not obligated to even have the pole in the first place.

Mr TOLLNER: Well, I do not know about that. You talked about Australian standards. Maybe there is something there that does obligate them to have a street light there. Goodness knows, you are the expert on local government ...

Mr WOOD: I am not against street lights, but we have an over-abundance of street lights at the moment.

Mr TOLLNER: I make the point that councils can outsource that work to other parties other than Power and Water. They are not obligated, in any way, to use Power and Water for the repairs and maintenance of those street lights. I strongly encourage councils to get out there and have a sniff around and see what other services are in the community. They might even find, with their own internal functions, they can do it much more cheaply and effectively than the Power and Water Corporation.

Ms MANISON: Treasurer, going on to the Utilities Commission. What are the future plans for the Utilities Commission?

Mr TOLLNER: At this stage - and I have to say we have been caught up in a bit of a turf war at a federal level with the Australian Energy Regulator - it is our desire to see the AER operating in the Northern Territory from 1 January next financial year.

There is a bit of a turf war going on federally between the Department of Industry and Treasury through the ACCC where the Australian Energy Regulator sits. They cannot determine whose umbrella they should be under and consequently – well, put it this way, it has just made things a little difficult for us here when we want the AER to step up and they are, at the same time, involved in something that is absolutely nothing of our making. Having said that, the desire is for them to get up here on 1 January 2015, and be operating.

I want to see a smooth transition between our Utilities Commission and the Australian Energy Regulator. We have been well served over the years with the Utilities Commission, and they have a lot of information which is worthwhile imparting to the AER. I am also very keen to see the AER operating up here as soon as possible.

Ms MANISON: The Utilities Commission report from February this year reviewed the wholesale electricity generation market arrangements for the NT. As part of the recommendations for the establishment of the Northern Territory electricity market, they initially recommended the initial transition should be the Top End electricity market - we are talking about the Darwin and Katherine area as opposed to the Territory as a whole. Does that mean we will have dual regulators operating in the Territory at the one time?

Mr TOLLNER: No, the AER and the Utilities Commission already work very closely together - they have a good working relationship. There will be a bit of toing and froing for the next 12 months. We want to set up a wholesale market, for instance. That will take a little while to bed down. We want to make sure we have all our procedures and processes in place and correctly operating before it is switched on live. That will take some time.

Obviously, there is transition from the UC to the AER. We want to make that as smooth as possible. I am not holding a gun to anyone's head as far as time frames are concerned. I want to make sure things are done right the first time rather than rushing things. When I say they are expected to be up and operating by 1 January next year, I will be happy if they are, but if other things are getting in the way of that I will not hold them to it. I want to make sure we get it done right the first time.

Ms MANISON: What you are aiming towards is AER taking over as of 1 July 2015?

Mr TOLLNER: 1 January, yes.

Ms MANISON: All of the Territory - 1 January 2015?

Mr TOLLNER: Yes, I want them to be operating here as quickly as possible. However, I am not looking to throw the baby out with the bath water. We want to make sure the transition from the Utilities Commission to the AER happens as smoothly and effectively as possible rather than as quickly as possible.

Ms MANISON: As part of that transition, do you have any indication of how much that work transitioning from the Utilities Commission to the AER will cost? Have you done any work around how much it will cost preparing and working towards that?

Mr TOLLNER: I need to clarify something, I am getting my dates mixed up, member for Wanguri.

Ms MANISON: It is a long day, Treasurer.

Mr TOLLNER: It is only early too. It is 1 July. My original desire was to have them operating by 1 January ...

Ms MANISON: So, 1 July 2015?

Mr TOLLNER: Yes, 1 July 2015 - almost this time next year. What it will cost? We are at somewhat of a disadvantage because we have taken so long to join national energy market rules. Twenty years ago, when this was being devised and put together, there were enormous incentive payments in place for states and territories to do this work. Those states and territories did very well. Put it this way, at the time it was occurring it was financially advantageous to go down the path we are currently going down because the Commonwealth provided some big incentive payments to the states to do it.

Twenty years down the track, the carrot has been taken away. Frankly, they say, 'Why do you need encouragement to do this, the writing is on the wall?' It is obvious this system is so much better than the way things operated, so there are no incentive payments from the Commonwealth to the Territory government to make this happen. We are simply doing this because it is good policy.

What it will cost, ultimately, will be borne by the AER and, in a small way, through the Utilities Commission. There is no extra appropriation for it. Any costs that need to be met will be met through the current Treasury budget. We do not expect there will be any big costs - even any costs. At least the cost of doing it will be picked up by the AER.

Ms MANISON: So, it will be one in, all in, Territory-wide - bush, urban will all go in.

Mr TOLLNER: My hope is to have the whole thing done at once. I have not heard from the AER. I am assuming you know something I do not in that they have some issue with doing other parts of the Territory as opposed to the Top End. I have not heard anything to date suggesting they are not prepared to take the place on holus-bolus.

Ms MANISON: That is all my questions for today, Treasurer. Granted we will be back in August, I want to leave you with this. In the last estimates of the Labor government in 2012, for the government-owned corporations, the Leader of the Opposition - who was then the shareholding minister for Power and Water Corporation - appeared with the Chairman of the Power and Water Corporation and the Essential Services minister at the time, the former member for Daly. So, it will be wonderful to have all of you there in August.

Mr TOLLNER: Looking forward to it.

Mr McCARTHY: Madam Chair, I have a question.

Madam CHAIR: I was going to call a break because it has been two hours. Will this finish this Output Group and be reasonably quick, or should we go to a break?

Mr McCARTHY: Yes, I think so. It is about the Borroloola sewerage upgrade project Stages 2 and 3.

Mr TOLLNER: I cannot answer that.

Mr McCARTHY: So, August for me and for the good people of Borroloola?

Mr TOLLNER: August, yes, or you can put a question on notice to Willem and get it done that way. If you want to flick me a note, I might try to find out.

Ms MANISON: He is not taking any Essential Services questions next week.

Mr TOLLNER: I will not answer this here, but if you want to flick me an e-mail, I will chase it up for you. I know it is your electorate.

Mr McCARTHY: Thank you, Treasurer. Thank you, Madam Chair.

Madam CHAIR: That concludes consideration of Output Group 5.0. I call a 10-minute break to give the Treasurer a chance to refresh, and we will come straight back in for Output Group 6.0.

The committee suspended

OUTPUT GROUP 6.0 – CORPORATE AND GOVERNANCE

Output 6.1 – Corporate and Governance

Madam CHAIR: Thank you for coming back after the break. We will now proceed to Output Group 6.0.

There has been a change in people on the committee. We have Mr Gerry Wood, the member for Nelson; Mr Michael Gunner, the member for Fannie Bay; Ms Delia Lawrie, the member for Karama; me, the member for Drysdale; Mr Gary Higgins, the member for Daly; and Mr Nathan Barrett, the member for Blain.

Are there any questions on Output 6.1, Corporate and Governance? No? Okay, great. That concludes consideration of Output 6.1.

Output 6.2 – Shared Services Provided

Madam CHAIR: The committee will now consider Output 6.2, Shared Services Provided. Any questions?

Mr WOOD: What did we do with the feds' report?

Madam CHAIR: We stuck it in Business.

Mr WOOD: That is all right, I am just – I know we occasionally ask.

Mr HIGGINS: Sorry, we passed that one, you missed it.

Mr WOOD: Thank you, member for Daly.

Madam CHAIR: That was Output 6.1. That concludes consideration of Output 6.2 and Output Group 6.0. Are there any non-output specific budget-related questions? That concludes consideration of Department of Treasury and Finance Outputs.

CENTRAL HOLDING AUTHORITY

Madam CHAIR: We can now move onto the Central Holding Authority. Sorry, had I known we could have done the break now. Is there any swap over? No? Brilliant. Treasurer, I invite you to introduce the officials accompanying you and to make an opening statement if you wish.

Mr TOLLNER: I made an opening statement, and the Treasury officials I am with have not changed except for Greg Parsons, the Taxation Commissioner, who has gone. The Assistant Under Treasurer has also gone.

Madam CHAIR: We have Anthony Stubbin, Jodie Ryan and David Braines-Mead. Are there any questions relating to the statement - obviously not because your existing statement stands.

Agency-Related Whole-of-Government Questions on Budget and Fiscal Strategy

Madam CHAIR: The committee will now proceed to consider questions regarding the Central Holding Authority. Are there any agency-related whole-of-government questions on budget and fiscal strategies?

Ms LAWRIE: I asked mine on the whole-of-government for Treasury.

Mr TOLLNER: All about water.

Madam CHAIR: That concludes consideration of agency-related whole-of-government questions on budget and fiscal strategies.

OUTPUT GROUP 7.0 – CENTRAL HOLDING AUTHORITY

Madam CHAIR: The committee will now consider the income and expenses of the Central Holding Authority. Are there any questions?

Ms LAWRIE: I asked previously.

Madam CHAIR: Are there any non-output specific budget-related questions? That concludes consideration of the Central Holding Authority.

NORTHERN TERRITORY TREASURY CORPORATION

OUTPUT GROUP 8.0 – NORTHERN TERRITORY TREASURY CORPORATION

Madam CHAIR: The committee will now proceed to the Northern Territory Treasury Corporation.

Ms LAWRIE: No questions.

Madam CHAIR: Okay. That concludes consideration of Northern Territory Treasury Corporation.

Mr TOLLNER: We need to change horses. Given the fact that no one is here, we might need a five-minute break. I would not image they are too far away.

The committee suspended

DEPARTMENT OF BUSINESS AND ALCOHOL POLICY

Madam CHAIR: I again welcome you, Treasurer, this time as the Minister for Business, Minister for Alcohol Policy, Minister for Employment and Training, and Minister for Defence Industries and Community Support. I invite you to introduce the officials accompanying you and, if you wish, make an opening statement regarding the Department of Business.

Mr TOLLNER: Yes, I introduce Mr Alastair Shields who is the Chief Executive of the Department of Business and Mrs Noelene Biddell who is the Chief Financial Officer for the Department of Business. Madam Chair, I will make a short opening statement.

This government is about driving economic growth and development in the Northern Territory and maximising the opportunities for business and the community to benefit from that economic growth. The Territory economy is in great shape and the future prospects are bright. We are paying back Labor's projected \$5.5bn debt in order to secure our children's future to ensure they have the same prosperity and opportunities we enjoy.

Under the Giles government, the Territory economic growth is forecast at 5% in 2013-14, driven by private sector investment, export growth, and improved household consumption. This growth rate is twice the national forecast. Private investment is driving the Territory economy, comprising 91% of total investment. In the year to March 2014, state final demand increased by over 5.6% to \$28bn.

The labour market remains resilient despite challenges nationally. The unemployment rate in the Territory in April 2014 dropped to just 3.8% compared to a national unemployment rate of 5.9%. The strength of the labour market is reflected in the under-employment figures, with only 3% of Territorians seeking to work longer hours compared to a national average of 7.5%.

However, our good fortune cannot be taken for granted and should not be squandered through the prolific spending associated with the former government and others of its colour.

Our current opportunities are diverse. We have abundant gas reserves to provide energy. The world's demand for food has reached a crucial stage and the rest of Australia, and the region, is starting to realise northern Australia is the future of our nation.

Locally, as a minister, I am committed to ensuring Territory businesses can make the most of the opportunities provided by the rapid growth of the economy.

On the Ichthys LNG project alone, since January 2012, over \$5bn has been committed to Territory businesses. It is not only businesses that are benefitting. Over 2800 Territory residents are employed on this one project.

The Territory is very much open for business and the portfolios within my responsibility are delivering innovative programs to support the economy, the labour market, and opportunities for business.

The Giles government is committed to development of northern Australia, along with the Commonwealth, Western Australia and Queensland governments. Unlike Labor, this government is constantly talking up the opportunities in the Territory to potential investors. Northern development went nowhere under Labor, as the ALP preferred to pursue misguided agendas such as the toxic shires, rather than promote opportunities in the Territory. The Department of Business has worked closely with the Department of the Chief Minister to help advance this project under the stewardship of Mr Peter Carew.

Unlike Labor, this government wants to have an open and frank relationship with the business community. To give the business community the means to raise issues directly with me, I have formed the Business Advisory Council which is convened regularly to seek input from leaders in the business community. The council includes a diverse mix of skills, experience, and industry focus with representation from across the regions. Meetings have been held in regions including in April this year in Nhulunbuy, where council met with local business representatives. The Business Advisory Council has provided valuable input into developing the department's approach to many issues, including procurement reform and red tape reduction.

Reducing the former government's red tape remains a key focus for the Giles government. We want to remove impediments to business, drive economic growth, and improve government accountability and efficiency. In 2013, the department created a red tape reduction business advocate with a dedicated hotline. To date, the advocate has assisted a number of businesses to navigate government requirements. This government has committed a further \$450 000 to the establishment of a red tape abolition squad within the department and recruitment of this team is already under way.

The department has developed a range of procurement reforms to streamline the processes for businesses that are suppliers to government. The reforms are being rolled out from 1 July 2014, making it easier for private enterprise to do business with government by reducing the complexity of the government procurement systems.

As outlined earlier, the Territory has a strong labour market growth. One of the key roles of the department is to develop a capable labour market through appropriate training and educational opportunities. By working with business, we tailor programs to the needs of industry.

In 2013, there were almost 2400 apprenticeship and trainee commencements in the Territory across a range of industry sectors and regions. In the same time, there were 1093 apprentice and trainee completions.

During 2013, the department supported Australian Apprenticeships NT to trial the apprentice best fit program. The program encourages commencements, reduces withdrawals, and increases completion rates. The program assessed over 100 participants to help them discover better suited careers and work environments. The trial was a success and Australian Apprenticeships NT will continue to implement this program.

In partnership with the Commonwealth, the department will continue the Stronger Futures local jobs program to deliver up to 100 additional traineeships for Indigenous Territorians in remote communities by June 2016.

The department also safeguards business in the labour force through Workforce NT. During 2013, the department commenced a review of the *Workers Rehabilitation and Compensation Act* to address ambiguity and simplify processes. Funds have been allocated to complete the review in the next financial year.

The construction sector continues to grow, with employment increasing by over 12.6% in the year to February 2014. To support the growth of a skilled workforce, the department contracted with the Master Builders Association and the Housing Industry Association to train 70 workers in Certificate IV in Building and Construction.

The significant Defence presence in the Northern Territory is also a focus. The department already invests in the growth of Defence businesses through a program called Growing Defence Business. In addition, the department will invest \$150 000 in Defence-related community activities including Defence welcoming expos and Anzac spirit study tour.

The business of government is not only about making the most of opportunities for growth, but also responding to changes in the business and economic environment. This government responded quickly

and decisively to the announcement of the change to Rio Tinto Alcan's presence in Gove. The department has supported the Gove business community through the Gove assistance program by increasing its presence in Gove. The department has approved 61 applications for business support grants to Gove businesses, with commitments of over \$625 000.

The department has further strengthened its commitment to the regions with \$260 000 committed in 2014-15 Budget to foster economic development on the Tiwi Islands. This will provide a range of business-focused services through a monthly pop-up Territory business centre.

The department also supports Indigenous employment through Indigenous Workforce Participation Initiatives Program, rolling out workforce initiatives across the Territory.

In 2014, the department and the business community celebrates the 20th anniversary of October Business Month - a great CLP initiative. We have planned a full program of activities across the Territory to engage further with businesses, and celebrate the strength and diversity of our business community.

The department has achieved these outcomes under the stewardship of Chief Executive, Alastair Shields, and his team continues to work hard to create a strong business operating environment in which local firms can prosper.

Thank you, I am happy to take any questions.

Madam CHAIR: Are there any questions relating to the statement?

Mr WOOD: Can I ask one question on Defence, so we can get it out of the way, with regard to Defence industrial land? The previous government set aside land on Thorngate Road and, recently, one company started to build there. Now, another company which has nothing to do with Defence is building there. Has the government decided that land will not be used for the original purpose anymore? If so, is it anything to do with what I believe has happened - the Army does not want to have its tanks maintained outside of the barracks?

Mr TOLLNER: I am not too sure about the Army not wanting its tanks maintained outside of the barracks. I do not think it really has a choice with that. My understanding is it is General Dynamics which services the tanks, and most of that servicing is done interstate.

In relation to the Defence industry park, this is one of the commitments Labor made upon election; that it would develop a fancy industry park. It has taken 11 years, and they finally have one customer. The future of that park, or that block of land, may well be somewhat up in the air, depending on what happens at a federal level.

I know there are discussions taking place with the minister of Lands and Planning in the federal government about certain land swaps. Defence may well see that as a valuable piece of land, but I could not comment too deeply. It is a matter for the minister for Lands and Planning.

Ms LAWRIE: My question also goes to Defence. If you are considering a land swap of the Defence industry land, I take it you have given up on putting proposals forward of the joint posture review around the opportunity, service, and supply of US equipment in the Northern Territory outside the wire?

Mr TOLLNER: I do not know what you mean by 'given up'. I am not aware of all opportunities there.

Ms LAWRIE: You have not been briefed by the agency on the opportunities of service and supply to the US?

Mr TOLLNER: No.

Ms LAWRIE: I am quite surprised, when you have had the portfolio for quite a while. Are you even remotely interested in being briefed to look at the business opportunities arising out of the US service and supply?

Mr TOLLNER: Why do you not sit here and give us all a briefing?

Ms LAWRIE: Okay, I will take that as a no.

Madam CHAIR: Are there any further questions on the statement?

Mr HIGGINS: In your opening address, you mentioned reform of the procurement procedures. Can you elaborate a bit more on the progress that has been made in doing that? I have an interest in this.

Mr TOLLNER: Many people have an interest in procurement, which is one of those areas of government which will constantly be under reform. Without a doubt, there are always better ways you can do things. From our perspective, we have noticed and understood that there is a requirement to beef up the capacity of government. In any tender or procurement it is important to know what you are asking for. There was some evidence to show we were not really, as a government, asking for what we wanted.

In that regard, there are five bigger departments that will have chief procurement officers put into them. Those departments are responsible for, probably, somewhere between 80% and 90% of tenders. We want to bolster the ability of those departments to ensure they have good processes in place, hence the introduction of specialist procurement officers into their areas.

We have also looked at things from a business perspective and tried to reduce red tape and streamline some of the processes. In that regard, we have raised some of the thresholds. Generally, thresholds across the board will be raised over time. What is valuable, or seen as a high mark in a few years time, quickly becomes an average. As time goes on, CPI and other factors may change. So, we have raised the thresholds across the board and have, again, looked for ways we can encourage greater local input into our procurement processes.

I have discussed the processes with all of the industry bodies and a number of businesses. Most of the major industry bodies have seen drafts of the guidelines we are putting in place. I have to say the feedback has been overwhelmingly positive. I also have to say I do not expect this will be any magic bullet. The fact is procurement is probably one of the most contentious issues within government because nine out of 10 tenderers will miss out. Bearing in mind that 10 out of 10 believe they have the best product or service, people have their noses out of joint at times when they miss out. However, everything has been done to ensure that probity and transparency, where possible, is maintained and everybody gets a fair go.

Madam CHAIR: Are there any other questions on this statement?

Mr HIGGINS: Yes, could I just ask one more? Sorry.

Ms LAWRIE: We are pretty tight for time, and you are in the government with him. Estimates is an opposition process, member for Daly.

Mr HIGGINS: As a member of the committee, I feel I can ask a couple of questions. It is just a general ...

Madam CHAIR: Member for Daly, if you have one.

Mr HIGGINS: Yes, a general question. This whole budget is about securing our children's future. The Department of Business, to me, seems to be an area that can help in that. Can you give me an idea of what you have the department doing in that area? I know you mentioned in your statement about ...

Mr TOLLNER: I will not go on, I know the Opposition Leader is getting cranky ...

Ms LAWRIE: Yes, dorothy dixers all day ...

Mr TOLLNER: The fact is we are very keen to drive economic growth. The Department of Business is very focused on seeing new businesses established, trying to cut red tape. Similarly, we are putting enormous money into training. For a bright new future, we need bright kids ...

Ms LAWRIE: Slashing education.

Mr TOLLNER: I beg your pardon?

Ms LAWRIE: You are just repeating your opening statement. Keep going.

Mr TOLLNER: Sorry, I might as well start again.

Ms LAWRIE: Yes, feel free.

Mr TOLLNER: There is an enormous amount of work the Department of Business is doing to ensure our kids have a good chance at life, and the budget supports that.

Madam CHAIR: The committee will now consider the estimates and proposed expenditure contained in the Appropriation Bill 2014-15 as they relate to the Department of Business.

Agency-Related Whole-of-Government Questions on Budget and Fiscal Strategies

Madam CHAIR: Are there any agency-related whole-of-government questions on budget and fiscal strategies?

Ms LAWRIE: No. The only whole-of-agency questions are to request that the minister table the answers to the written questions.

Mr TOLLNER: Do you want me to table them, or do you want ...

Ms LAWRIE: Yes, just table.

Mr TOLLNER: ... read them?

Ms LAWRIE: No, just table them.

Mr TOLLNER: I am happy enough to read them.

Ms LAWRIE: I know you are. You know the process. Feel free to table them.

Madam CHAIR: Thank you, Treasurer. If there are no whole-of-government questions, that concludes questions on agency-related, whole-of-government questions on budget and fiscal strategies.

OUTPUT GROUP 9.0 - POLICY AND REGULATORY SUPPORT
Output 9.1 – Alcohol Policy, Gambling and Licensing Services

Madam CHAIR: We will now proceed to Output Group 9.0, Policy and Regulatory Support, Output 9.1, Alcohol Policy, Gambling and Licensing Services. Are there any questions?

Mr GUNNER: Minister, this is the output for alcohol policy. According to your government's official crime stats, in 2013 we saw more alcohol-related violence than ever before. In the first 14 months of your government, we saw alcohol-related hospital admissions jump by 80%. As Alcohol Policy minister, do you take responsibility for that?

Mr TOLLNER: I do not know where you are getting your figures from but, clearly, they are not in line with the information I have ...

Mr GUNNER: They are your own crime stats.

Mr TOLLNER: When you ask questions about crime stats, you need to ask them of the Chief Minister. I am not here ...

Mr GUNNER: You are the Alcohol Policy minister, you are responsible for alcohol policy in the Northern Territory ...

Mr TOLLNER: Yes, that is right, I am responsible for alcohol policy, but I am not responsible for sitting here copping misinformation about crime statistics ...

Mr GUNNER: It is your own crime stats, minister.

Mr TOLLNER: If you want to talk about crime stats, talk about them with the Chief Minister.

Mr GUNNER: I will talk about crime stats with the Police minister, but I am asking you about alcohol policy, minister. Do you take responsibility for the outcomes of your decisions?

Mr TOLLNER: Clearly, we take responsibility for the outcomes of decisions, but I will not argue about fictitious crime figures you trot out. If you want to talk about crime figures, take them up with the Chief Minister.

Mr GUNNER: Your crime stats are fictitious? I am quoting from your crime stats, minister.

Mr TOLLNER: I do not know where you are quoting from. I have no crime stats in front of me. If you want to talk about crime stats take it up with the Chief Minister.

Mr GUNNER: How can you make alcohol policy decisions devoid of looking at the evidence? Surely, you would look at the crime stats ...

Mr TOLLNER: Obviously, we look at the evidence.

Mr GUNNER: ... and alcohol-related issues to make your alcohol policy decisions?

Mr TOLLNER: Absolutely.

Mr GUNNER: You are aware of the crime stats?

Mr TOLLNER: I am aware that alcohol-related crime is reducing, not increasing. I do not know where you are getting these numbers. If you want an argument about the numbers, take it up with somebody who is aware of them, and that is the Police minister.

Mr GUNNER: You have to be making your policy informed on the numbers, minister. The latest Stronger Futures progress report released by Nigel Scullion shows women seeking refuge in safe houses in the Northern Territory has jumped by 67%. What analysis have you, as Alcohol Policy minister, undertaken in relation to how many of these women were seeking refuge from alcohol-related violence?

Mr TOLLNER: In the current year to date, 1 July 2013 to 31 March 2014, 10 491 individuals had been taken into police protective custody. From 1 July 2013 to 1 April 2014, 310 people had been referred to Alcohol Mandatory Treatment with a total of 209 treatment orders of up to three months issued. This included 164 residential treatment orders, 45 community treatment orders, 106 people issued with after-care plans, and a total of 154 clients placed on 70% income management for up to 12 months.

Alcohol protection orders were introduced in December 2013. These provide police with powers to issue an alcohol ban for any person who has committed an offence which carries a penalty of six months or more imprisonment while under the influence of alcohol. An alcohol protection order bans the offender from attending a licensed premises and from possessing and consuming alcohol anywhere in the NT. As at 30 April 2014, 1231 people across the NT were subject to an alcohol protection order.

There has been a significant reduction in the number of alcohol-related harm indicators in the period these reforms have been in place.

Mr GUNNER: Minister, will you get to the women seeking refuge?

Mr TOLLNER: No, I will not. In the 2012-13 financial year ...

Mr GUNNER: That was the question, minister.

Mr TOLLNER: ... the estimated per capita consumption of alcohol in the NT, measured through wholesale alcohol supply data, dropped to 12.84 L per person. This is the lowest estimated consumption value recorded for the NT since prior to 2001-02, which is the first period for which per capita consumption had been estimated.

Since January 2014, following the introduction of APOs ...

Mr GUNNER: Minister, will you get to the question?

Mr TOLLNER: Yes. ... alcohol assaults have started to significantly trend downwards. This includes a reduction for the same two-month period, January to February 2014, from the previous year, January to February 2013, of 18% for total assaults and 14.7% for alcohol-related assaults.

Mr GUNNER: Minister, the crime stats for 2014 are provisional. Your crime stats say that figure will increase by 10%. The year 2013 was the most violent year in the history of the Northern Territory, supported by the fact that 67% more women are seeking refuge. As Alcohol Policy minister, have you done any analysis on the increasing number of women seeking refuge - 67%, a figure that your own colleague, Senator Scullion, has highlighted?

Mr TOLLNER: No.

Mr GUNNER: Will you, as the Alcohol Policy minister, in this output this year, do an analysis on why more women than ever before are seeking refuge? Surely, in drafting and creating your alcohol policy, you have to look at the evidence?

Mr TOLLNER: Domestic violence ...

Mr GUNNER: We will talk to the appropriate minister about domestic violence. This is a question about alcohol policy. You are responsible for alcohol policy.

Mr TOLLNER: You seem to be moving ...

Mr GUNNER: What are you going to be doing, as Alcohol Policy minister, to address this problem?

Mr TOLLNER: You are all over the place. Your view is that somebody drinks, and a woman runs to a refuge all because of someone drinking. These are domestic violence statistics you are talking about, which is where the Attorney-General fits into the equation. Have the argument with him.

Mr GUNNER: Significant evidence shows that control of supply leads to outcomes like reduced violence, which is where you, as Alcohol Policy minister, control the levers.

Mr TOLLNER: That is frankly not true.

Mr GUNNER: You are rejecting the advice of experts about the supply of alcohol?

Mr TOLLNER: We saw what prohibition did in the USA. It did not reduce alcohol consumption or violence. It created a whole new meaning of crime and a new bunch of criminals in society - people who drank and provided alcohol to other people. Your suggestion that we introduce prohibition into the Northern Territory is not going to happen under this government ...

Mr GUNNER: I did not say that, minister. I said control around supply.

Mr TOLLNER: That is what you are aiming at. What do you think control around supply means? Prohibition. Put it in language other people can understand. You are talking about prohibition. The Labor government wanted it, Jenny Macklin pushed it and, quite frankly, it does not work. Your Banned Drinker Register was a failure.

Mr GUNNER: That was not the question. That is not what we are suggesting.

Mr TOLLNER: You keep pushing this line around the place that anybody who drinks needs to be locked up or taken out of society. Well, mate, in your world maybe.

Mr GUNNER: That is your policy. That is what you are doing with Alcohol Mandatory Treatment. As Alcohol Policy minister, your agency has access to the list of people who were on the Banned Drinker Register. Can you advise how many people who were on the Banned Drinker Register were guilty of an alcohol-related crime in 2013?

Mr TOLLNER: We will take that on notice, but that should go to the minister for Police.

Question on Notice No 2.1

Madam CHAIR: Member for Fannie Bay, could you please restate the question for the record.

Mr GUNNER: As Alcohol Policy minister, your agency has access to the list of people who were on the Banned Drinker Register. Can you advise how many people who were on the Banned Drinker Register were found guilty of an alcohol-related crime in 2013?

Mr TOLLNER: Hang on - no, pull that up. The question was out of order. I do not think our department has access to the information about the Banned Drinker Register. It was tightly-held information by police.

Mr GUNNER: No, it was not.

Ms LAWRIE: It was Racing, Gaming and Licensing.

Mr GUNNER: Racing, Gaming and Licensing. You have that list.

Ms LAWRIE: You are wrong.

Mr TOLLNER: The Banned Drinker Register?

Ms LAWRIE: Yes.

Mr TOLLNER: All right. We will take it on notice.

Ms LAWRIE: You do not even know your own agency.

Madam CHAIR: The question asked by the member for Fannie Bay of the minister has been allocated No 2.1. Minister, do you accept the question?

Mr TOLLNER: Yes.

Madam CHAIR: Are there any further questions?

Mr GUNNER: Minister, researchers at the National Drug Research Institute undertook a detailed analysis of the effect of the removal of the Banned Drinker Register and found that there were statistically significant increases in alcohol-related harm after the BDR was scrapped. That would not have occurred had it remained.

You retain the legislative powers to have control of supply. This is the output where control of supply existed. Will you accept the evidence and look at controlling the supply of alcohol to problem drunks?

Mr TOLLNER: The evidence is overwhelming that the Banned Drinker Register had no effect on alcohol-related problems in the Northern Territory. It was an inconvenience to Territorians who were innocently going about lawful activities purchasing alcohol in bottle shops. They were made to feel like criminal suspects every time they turned up to one of these places, having to show ID. Similarly, in the words of the former Chief Minister, publicans were made to feel like heroin traffickers. I think he also said some of these places were like heroin shooting galleries.

That is not the approach this government is taking. All the while the Banned Drinker Register was in operation, the streets were littered with problem drunks. The fact is this government has taken a significantly different path. We are not interested in penalising an entire community for the sins of a few. We are very much interested in targeting those people who have serious problems with alcohol.

Those who are constantly drunk and proven alcoholics are put into Alcohol Mandatory Treatment. Those people who commit serious crimes whilst under the influence are given alcohol protection orders. We are targeting the problem, not the community, and that is the fundamental difference between us and the previous government.

I understand there are organisations which are just as pro-prohibition as the former government, and which want to see the tap turned off completely in the Northern Territory. Of course, they will find evidence that shows any moves toward prohibition is a good thing. We are of a completely different view. We want to allow Territorians to enjoy alcohol responsibly. We encourage people to enjoy alcohol responsibly. We are totally focused on dealing with problem drinkers.

Mr GUNNER: One of those organisations you just referred to is the NT Police. I quote from its submission to the inquiry into the harmful use of alcohol:

From the perspective of police and many in the community, which is the perspective that informs the NT Police Association, antisocial behaviour in and around bottle shops in NT cities and towns was reduced. The normal humbugging antisocial behaviour during this period was greatly decreased. In practice, few, if any, persons other than those whose names were on the BDR were inconvenienced by it. The benefits far outweighed any disadvantage and inconvenience which banned drinkers could point to. The NTPA joins the call for the Banned Drinker Register or a similar policy mechanism to be reinstated.

Minister, you scrapped the Banned Drinker Register. That is fine, that was your policy decision. But, what are you going to do, as Alcohol Policy minister, to bring in an alternate form of control on the supply of alcohol to problem drunks?

Mr TOLLNER: We are not so much interested in bringing in an alternative to the Banned Drinker Register; it was failure. As soon as some people sit up and realise it was a failure ...

Mr GUNNER: Including the police?

Mr WOOD: Have you the stats to prove it?

Mr TOLLNER: ... the sooner we can get on with things.

Mr WOOD: Have you the stats to prove it?

Mr TOLLNER: The fact is the Banned Drinker Register was a failure.

Mr WOOD: No stats.

Mr GUNNER: In Alice, the data shows the opposite.

Mr TOLLNER: There are stats ...

Mr WOOD: You opposed it from the day it went into parliament.

Mr TOLLNER: Because it was a dog of a policy. Of course, we opposed it. Blind Freddie could see it was a stupid policy.

Mr WOOD: No, you said it failed afterwards.

Mr TOLLNER: It was failed in conception. We know where it came from. It came from Delia's dinner table - a few of them sitting around having a few wines decided to ban everyone else from drinking.

Mr WOOD: You opposed it just because it was a Labor policy, not because it had any stats.

Mr TOLLNER: No, we opposed it because it was stupid. It was all about flogging the daylights out of the community ...

Mr WOOD: Is Vince Kelly stupid?

Mr TOLLNER: and trying to blame the community for the ills of a few ...

Mr GUNNER: So, the police do not know what they are talking about?

Mr TOLLNER: The police ...

Mr WOOD: Are you going to apologies? You said he was not ...

Mr TOLLNER: Go and talk to the police now. They have a completely different view about what this government's

Mr GUNNER: This is their submission from this year.

Mr WOOD: He did not stand for Labor, by the way.

Mr TOLLNER: ... priorities are. Talk to the Police Commissioner, he is the one armed with the stats. He will be here, I think, tomorrow with the Chief Minister. You can argue until the cows come home about alcohol statistics ...

Mr GUNNER: We will enjoy talking to the Police minister, Alcohol Policy minister ...

Mr TOLLNER: ... tomorrow because he has a fist full of them.

Mr GUNNER: ... but you cannot escape the responsibilities. As Alcohol Policy minister, you have responsibility in this area as well.

Mr WOOD: It did not run long enough.

Mr GUNNER: One of the reasons you scrapped the Banned Drinker Register was you said it was too intrusive to have your licence scanned at the point of supply. Can you explain how having police check your licence at the front of a shop is less intrusive?

Mr TOLLNER: In the front of a shop?

Mr WOOD: A bottle shop.

Ms LAWRIE: Licensees. They do them out the front of the supermarkets - licensees.

Mr TOLLNER: Where? In places like Alice Springs and the like?

Mr GUNNER: Temporary beat locations.

Ms LAWRIE: Tennant Creek, Katherine, Darwin.

Mr TOLLNER: Yes, that is, basically, what the community has called for in those places.

Mr GUNNER: That ID is to be checked at point of supply?

Mr TOLLNER: That is what they have called for in those places.

Mr GUNNER: But, you will not respond to that with a Territory-wide solution about checking of ID at the point of supply? You acknowledge that communities want it, but you will not do it?

Mr TOLLNER: No. We have said local solutions for local communities. We have always said that, and that is why we are so encouraging of communities developing alcohol management plans. Let them determine their own way to do it.

I would not be happy having to put up with the same regime that occurs in Alice Springs in Darwin. But, quite clearly, the people of Alice Springs are quite happy with that, and it has been done in a coordinated way. There is a whole range of things that licensees are doing across the Territory that meet local conditions and are about local solutions. The fact that ...

Mr GUNNER: Minister, the police outside bottle shops is not part of the Alice Springs alcohol management plan. That has been drafted now, and is a government initiative. You are saying you do not support the idea of police standing outside bottle shops scanning IDs?

Mr TOLLNER: What I am saying is the Alice Springs community wants that. The Katherine community has called for it, and that is fine. I am not suggesting that would work in Darwin.

Mr WOOD: I know it would not. It would not work in Howard Springs, I can tell you now. If it is ...

Mr GUNNER: They have done it for hours of the day outside Parap ...

Ms LAWRIE: Parap, Top End, up here.

Mr GUNNER: I am sure they have done it elsewhere in Darwin. Minister, you did not answer the question. You scrapped the Banned Drinker Register. You said one of the reasons was because it was too intrusive for people to have their IDs scanned at the point of sale. How is having a police officer check your ID less intrusive?

Mr TOLLNER: I imagine it is the fact that it is a police officer. Police officers have these powers to ask people for identification.

Mr GUNNER: I am not saying they do not have the power, I am asking how is it less intrusive?

Mr TOLLNER: They can pull you over on the side of the road and ask to see your licence. That is the power police have.

Mr WOOD: You have to show ID when you go to catch an aeroplane.

Mr TOLLNER: Do you extend that power across the community? Well, when you catch an aeroplane ...

Mr WOOD: You have to show your ID – no policeman.

Mr TOLLNER: ... you generally have to show your ID as well ...

Mr GUNNER: I am not disputing their power to do it ...

Mr WOOD: If you go to the bank to open an account you have to show ID.

Mr GUNNER: ... we want to understand the logic behind the two different decisions.

Mr TOLLNER: The logic was that Territorians did not want the Banned Drinker Register, we scrapped it, and they are happy.

Mr WOOD: No. No one worried about it.

Mr TOLLNER: Well, Gerry, you are a prohibitionist as well. Goodness me, you are not happy ...

Mr WOOD: No, I am not a prohibitionist. No, you make that statement every time. I am not a prohibitionist. Right?

Mr TOLLNER: Good on you.

Mr WOOD: Okay, not a prohibitionist.

Mr TOLLNER: Okay, I take it back, you are not a prohibitionist.

Mr WOOD: Have you heard about the Living with Alcohol schemes? They were sensible schemes.

Mr TOLLNER: Yes.

Mr WOOD: I support those sorts of things. Okay? So, do not exaggerate. Okay?

Mr TOLLNER: You are not keeping good company then.

Mr WOOD: I am not even worried about that company. I keep my own counsel as well. Okay?

Mr TOLLNER: Good job. All right, point taken.

Mr GUNNER: Minister, earlier this year the government announced an updated liquor accord for Mitchell Street, but the biggest venue, and the venue with a history of transgressions against the *Liquor Act*, Discovery Nightclub, said it was not interested in being part of that accord. Can you describe or explain how you failed to get Discovery to join the accord? What are you doing, as a minister, to encourage it to join the accord?

Mr TOLLNER: For a start, I was not the one who did the liquor accord. The liquor accord was something the licensees, basically, pulled together themselves. As a government, we said we would support them.

The fact that Discovery did not join the Mitchell Street Liquor Accord I found quite disappointing. The fact is all other licensees stepped up to the plate and are working together very closely with police, Darwin City Council, and the Northern Territory government through a program called Darwin City Safe to make our streets even safer.

Mitchell Street is a valuable piece of real estate in the Darwin community, inasmuch as it is a home to much of our great entertainment venues. As I said, it was very disappointing that Discovery Nightclub chose not to join in with that. Given that, the department, along with police, still keeps a very close watch on what goes on at Discovery Nightclub. Whilst they may not be a signatory to the Darwin liquor accord, it is not being left out of the policing and regulatory processes that government undertakes along Mitchell Street.

Mr GUNNER: Obviously, Discovery not being a partner to the accord threatens the accord. What are you doing, as Alcohol Policy minister?

Mr TOLLNER: I do not know it threatens the accord. I do not think you are right there.

Mr GUNNER: It is one in, all in. It is a bit hard to have others comply with voluntary ...

Mr TOLLNER: Some might think they can opt out. It is a voluntary thing; of course, they can opt out. However, in working with the AHA, there has been no suggestion that anyone is looking to opt out, and the results are looking relatively good given the limited time it has been operating.

Mr GUNNER: It is not good if all the licensees are complying with the accord but one licensee is not abiding by the changes within that accord - good safety measures. What are you doing, as a minister, to get Discovery to join the accord? When did you last meet with them?

Mr TOLLNER: I have not met with them. The AHA has been meeting with them. This is a voluntary thing licensees are doing themselves.

Mr GUNNER: Minister, you have influence and capacity ...

Mr TOLLNER: I am disappointed, the same as you are. I have made that point to the AHA and it has been communicated to that venue.

Mr GUNNER: You do not think it would help if you, minister, met with Discovery.

Mr TOLLNER: I could march in there, boots and all, and require them to do it. I am not of a mind to do that at the moment, given the fact there has been an enormous amount of goodwill shown by all sides in this. I am disappointed Discovery has not joined up. I am still hopeful, at some stage in the future, it may well decide to join up, but I am not in the business of belting them around the ears one way or the other.

The department is doing its job. We are making sure we have licensing inspectors there on a regular basis. Police are doing their bit. That particular venue is not being ignored and a close watch is being maintained. Outside of that, I do not think, at this point in time, I have any obligation to bully them into joining the Darwin liquor accord.

Mr GUNNER: If it proves to be a problem that not all are into the accord ...

Mr TOLLNER: If it proves to be a problem I will act.

Mr GUNNER: Would you consider making the voluntary accord a regulation if you have to make ...

Mr TOLLNER: Absolutely. I would much prefer to see the industry being somewhat self-regulating. I am thrilled at the way the industry is currently working. It is taking a very mature approach to this. It understands it is in the spotlight, and their venues have to be clean and free of trouble and they have to serve alcohol responsibly. Irrespective of what happens within their particular venues, they also understand they have an obligation to the wider community in relation to what goes on in the streets.

In that regard, they have acted very responsibly. They have joined with Darwin City Council, with police and the NT government in a program called Darwin City Safe which is very much a sharing of resources and the problems, and a recognition that alcohol misuse is not anyone's particular responsibility, but a responsibility of all of us, and we all have to work together to make sure we operate a good, clean, decent, entertainment strip in Darwin.

Mr GUNNER: I understand the member for Nelson has some questions on Mitchell Street.

Mr WOOD: Minister, you announced more CCTV cameras in Mitchell Street.

Mr TOLLNER: Yes.

Mr WOOD: How many CCTV cameras will be Mitchell Street now?

Mr TOLLNER: I got caught out on this in a media interview the other day. We have announced two. One of them is on Mitchell Street and the other is down the end of a laneway which connects on to Mitchell Street which gives a bit of a view of Mitchell Street. It brings the number in Darwin city centre to 65. How many of those are on Mitchell Street I cannot tell you right now. I can take the question on notice, or you can get an indication from the Police minister when he comes back. You can ask him that question.

Mr WOOD: If there are 60-odd CCTV cameras in the Mitchell Street precinct, is that saying that Mitchell Street is not safe?

Mr TOLLNER: No, what I said is there are 65 in Darwin city centre. That would include Mitchell Street and many of the other main streets. I imagine there are quite a few in the mall and some other hot spots in the Darwin centre. Is that an acknowledgement that Darwin is a dangerous place? No, I do not think so.

Mr WOOD: No, I did not say Darwin is a dangerous place. The emphasis is on Mitchell Street. If you have to put CCTV cameras in Mitchell Street and have more police in Mitchell Street than anywhere else at night, is that an admittance that Mitchell Street is not a safe place unless you have police and CCTV cameras to control the riff-raff who cause problems?

Mr TOLLNER: I do not know - are there more police in Mitchell Street? I could not answer that question, it is a question for the Police minister. I suggest on Thursday, Friday, and maybe Saturday nights there are probably more police on Mitchell Street. But, then again, if you have a big game of football in Darwin you will get more police there than anywhere else. Is that an acknowledgement that football is dangerous? I do not know. It is a sign that where there are a lot of people there is potential for problems. This is a tourist precinct too. The police are a good news story for us in a lot of ways. People feel safe and confident when there are police around.

Mr WOOD: I will be asking the Police Commissioner ...

Mr TOLLNER: Northern Territory Police are probably - without a doubt in my mind - the best police force in the country. They are always hospitable and friendly, and are a good slogan for our tourism industry as much as anything else.

Mr WOOD: I am glad you say that, because Vince Kelly supports the reduction in closing times for liquor outlets in Mitchell Street. I ran into Michael Brennan, an ex-policeman who is now a JP who signs off the people in the cells. He sees firsthand what happens in Mitchell Street late at night. Those two gentlemen who have much more experience than I have in dealing with issues related to the misuse of alcohol, say that our pubs are open far too late. They are not prohibitionists, but they believe the government should close down the pubs earlier than they do at the present time. Not all pubs close down late, but there are a number that do. They think once you get past 1 am or 2 am - as one of them said to me - people lose it after that time.

Why will you not look at sensible restrictions similar to Newcastle, because they clearly work. The only people who seem to oppose it is the AHA.

Mr TOLLNER: The information from New South Wales I have recently seen is those solutions have simply moved the problem from a highly-regulated area, such as inside a pub, out onto the streets where there is little ability to regulate people's actions. It reminded me a bit of ...

Mr WOOD: Can you show me that evidence?

Mr TOLLNER: ... Jenny Macklin's desire to see two pubs close down in Alice Springs. Close two places that have regulated drinking environments and push people into the Todd River? It makes no sense.

Mr WOOD: Can you show me where you obtained that information which says this pushed people out into the streets in Newcastle?

Mr TOLLNER: Yes, I can, I will dig that up. I will take that on notice. I have it.

Mr WOOD: Can you say whether it is ...

Question on Notice No 2.2

Madam CHAIR: Member for Nelson, I will save you saying it twice. Please restate the question for the record.

Mr WOOD: Minister, could you please show us the report you quoted from which says the changes to alcohol closing hours in Newcastle forced the problem to go out onto the streets?

Mr TOLLNER: New South Wales.

Mr WOOD: Yes, Newcastle, New South Wales. I am not talking about ...

Mr TOLLNER: Make sure the question says New South Wales, because I have seen reports talking about closures in New South Wales. I am not sure whether they are talking specifically about Newcastle, but I will get you that report.

Mr WOOD: The second part of the question is: could you make sure you tell us who the report was written for, and whether it has had any independent assessment?

He might laugh – sorry, Madam Chair, you will put a number ...

Madam CHAIR: I will just finish this bit. Minister, do you accept the question?

Mr TOLLNER: Yes, of course, I do.

Madam CHAIR: Thank you. The question asked by the member for Nelson of the minister has been allocated No 2.2.

Mr WOOD: Reports done by the AHA in New South Wales were not released, and did not have independent scrutiny, whereas Newcastle has had independent scrutiny by the University of Deakin, as well as the University of Newcastle.

I do not have it with me, but the annual report showed, I think, that you have given – not you personally, the department – \$10 000 as a sponsorship to the AHA. It must have had something on. I wonder why you have to sponsor the AHA. It tends to give a lot of money to political parties. It is one of the grants in the back of your annual report. There was a small amount of money there to the AHA. Why would the government want to sponsor the AHA?

Mr TOLLNER: I am not aware of a \$10 000 sponsorship to the AHA. Before I take it on notice – I will get the information back to you. We may well have sponsored a stall at the recent expo they have at the racecourse, with their AGM. They have a big stall there. Whether that is partly responsible for it, I do not know. We do not make straight out grants to the AHA. It has to provide some sort of service or the like. As you rightly point out, it is a well-funded organisation with active members.

Mr WOOD: I brought all of the other reports down bar that one. I was going through it yesterday. Thank you, Madam Chair.

Madam CHAIR: Are there any further questions on that output?

Mr GUNNER: Yes, I have questions about gambling.

Mr WOOD: Yes, so have I.

Mr HIGGINS: Can I ask one on alcohol? People know I do have an interest in this.

Mr WOOD: You are not a prohibitionist?

Mr HIGGINS: You mentioned alcohol management plans before. Can you give me an idea of how we are going with those? How many of those do we have going and ...

Mr GUNNER: That was a written question, so the answer has been provided.

Mr HIGGINS: Okay, thanks for that. Can I get a copy of that when it comes through?

Madam CHAIR: It should be in there.

Mr GUNNER: Yes, that has been tabled, so it should be circulated.

Minister, Budget Paper No 2, page 61, states that in 2014-15 bookmaker turnover tax is expected to increase by \$2.8m to \$5.6m, reflecting the increase in the tax threshold from \$262 000 to \$555 000, and the increase in value of revenue units from \$1.08 to \$1.11 from 1 July 2014. What consultation took place between you and the Northern Territory gaming industry before you doubled the tax paid by corporate bookmakers in the NT?

Mr TOLLNER: The Department of Business met with corporate bookmakers in December 2013 to discuss regulatory and revenue issues such as taxation, licence fees, customer identification, self-exclusion, credit betting, complaints resolution, auditing, protection of client funds and product offerings. The bookmakers generally conceded that taxation arrangements in the Territory were generous, but noted that the Tasmanian scheme was also generous and overseas providers did not incur the cost of GST, racing product fees and other Australian on-costs.

Bookmakers uniformly indicated that an increase in taxation would force licensees, particularly those which are foreign owned, to consider moving operations to another jurisdiction, and that relocation would definitely occur if the current cap on taxation was removed. However, bookmakers generally considered that an increase in licence fees may be acceptable, with one suggesting the cap on taxation could be increased to \$500 000.

Mr GUNNER: So, you were made aware of the threats of possibly losing bookmakers in the NT? They, obviously, bring many jobs with them. How many bookmakers have left as a result of this taxation increase?

Mr TOLLNER: None.

Mr GUNNER: So, betstar.com.au has not left and moved to Queensland?

Mr TOLLNER: No, not that I am aware of.

Mr GUNNER: Okay. You are not worried at all about losing corporate bookmakers?

Mr TOLLNER: No ...

Mr GUNNER: Tasmania, for example, has often played in this space. You are not worried about losing our corporate bookmakers?

Mr TOLLNER: Member for Fannie Bay, many of the corporate bookmakers are facing fairly challenging times at the moment, predominately through decisions made by Victorian Racing, New South Wales Racing, and Queensland Racing, where they have massively upped their product fees to the point where I have spoken with one or two bookmakers - this is only in the last day or so - who are saying they are seriously considering packing up and leaving. One fellow said to me, 'We are thinking of packing up'. I said, 'What? Because of the bookmakers' turnover tax?' He said, 'No, nothing to do with that. That is neither here nor there. What we are really worried about is what the race clubs in Queensland, Victoria and New South Wales are doing to us. If they take that off our list of offerings, there is no point operating in Australia'.

I have not had any negative feedback at all from corporate bookmakers in relation to lifting those thresholds from \$250 000 to \$500 000.

Mr GUNNER: Minister, are there any plans or discussions around a new casino licence in the Territory?

Mr TOLLNER: No, in actual fact both casinos are locked down into exclusivity arrangements. I spoke to both casinos some time ago now about the opportunities there might be to bring in competition, and neither casino was interested in it, given the fact they are both locked in. There is no opportunity to bring, at this stage, more competition into the Northern Territory.

Mr GUNNER: Minister, are there any plans to increase the cap on poker machine licences in the Territory, or bring in a trading scheme?

Mr TOLLNER: Yes, there are discussions taking place at the moment. I would not say plans as yet; plans have not been shored up. However, I have announced to pubs and clubs that I am very keen to look at raising the cap on poker machines in their venues, and also doing a complete review of taxation.

I am very keen to consult further with the industry - casinos, hotels, and clubs - about what those limits should be in relation to the trading scheme for poker machines. I have made suggestions that trading schemes should be available for pubs.

In relation to clubs, I have suggested it is probably not appropriate. Given that, I am open to suggestions, and have told Clubs NT at a meeting just late last week that if they are dead keen on a poker machine trading scheme, I would be happy to look at it. As I said, at the moment we are currently formulating policies in relation to this and consulting with industry, but no firm commitments have been made anywhere.

Mr GUNNER: So, at the moment pubs have 10 and clubs have 45?

Mr TOLLNER: Forty-five, yes.

Mr GUNNER: What sort of numbers are we looking at, minister?

Mr TOLLNER: I have thrown out in the ballpark that we would be happy to look at doubling the number for clubs, taking them from 45 to 90, and tripling them for clubs, taking them from 10 to 30 ...

Mr WOOD: Pubs?

Mr TOLLNER: Pubs.

Mr WOOD: You are joking?

Mr TOLLNER: These are only suggestions, nothing has been determined.

Mr WOOD: I am not a prohibitionist, but that is way too many.

Mr GUNNER: What would be the global number in the Territory if those changes came in?

Mr TOLLNER: Bearing in mind we are talking hypotheticals, let us not get too tied down to anything at the moment. As I said, there is a lot of discussion required in this area. At the moment, I have floated the idea with hotels, casinos, and clubs, and waiting to get feedback from them.

Mr GUNNER: Will you consult beyond pubs and clubs?

Mr TOLLNER: Absolutely. Obviously, once we have consulted with industry we will be very keen to consult with the community. Then, of course, there would be legislation required which, again ...

Mr GUNNER: Minister, can you take on notice what the global number would be if it goes from 10 for a pub to 30, and 45 for a club ...

Mr TOLLNER: No, I cannot take that on notice. The reason I cannot take it on notice is because it is a hypothetical.

Mr GUNNER: But we know how many clubs and pubs there are in the Territory. To put that as a suggestion to clubs and pubs, you must know what the total number will be?

Mr TOLLNER: No, because until we understand what those limits are, we will not know what the totals are. Currently, there is a limit of 45 for clubs. Very few clubs have 45 machines.

Mr GUNNER: Would you allow trading, minister? In my area, the Railway Club, the Trailer Boat Club, the Sailing Club, and the Buff Club do not have 45.

Mr TOLLNER: I am sure only six clubs in the Territory have 45 poker machines. All others have not met that entitlement. But, the Leader of Opposition disagrees.

Ms LAWRIE: Minister, are you suggesting doubling those clubs who have reached 45, or giving the global 90 entitlement to everyone who meets distinction of club? What is the proposal you have floated to the industry? Is it in writing? Can you table a proposal?

Mr TOLLNER: No, I cannot table a proposal because I have put nothing in writing. These are suggestions only to say, 'Guys think about this, start looking at this, discuss it amongst yourselves, somewhere or other we will sit down and have a discussion'.

The area around this is very grey. We are looking at this in a much wider prism of how we deal with gambling issues across the Northern Territory. There is a much wider review going on, not just to do with poker machines, but with horse racing, casinos, tatts ...

Mr GUNNER: The best way to deal with gambling problems in the Northern Territory is to increase the number of machines?

Mr TOLLNER: We are not talking about gambling problems.

Mr GUNNER: Surely, that would be part of your decision-making process, minister?

Mr TOLLNER: Yes. Currently, gambling problems are dealt with by organisations such as Amity House, through community education programs and a range of different things. You must have rocks in your head if you think this government wants to create gambling problems.

Mr GUNNER: Can you table the terms of the review you are doing? You mentioned a review you are doing.

Mr TOLLNER: We are reviewing everything.

Mr GUNNER: Can you table the terms of that review?

Mr TOLLNER: No, there are no terms. The Department of Business is undertaking an investigation, Treasury is undertaking an investigation ...

Mr GUNNER: Separately or together?

Mr TOLLNER: Separately. Treasury is looking at tax rates around these things. The Department of Business is looking at licensing arrangements around these things. The horse racing industry is a separate department again which sits in the ministry of Sport.

Mr GUNNER: Licensing sits with you.

Mr TOLLNER: Licensing sits with me. All these things are being worked on at the moment. There are no specific terms of reference. We are trying to keep it as broad as possible. We want to find a sustainable way to manage gambling in the Northern Territory so it has least impact and, at the same time, provides ...

Mr GUNNER: When will Territorians have an opportunity to comment on this? You say you are reviewing it and you are having a conversation with industry. When do you think ...

Mr TOLLNER: Sometimes I wonder if I should even open my mouth with you guys because you run off on something ...

Mr WOOD: It is called transparency. You mentioned you will raise the caps some time ago ...

Ms LAWRIE: Triple and double.

Mr WOOD: ... so this is the reason it has come up here. You have mentioned it in parliament.

Mr GUNNER: All we are asking, minister, is when the public will have the opportunity to comment?

Mr WOOD: This is an important social issue.

Mr TOLLNER: The public will have an opportunity to comment once we have settled on numbers about what we think might be possible into the future.

I have just received a text from police saying there are 18 cameras on Mitchell Street.

Mr WOOD: Thank you, that is more than at Howard Springs.

Mr TOLLNER: Going back to the gambling issue, we are doing a review. We are looking at what is going on. Do we raise taxes further in an effort to discourage gambling? Do we reduced taxes? What is the interrelationship with the casino and pubs and clubs? All these things need to be looked at.

Mr WOOD: I came up with the figure of possibly 2700 poker machines. Presently, we have 1181.

Mr TOLLNER: I have some numbers on the amounts.

Mr WOOD: I have the numbers of pokies here - 428 for pubs and 753 for clubs.

Mr TOLLNER: As at 30 April, there are currently 1073 electronic gaming machines active in the community. This does not include machines that venues may be storing, machines that are not activated, or machines that may have been returned to the regulator. As at 30 April 2014, Lasseters had 330 electronic gaming machines operating. At the same time, SKYCITY had 725 active electronic gaming machines operating.

We are simply having a look at this. We will consult widely with the community. I am keen to get an understanding. For instance, why is it that casinos have a 21% tax rate for poker machines, clubs have a 42% rate for electronic gaming machines, and pubs have a 42% rate plus a 10% contribution into the Community Benefit Fund? To me, there seem to be some discrepancies which is worthwhile having a look at. I would not think anybody would have any objections to that.

Mr WOOD: Why are casinos not capped?

Mr TOLLNER: That is another good question.

Ms LAWRIE: Treasurer, are you aware of anywhere in the nation where consideration is being given to tripling poker machines in pubs and doubling poker machines in clubs - apart from here, with your suggestion?

Mr TOLLNER: No. Mind you ...

Ms LAWRIE: Do you think it is out of step with public policy on poker machines and gaming?

Mr TOLLNER: Why do you not explain what you are trying to say?

Ms LAWRIE: No, I am asking if you think it is out of step.

Mr TOLLNER: Are you asking me an opinion?

Ms LAWRIE: You are the Treasurer and the minister for Gaming.

Mr TOLLNER: I thought you were asking questions on the budget, now you are asking my opinion.

Ms LAWRIE: I am asking you about gaming machines. As the minister for Gaming ...

Mr TOLLNER: You are asking whether it is appropriate.

Ms LAWRIE: ... you set the policy. You are saying you have suggested to industry that you triple the number of gaming machines in pubs, and double the number of gaming machines in clubs. You have said here today that has been your suggestions to industry. You are waiting for their feedback before you go to

public consultation. Is such a dramatic increase not out of step with public policy elsewhere in Australia on gaming machines?

Mr TOLLNER: At the moment, my understanding is that machines are uncapped at casinos.

Ms LAWRIE: I am asking you about pubs and clubs.

Mr TOLLNER: You are the one trying to suggest we are putting more machines into the community.

Ms LAWRIE: As minister for Gaming, you have just said you are proposing to industry to triple the number of machines in pubs and double the number of machines in clubs. Do you think that is out of step with public policy on gaming machines?

Mr TOLLNER: Why do you not think we are not also looking at reducing the number of machines in casinos?

Mr WOOD: How many locals go to casinos?

Ms LAWRIE: Could you answer the question about pubs and clubs?

Mr TOLLNER: No, but casinos do not pay a contribution into the Community Benefit Fund. Clubs pay a contribution to the affiliate organisations, therefore, money flows into the community. Pubs pay a contribution into the Community Benefit Fund, but the casinos do not. I am keen to see ...

Mr WOOD: I am more worried about the effect on the local community of tripling the number of pokies. That is what concerns me.

Mr TOLLNER: The pokies are there anyhow, and anyone who has a gambling habit will find their way to a poker machine. Again, this is a bit like the Banned Drinker Register. When you find someone who has a major gambling problem, you need to work with those people to try to assist them out of it. The vast majority of people are doing it for entertainment. Do we want to get in the way of that? These are the questions you ask the community and the industry.

Mr WOOD: Sounds like it is about money. That is what it is about. You said it yourself.

Mr TOLLNER: There is a bit about money too. Why is it that the casino pays 21¢ in the dollar, clubs pay 42¢ in the dollar, and pubs pay 42¢ in the dollar plus a 10% levy into the Community Benefit Fund? That is money.

Mr WOOD: I am happy for that issue to be sorted out if there is an inequality. But, the issue we have is that by tripling the number of pokies, there is a social problem that needs to be looked at.

Most people gamble reasonably, but if you put the temptation out for more and more people, you will have some major social impacts. You only have to go to Lasseters to see it. That is why I did not agree with any more pokies there, but they are not capped. Yet, we will release the caps, and make them more available. I believe it is a silly decision.

Mr TOLLNER: You are suggesting we are releasing the caps now. All I said is we are having a discussion, and you are already jumping to conclusions that this is a fait accompli.

Mr WOOD: I would say leave it.

Mr GUNNER: I have no more questions to this output. NT WorkSafe is next?

Madam CHAIR: Yes.

Mr WOOD: I know we are running out of time, but I have a quick question. This is very minor compared to what you have just rocked us with. You have allowed poker machines to take notes. Usually, the casino machines were the only ones that took notes. My understanding is the reason poker machines were not allowed to take notes was not to encourage people to drop a \$50 into the machine - they got change and put it in dollar by dollar. Who asked for poker machines to be changed so they could take notes?

Mr TOLLNER: I think it was the AHA. The casinos were pushing for the next step, which is ticket in, ticket out. I am pretty sure that has been approved. I am not sure whether the casinos have yet implemented that system.

Mr WOOD: Just for the sake of the record - the Australian Hotels Association business organisation support team, \$97 000, and sponsorship to the Australian Hotels Association industry sponsorship, \$10 000. There were two grants given by Cabinet.

Mr TOLLNER: All right. We will check that out.

Madam CHAIR: If there are no further questions on Output 9.1, that concludes consideration of the output.

Output 9.2 – NT WorkSafe

Madam CHAIR: We will now consider output 9.2, NT WorkSafe. Are there any questions?

Mr GUNNER: Minister, your review of the *NT Workers Rehabilitation and Compensation Act* recommended that you establish a firefighters' fund for firefighters and ex-firefighters who develop cancer because of the job. How much money has been allocated in this budget for such a fund?

Mr TOLLNER: To my knowledge, none. It is a draft sitting on the website at the moment, and those recommendations have not necessarily been accepted by government.

Mr GUNNER: You did not see it prudent - how do I put this? This is a budget for the year coming up and you did not put aside any money for that fund in this budget?

Mr TOLLNER: No, that draft paper has not been accepted in its entirety by government. It would be putting the cart in front of the horse had we set up a fund before the recommendations had been taken on board.

Mr GUNNER: When we debated the bill last year, you said that by the middle of this year you would have a bill before the parliament. There is not one before the parliament yet. Why the delay, and when can we expect it?

Mr TOLLNER: The review will be finalised by the end of the month, and it will probably be a couple of months beyond that to get legislation to parliament.

Mr GUNNER: You can understand firefighters were quite concerned last year ...

Mr TOLLNER: Yes.

Mr GUNNER: ... and they were unhappy with the delay to the middle of this year. Now, you are saying it is to be delayed further. You have not taken the step, which some would consider prudent, to put money aside in this budget for firefighters or ex-firefighters with cancer?

Mr TOLLNER: The issue of putting money aside - do you budget for something which has not eventuated? Maybe, maybe not ...

Mr GUNNER: We have had pretty strong advance notice of it.

Mr TOLLNER: The point is there is an ability to put a fund together if that is required. But, at this stage, it has not been required, and we still have not been officially presented the final review.

Mr GUNNER: We are looking at around November, at the earliest, for passage of this legislation?

Mr TOLLNER: I hope it could be sooner than that, but you may well be right.

Mr GUNNER: At this stage, no firefighter or ex-firefighter should take comfort in this budget because no money has been put aside, and you have not made any decisions around the recommendation.

Mr TOLLNER: You are spot on. No decisions have been made about this as yet. As I have always said, I have enormous sympathy for firefighters - I can see the benefits of presumptive legislation - but, at this stage we do not have any legislation in place. No, we have not put together a fund. Am I ruling it out? No,

I am not ruling it out. Am I ruling it in? No, I am not ruling it in. I have to wait and see and consult with my Cabinet colleagues about any expenditure of money and putting funds together.

Mr GUNNER: Minister, I do not think you need me to tell you ...

Mr TOLLNER: No. I know you see it as important ...

Mr GUNNER: ... that the firefighters and ex-firefighters are upset that if it was to be in place by now, and it is not.

Mr TOLLNER: No, I know you see it as an important issue. I know firefighters see it as an important issue. I see it as an important issue. It is sad we have had these delays we have had.

Mr GUNNER: That is me on that. We are conscious of time.

Madam CHAIR: Are there any further questions on that output? That concludes consideration of Output 9.2 and Output Group 9.0.

OUTPUT GROUP 10.0 – BUSINESS ENGAGEMENT

Output 10.1 – Business Engagement

Madam CHAIR: The committee will now proceed to Output Group 10.0, Business Engagement, Output 10.1, Business Engagement. Are there any questions?

Ms LAWRIE: Just a couple of quick questions, conscious of time. Minister, the recent ABS data shows there are 340 fewer businesses operating in the Territory under your government. What analysis has your agency done around these business closures?

Mr TOLLNER: I might take that one on notice if I can.

Question on Notice No 2.3

Madam CHAIR: Member for Karama, can you please restate the question for the record?

Ms LAWRIE: Minister, recent ABS data shows that there are 340 fewer businesses in the Territory under your government. What analysis has your agency done around these business closures?

Madam CHAIR: Minister, do you accept the question.

Mr TOLLNER: I accept the question.

Ms LAWRIE: Minister, if you could provide in that answer a breakdown of business, type, region and, if known, reason for closure.

Madam CHAIR: Please include the member for Karama's last remarks as part of the question. Minister, do you accept the full question?

Mr TOLLNER: Yes.

Madam CHAIR: That question is No 2.3.

Ms LAWRIE: Minister, you have announced red tape reduction for business. I note the chief procurement officers you mentioned and the role they will play as specialist procurement officers was part of the announcement I made with procurement reforms in the previous Labor government, so I thank you for proceeding with that. What is occurring with the Procurement Review Board and its role?

Mr TOLLNER: The Procurement Review Board is becoming a strategic assurance and advisory role. We are appointing an independent and external chairman. We are devolving existing approval functions to agency Chief Executives and transferring responsibility for appeals to the Civil and Administrative Appeals Tribunal once it is established - NTCAAT. You are aware legislation is coming into the parliament about that through the Attorney-General.

Ms LAWRIE: When are you scrapping the Procurement Review Board? When does it cease to exist?

Mr TOLLNER: I do not think we are winding it up, we are just changing the role of it to a strategic assurance and advisory role.

Ms LAWRIE: When does it cease to exist as the existing Procurement Review Board and move to the new role of strategic assurance and advisory?

Mr TOLLNER: 1 July is when we will be devolving the approval functions to agency Chief Executives. We are hopeful the NTCAAT will be established by then and those appeals processes can go through that.

Ms LAWRIE: Hopeful? I was going to ask about the gap in timing.

Mr TOLLNER: In relation to the appeals, if NTCAAT is not set up by 1 July, which I am informed is probably unlikely ...

Ms LAWRIE: I would say highly unlikely.

Mr TOLLNER: ... the Procurement Review Board will still be on hand to hear those appeals until NTCAAT is set up.

Ms LAWRIE: It could be a three-month period, for example, where appeals go to what would then be called the strategic assurance and advisory council?

Mr TOLLNER: No, it will be called the Procurement Review Board.

Ms LAWRIE: That will stay in place until ...

Mr TOLLNER: We are not scrapping the Procurement Review Board; that is the point. You keep talking about scrapping it. We are not scrapping it.

Ms LAWRIE: You are scrapping its functions.

Mr TOLLNER: We are changing its functions.

Ms LAWRIE: In relation to the Business Advisory Council, how many times has it met in the last financial year?

Mr TOLLNER: It would be four.

Ms LAWRIE: What recommendations has it made?

Mr TOLLNER: I have received a number of reports about discussions it has had. I have not received recommendations from it though.

Ms LAWRIE: Could you provide us with those reports?

Mr TOLLNER: They have been verbal reports. It would be ...

Ms LAWRIE: Are there any written reports from the quarterly meetings?

Mr TOLLNER: There are minutes, but no formal reports have come to me. There may be some issues getting you some minutes, but ...

Ms LAWRIE: Would there be a list of recommendations it has made in the last 12 months that you can provide?

Mr TOLLNER: No, it has not made any recommendations. If you like, at its next meeting I will organise a session where you can talk to it. I am keen for the opposition to know who the members are and feel they have an avenue to go to and see them.

Ms LAWRIE: That is all right, I know who they are. It is all good. I was asking if there is a formal process attached, but it is just an informal process by the looks of it.

Where is the Nhulunbuy regional economic analysis report undertaken by Smith and McTaggart?

Mr TOLLNER: That is a question for the Department of the Chief Minister.

Ms LAWRIE: That will do. Move on to training.

Madam CHAIR: Yes.

Mr HIGGINS: Can I ask a couple of quick ones? What programs do we have running for tourism out of Business and also Indigenous? Is there any crossover between the two?

Mr TOLLNER: A total of eight Indigenous tourism champions attended ATE, the Australian Tourism Exchange, which was supported by the attendance of department staff assisting those champions to market their products to international tour buyers and distributors.

There is a range of other programs. To date, 22 tour operators have undertaken the Business Growth Program with a value of approximately \$110 000 – that was last financial year, member for Daly – and nine tourism and hospitality businesses have undertaken ecoBiz to the value of approximately \$100 000.

In relation to your electorate in particular, the Department of Business funded Tourism Top End \$10 000 under the Industry Development Grant to assist with the development of the Berry Springs/Cox Peninsula area as a tourism precinct. Initial outcomes are positive and considerable industry interest and further outcomes should be available soon.

We do a lot of work with the Tourism department - there is a lot of connection there. Basically, the Tourism Development Unit works with emerging and established tourism operators using programs such as the Digital Activation Kick Start Program, Business Growth, ecoBiz, the Trade Support Scheme, accreditation and Tourism Australia's Indigenous Champions Program.

With the move of the Indigenous Tourism Development Unit from the Department of Regional Development earlier this year, the Tourism Business Development Unit recently merged into the one unit within the department, allowing for increased efficiencies in tourism development across the regions, with an enhanced suite of business development tools.

I do not know whether that answers your question, but it should give you a bit of an idea about some of the work they do.

Mr HIGGINS: I have some follow-up questions, but will save them for later.

Madam CHAIR: If there are no further questions on Output Group 10, we will close that.

OUTPUT GROUP 11.0 – TRAINING

Output 11.1 - Training

Madam CHAIR: The committee will now consider Output Group 11, Training, Output 11.1 Training. Are there any questions?

Ms LAWRIE: The apprenticeship and trainee commencements in your budget papers show a reduction predicted from 3000 down to 2500, largely attributed to a reduction in Commonwealth-funded incentives. That is 500 fewer Territorians able to access training. What are you doing in discussions with Canberra to see whether or not there can be a greater emphasis on training funding?

Mr TOLLNER: The Northern Territory government has not wound back any training funding at all. As you rightly point out, the cuts are coming from Canberra, where they have their own budgetary problems to deal with.

We are very keen to work with our federal colleagues to try to get more money into training, but that is probably unlikely given the financial position of the Commonwealth. I am keen to see a focus put on the training sector here to make sure it is running efficiently and we are getting the best value for money.

We are keen to reintroduce the Northern Territory Employment and Training Authority - something that used to operate under previous governments in the Northern Territory, where industry had a say on how training was delivered - and make sure we are training for jobs and not for training's sake.

Whilst the budget may be somewhat reduced because the Commonwealth is winding back funding, we are very keen to make sure we get better bang for our buck from the current money we spend, and are hitting the mark in training people for jobs.

Ms LAWRIE: Hard to envisage, with the National Centre for Vocational Education Research showing there are 3673 fewer apprentices in training as at the end of the September quarter 2013, showing a decline of 13.5% in Northern Territory apprentices and trainees. It is not a question of bang for buck, minister, there is a reduction in people having access to apprenticeship and traineeships in the Northern Territory under your watch.

I have a whole raft of questions but, given time, I will put them to the Chamber.

Madam CHAIR: Are there any further questions on that output? That concludes consideration of Output Group 11.0.

OUTPUT GROUP 12.0 – CORPORATE AND GOVERNANCE

Output 12.1 – Corporate and Governance

Madam CHAIR: The committee will now move on to Output Group 12.0, Corporate and Governance, Output Group 12.1, Corporate and Governance. Are there any questions?

Ms LAWRIE: No.

That concludes Output Group 12.0. Are there any non-output specific budget related questions?

Okay, that concludes consideration of outputs relating to the Department of Business. On behalf of the committee, I thank the minister for attending today and the officials who provided advice.

The committee will now move on to consider outputs relating to the Department of Local Government and Regions. We will break for two minutes for the changeover.

The committee suspended.

DEPARTMENT OF LOCAL GOVERNMENT AND REGIONS

Madam CHAIR: I welcome you again, Treasurer, this time as the Minister for Local Government and Regions. I invite you to introduce the officials accompanying you, as well as make an opening statement.

Mr TOLLNER: Yes, of course. Immediately on my left is Mr Allan McGill, the Chief Executive Officer of the Department of Local Government and Regions; next to him is Shaun Hardy, the Project Director Regional Governance; and of course, Lee Williams, the Director of Legislation.

Madam CHAIR: Will you be making a statement, minister?

Mr TOLLNER: I will be, thank you very much.

This government is giving local communities their voice back, after it was taken away by the former Labor government. This government is giving local communities the capacity to carry out local services and perform local government functions for themselves. This government is fixing the problems we inherited from the Labor Party and its hasty and botched super shire reforms.

As the minister, I am committed to evolving as much autonomy and capacity to the local government sector as practical. In the case of the bush I am committed to devolving as much autonomy and capacity to local authorities as practicable.

This government is committed to giving communities their voice back. Members here may recall a key issue raised during the 2012 election was that people felt that the shire councils were unresponsive to their community. It was described by some as having lost their voice. There was widespread dissatisfaction in the bush with Labor's super shire model. Many bush communities felt they had lost local representation and local control of their own communities.

Our plan to fix and reinvigorate local government in the Northern Territory has four key pillars:

1. the modification and realignment from the super shires model into a network of regional councils and local authorities
2. the creation of a new regional council in the west Daly region, where the old super shire was too vast and the communities of interest were too diverse
3. to improve the financial sustainability of bush councils
4. the handing back of power and responsibility from the Territory government to the local government sector.

The eight super shires have now been replaced by nine regional councils and a network of 63 local authorities across the Northern Territory. We expect all of these will be up and running by 1 July. It is vital that Territorians living in regional and remote communities have a say on local government matters and other government services and programs delivered in their communities.

Each local authority is made up of community nominees and elected council members. A council employee has now been assigned to each authority to undertake secretariat functions and to ensure good communication between the regional councils and their local authorities.

The local authorities will play an important role in the business of their council and will represent their community's interest in important council decision-making such as in the development of annual plans and budgets, assessing service standards, providing input into council policies, and contributing to the council's annual report.

Community members of local authorities will now be paid an allowance which, for the first time, acknowledges in a concrete manner that residents' contributions to local planning and governance are critical and invaluable.

In addition, Budget 2014-15 contains a new \$5m in annual funding which will be paid to regional councils to distribute to their local authorities, which will make recommendations to their council on how this money can be best directed to meet community priorities.

Local authorities will receive regular financial reports about council expenditure in their community so they are able to track how funds are being spent in their area and make recommendations about future allocations. In addition, local authorities will be able to provide a representative on employment selection panels in relation to managerial positions in their local authority area. These initiatives will strengthen the voice of people living in regional and remote areas and ensure they have a strong voice in local government and other government services.

In addition to our initiative with local authorities, we have set up a new regional council in the west Daly region. A well-attended meeting with representative clan groups in the west Daly region made it clear to the Chief Minister, me, and the member for Daly that they wanted a stronger voice and greater control over services in their local area. We heard their plea, and I announced a new council for Wadeye, Peppimenarti and Palumpa region in November 2013.

The Giles government appointed a transition committee in December 2013 comprising representatives from the new council area, the continuing council area, the Local Government Association of the Northern Territory, both the Northern Territory and Australian governments, and the member for Nelson. This committee has been providing me with advice across a range of transition issues. Transition committees, to date, have held discussions on the new council name - which is the West Daly Regional Council, council boundaries, staffing matters, service delivery, assets and liabilities, transfer, methodology, council officers, organisational structure, and governance arrangements.

The transition committee will hold its last and final meeting tomorrow and I thank all members for all of their hard work. I trust the member for Nelson will be at that meeting.

Mr WOOD: We will be here.

Mr TOLLNER: Oh, we will be here.

A prospective council, a transitional body, was established in April 2014 to assist in the preparations for necessary staff, assets, and service delivery arrangements to be ready for commencement on 1 July 2014. In addition to the full range of local government services, a number of agency services and commercial services funded by external organisations will also transfer from day one.

All service delivery operations will continue to be provided from within the new council area, while head office activities will initially be based in Darwin to assist the new council to settle progressively over their first 12 months.

From 1 July the new council will initially comprise the formal body corporate, councillors and service delivery staff transferring from the Vic Daly Regional Council. The transition is being progressed over a six-month period to ensure the continuity of service delivery and a smooth transition process for both the new and the continuing councils.

At the LGANT meeting on 3 April in Katherine, I signed a memorandum of intent with Mr Damien Ryan, Chairman of LGANT. This move to transfer autonomy to the local government sector will provide opportunity for greater self-management. This will be developed through a new agreement with LGANT, which is currently being negotiated.

In general, the Labor Party prefers more centralisation, looking over other people's shoulders, and red tape for business and local government. This government is, in contrast, keen to devolve functions and decentralise power. This government is offering LGANT the opportunity to take on greater responsibilities in recognition that local government produces local champions with local solutions to local problems.

The Country Liberals are keen to enable local government to, essentially, manage itself and get on with the job. We want to strengthen the role played by LGANT by allowing it to assume a number of functions carried out by the Department of Local Government and Regions. While the department will still take the lead in policy develop and high-level compliance matters, the proposal allows local government to set its own agenda and have more control over issues that affect its ability to deliver value for ratepayers. This innovative approach will create an environment where local government can operate with maximum efficiency, without other tiers of government always looking over its shoulder. In short, this government is committed to local government and giving communities back their voice.

Building on the already impressive financial commitments of the Country Liberals to local government, Budget 2014-15 contained \$5m in recurrent funding which will go directly towards projects nominated by local authorities. Budget 2014-15 also contains \$3m over two years to support the disbanding of the Vic Daly Shire Council.

Madam Chair, I look forward to answering the committee's questions on this government's record in local government.

Madam CHAIR: Thank you, minister. Are there any questions on the minister's statement?

Ms WALKER: No questions from me, Madam Chair, but I request if the minister would be so kind as to table responses to written questions?

Mr TOLLNER: Yes. Are you sure you do not want me to read them out?

Ms WALKER: That is fine. We will read them. We are running out of time, minister. We have you for less than an hour-and-a-half.

Mr TOLLNER: The Leader of the Opposition should not have asked so many questions on water at the start.

Ms WALKER: No, we look forward to reading them - my bed time reading ahead of the next sittings.

Madam CHAIR: Thank you, minister.

Agency-Related Whole-of-Government Questions on Budget and Fiscal Strategy

Madam CHAIR: The committee will now proceed to consider the estimates of proposed expenditure contained in the Appropriation Bill 2014-15 as they relate to the Department of Local Government and Regions. Are there any agency-related whole-of-government questions on budget and fiscal strategy?

Mr WOOD: I can take them in Output 13.1, Local Government and Regions.

Madam CHAIR: We will go to outputs. That concludes consideration of agency-related whole-of-government questions.

OUTPUT GROUP 13.0 – LOCAL GOVERNMENT AND REGIONS
Output 13.1 – Local Government and Regions

Madam CHAIR: The committee will now proceed to Output Group 13.0, Local Government and Regions, Output 13.1, Local Government and Regions. Are there any questions?

Ms WALKER: Thank you, yes. Minister, since you became the Local Government minister in September last year - I think was the last reshuffle - have you visited all the regional councils?

Mr TOLLNER: No.

Ms WALKER: Can you advise which regional councils you have visited?

Mr TOLLNER: I could. It is probably easier to tell you which ones I have not visited. They would be East Arnhem. I have been to West Arnhem ...

Ms WALKER: You met with elected councillors at the West Arnhem Regional Council?

Mr TOLLNER: Yes, I met with a couple. I would not say I visited the council in its entirety. I am trying to think of others I have not met, but I ...

Ms WALKER: MacDonnell, Roper Gulf, Tiwi, Vic Daly ...

Mr TOLLNER: Maybe the Roper Gulf would be the other one I have not visited.

Ms WALKER: Is it on your itinerary to will catch up with these regional councils you have yet to touch base with in their communities, minister?

Mr TOLLNER: I have been visiting communities and dropping in as a courtesy and listening to any issues councils may have. As far as touring council areas, talking to people, I do that as part of my job, but not specifically for the local government area, although I am happy - as always as you know - to take questions on pretty well anything under my purview.

Ms WALKER: East Arnhem Regional Council would love to see you out there, minister, I am sure.

Mr TOLLNER: I would love to get out there are some stage, member for Nhulunbuy. It is just one of those places I have not had the opportunity to make a proper visit to yet.

Ms WALKER: Daily flights, an hour on a jet. We look forward to it.

In your opening statement, you talked about the initiatives under your government, including the local authorities. Can you advise what progress has been made in establishing new local authorities in each regional council, what number of local authorities have been established, and what action you are taking to ensure all local authorities are established by 1 July.

Mr TOLLNER: All local authorities are established; there are 63 of them across the Northern Territory. Given the fact I have not talked to all of the councils, I have not even got remotely close to talking to any of the local authorities as yet. However, everything is being put in place to make sure they are well-functioning bodies. As I said, the \$5m we have allocated towards local authorities will go a long way to making them feel they have an important job to do. I understand when you distribute that money amongst 63 different local authorities there is not going to be a huge pot of money, but it is a bigger pot of money they had before that \$5m was announced.

There is also an expectation that councils will also resource their local authorities, and local authorities will take the lead role in developing local communities.

Ms WALKER: What are the expectations of the regional councils in provision of resource for funding local authorities?

Mr TOLLNER: I have had extensive discussions with LGANT which is the representatives of local government in the Northern Territory. The feedback I am receiving is regional councils are, in fact, working very proactively to ensure their local authorities do work. As you are aware, there is a limited amount of money to go around local government in the Territory. There is a lack of revenue-raising capability by council in the Territory, and that is one thing we are very keen to address.

Ms WALKER: In a recent edition of the *National Indigenous Times* the Commonwealth minister for Indigenous Affairs, Senator Scullion, criticised what he called 'feudal governance' - his term - in some remote Indigenous communities. What steps are you taking to ensure the appointment of members to local authorities in the Northern Territory is being undertaken in an open and transparent way, and members are representative of different views within their communities?

Mr TOLLNER: I understand where the federal minister was coming from. We currently have a very up-front way of making sure people are elected in the most democratic way possible to local government, and we want to maintain that. Whilst the feudal stuff may be real, it is rather anecdotal and hard to put a finger on exactly where it is occurring and who is doing what.

Ms WALKER: Minister, you made much in your opening statement about ensuring that strong voices would be heard. How are you going to monitor the effectiveness of local authorities to ensure they, indeed, deliver on the intent; that is, that peoples voices are heard? What monitoring processes will be set up to ...

Mr TOLLNER: One thing we are not doing is handing over that monitoring process, so the department of Local Government will still exist. We are not dissolving the department entirely. One of the things it will be doing is keeping a very close watch on how money is spent and divided up amongst local authorities. The department currently does that, and I do not see that role changing at all.

Similarly, the department will retain the ability to prosecute problem councils - for a better word - in a compliance role, and that high-level compliance role will remain within the department. It is one of those areas LGANT recognises was probably not a good fit in its organisation, bearing in mind LGANT is a member-based organisation. Some members have a lot of difficulty prosecuting other members. Government retaining that compliance role is very important.

Ms WALKER: What about the compliance role regarding responsibilities? I am going to the heart of the governance of elected members. They are being paid now, and we have no issues with that. It is quite appropriate for the amount of time and resources they have to devote to their roles. How do you intend to monitor the effectiveness of elected members under these new arrangements for local authorities?

Mr TOLLNER: The same way we currently do. It is not without problems. Councils of all persuasions, whether they are municipal councils or bush regional councils, will, from time to time, go through downs as well as highs. We keep a close watch on what goes on. Where they breach rules and guidelines, the department will step in, offer advice and, if there is no solution, come up with something a bit stronger.

Ms WALKER: Thank you, minister. I am waiting for the member for Nelson to jump in at any time, as he has a question.

Mr TOLLNER: He knows it is all going well. He has been on a transitional committee.

Mr WOOD: I make no comment - yet.

Ms WALKER: What steps are being taken to ensure the voices of young Territorians, particularly young Indigenous Territorians, are represented in new local authorities?

Mr TOLLNER: We have not put any membership requirements on local authorities. We think communities are best placed to determine who they want on their local authorities. There is no requirement, for instance, to have equal representation of women to men, young to old, or non-Indigenous to Indigenous. Our expectation is communities will do what is in their best interests and find the best people they can to put on local authorities.

Ms WALKER: I am talking about mentoring opportunities for younger people to become involved in the local authority and local government. I have seen it in a couple of regional councils where younger people are invited to observe meetings and, therefore, demystify the process and open up opportunities for them to be more engaged.

Mr TOLLNER: There is an ability to have the community attend local authority meetings. We are trying to give as much flexibility as possible to local authorities to determine what is best in their communities. You are dead right: succession planning is important. I hope communities and local authorities will see that as important and, over time, look at who are the best people to get on local authorities.

Ms WALKER: Are you able to advise what the current number and proportion of elected female members is for both the NT as a whole and by council?

Mr TOLLNER: The Women in Local Government Association has all of that information. I do not have the specific numbers with me, but if we do not lead the nation we are very close to the top of having good female representation on councils. Interestingly enough, this year the Darwin City Council won its major award for having a very good gender split on the Darwin City Council. It is not something we, as a government, do an enormous amount of research on. As I said, the Women in Local Government Association has some fairly detailed information on that.

Ms WALKER: Minister, is your government actively supporting the work of women in local government, including the work of the Women in Local Government Association in the NT?

Mr TOLLNER: Yes, absolutely.

Ms WALKER: If so, how?

Mr TOLLNER: No, there is no funding per se, but we support them through various conferences making sure we meet with them. As the minister, I have met with them twice now. The department meets with them on a regular basis. Pam Robinson does a good job in that association and we are very keen to maintain good contacts and relations with it.

Ms WALKER: Very good, minister. You made reference in your opening statement to the \$5m being made available to local authorities. Can you advise what is the formula being employed for the allocation of funds, who receives the funds, how they account for the use of those funds, and what guidelines are established in regard to their use?

Mr TOLLNER: The allocations are done by the Territory Grants Commission which also does the allocations for local governments. Basically, it is determined on area, population, and requirements of those particular areas. I have a paper here that I am more than happy to table which has a bit more detail on it. Any questions you have that arise from that, I would be more than happy to take.

Ms WALKER: Thanks, minister, that is very helpful. What about ongoing support of governance training for both elected members of councils and newly appointed members of the local authorities?

Mr TOLLNER: That is a role and function of LGANT. That is why these associations join. We are very keen to see that continue.

Ms WALKER: You provide funding to LGANT to enable that to be undertaken?

Mr TOLLNER: We do provide funding. We will be providing much more funding by the end of this financial year.

Ms WALKER: Minister, in the commencement of this whole process with the change of government and the CLP's local government reforms, there was a regional governance working group that was formed as a consultative group to navigate through the entire process of consultation. According to your predecessor, the member for Namatjira, they were meeting in late June of last year. Are they still engaged in this process?

Mr TOLLNER: No, they are not involved anymore. Their work was completed. The suggestion is it may well have been completed by June last year.

Ms WALKER: My question goes back to where I was going earlier, around the ongoing assessment and evaluation of the success or otherwise of the implementation of these reforms. Would the regional governance working group not be the ideal body - having been there at the very beginning - to be the conduit with government and the communities, because these are all representatives from communities, not necessarily elected members? I am looking to see where the role is in assessing and measuring the success of these reforms.

Mr TOLLNER: It is fair to say there was a lot of suspicion – probably the best way of putting it – of government when we first started embarking on this process. For that reason I imagine - I was not minister at the time, please be aware of that - we wanted to have a look devoid of any pollution from councils into the nature of local government. Since that time, the work we have been doing in this field has really been taking shape. The intentions of government have become much clearer.

The relationship we now have with local government and LGANT is extremely strong, to the point where local government is much more trusting of this government. They can see the intent of what government is doing and that we are not into slashing what they do in their services - in fact, quite the opposite. We are into empowering local government and supporting local government in that regard. The work we do with local government is very productive and we have a good relationship with them to the point where the need for that reference group has dissipated and we can work directly with the Local Government Association and others in the area to implement what needs to be implemented. Bear in mind, much of this is now being driven by local government itself and we are taking much more of a backward step. The reforms have involved a lot of involvement of government but, as they are coming to fruition, the role of government reduces to the point where, hopefully, they will be self-managing far more of their business.

Ms WALKER: I caution you with backward steps, minister.

I have not had an opportunity to see the written response to question 166, but it goes to the heart of local government special purpose grants and understanding what grants were allocated for 2014. How many grants applications were received, how many were unsuccessful, and is there any evidence of inequity amongst grant allocations to different regional councils? I am asking what your role is and that of staff in your office in determining which special purpose grants applications are approved?

Mr TOLLNER: I might table a list of all grants ...

Ms WALKER: That would be really helpful.

Mr TOLLNER: ... if it is of assistance. It might speed up responding to your question. My office has no involvement in the allocation of the grants apart from ticking them off.

Ms WALKER: Minister, what criteria is used by the department in assessing applications for special purpose grants?

Mr TOLLNER: There are publicly available guidelines, but if you want me to get them for you with a question on notice I am more than happy to, or I can get somebody to give you a link to a website. I can get somebody to flick you a link.

Ms WALKER: Thank you, minister, that would be most helpful. Why is it that you do not put out media releases when special purpose grants have been awarded so the good news can be shared about which councils are receiving grants and for what purpose? The former Labor government put out media releases with special purpose grants.

Mr TOLLNER: The former government was really into singing its own praises. We see this ...

Ms WALKER: The former government was into some significant local government reforms, minister.

Mr TOLLNER: Which backfired on them on the last election, didn't it?

Ms WALKER: No, I would not say that.

Mr WOOD: There might have been some other factors and promises that were made.

Ms WALKER: Absolutely.

Mr TOLLNER: The other thing I should have answered in a response to you before was in relation to how the local governments are going LGANT will be producing a state-of-the-sector report every year as part of their new arrangements with government. This time next year, with any luck, we will be sitting around debating a state-of-the-sector report from LGANT.

Ms WALKER: Will you still be the Local Government minister, minister?

Mr TOLLNER: It is my great desire.

Mr WOOD: How will LGANT be questioned in a forum like this then, or will we not be able to?

Mr TOLLNER: Ultimately, it will be the Northern Territory government stumping up the vast majority of the money. I cannot imagine that this time next year they will have a big rates base they are getting most of their money from. The question is: how do you question Darwin City Council in these estimates?

Mr WOOD: No, I am talking about LGANT, I presume, if you are going to give them more powers.

Mr TOLLNER: No, what we are doing is outsourcing many of the functions of the Local Government department. It does not mean the Local Government department will not be across exactly what it is doing with the money. We will still be in a position to come in here and answer questions about exactly where the Northern Territory government is spending its money on local government and how it has been allocated out.

Mr WOOD: So I get it clear in my head, this idea of LGANT taking over responsibilities the department has, has been around a long time - about 20 years ago it came up. LGANT's role is to provide a voice - if I can use their word - for members. How do you get some changes that do not compromise what the role of LGANT is, in that it does not get itself into a position where it does not want to speak up for its members because it might upset the government which has just given it increased powers that used to be done by the department? You might say it is a bit like the union for the workers being told by the government, 'You can take over WorkSafe and industrial affairs etcetera' ...

Mr TOLLNER: The previous government did all of that and more.

Mr WOOD: I know, but what I am asking is whether there a possibility of a conflict of interest here?

Mr TOLLNER: I think I see where you are coming from. I do not think so. The reality is we are outsourcing a function similar to what we would do in other areas. For instance, is there a conflict giving the NTICN a grant? They are owned lock, stock, and barrel by the Chamber of Commerce and the Master Builders Association. Is there a problem giving Contractor Accreditation Limited money or responsibility? It is wholly owned by the Master Builders. We outsource these things and, ultimately, the buck stops with the government and the minister. At the end of the day, we, in Territory government, are the one who take responsibility.

I noticed a question - somewhere somebody wanted to see the statement of intent that was signed. I will table that for the committee as well, at this point in time, so people can see what was signed by LGANT and the Territory government.

Mr WOOD: That statement of intent - before we get a copy of it - is what - I hope I put this right - powers you might devolve to LGANT. I am interested to see whether there is the possibility you might get a conflict of interest between what the role of LGANT actually is and what you are thinking of giving them in relation to the devolution of power.

Mr TOLLNER: Yes. I do not know whether there is a conflict. As I said, with a lot of industry associations - which is almost what LGANT is if you call local government an industry ...

Mr WOOD: No, that is always a bad word to use. It does not make socks. LGANT serves its members.

Mr TOLLNER: Yes, as does the Chamber of Commerce or the Liquor, Hospitality and Miscellaneous Workers union - I think it is United Voice now. It serves its members, but still touts for work and that work will often support its membership. It is something similar here. This moves LGANT one step closer to decision-making abilities in the interests of members, and that is why its membership supported this move to take on more of the functions currently performed by the Northern Territory government.

Ms WALKER: Written question 166 goes to the heart of this matter. It asked for a copy of the MOU between LGANT ...

Mr TOLLNER: Yes, that is what I have just given you. It is a statement of intent.

Ms WALKER: Okay. It is not in that pile there.

Mr TOLLNER: That is where I saw the question.

Ms WALKER: What budget has been made available for the establishment of the West Daly Regional Council?

Mr TOLLNER: That was the \$3m I mentioned in the statement, of which \$1.5m comes this financial year and \$1.5m next financial year, as an addition to its regular council grants.

Mr WOOD: This is not regular, so what will it get afterwards?

Mr TOLLNER: That is in addition to assist with the transition. I will go through it for you. On top of that - this is for the next financial year, 2014-15 - it gets the \$1.5m, as I just mentioned, as well as \$1 380 176 through the Operational Subsidy Grant. It also gets \$487 099 through the Australian government's Financial Assistance Grants or FAGs, and \$646 995 through Australian government roads funding. The subtotal of that is \$2.514m or thereabouts. On top of that, it will get additional Jobs Matching Program funding of \$592 000, and it will receive Local Authority Funding for its three local authorities of \$416 286, taking its total expected revenue to \$3 522 556.

Mr WOOD: Can I clarify ...

Mr TOLLNER: Sorry, that is government funding. It may well raise some money through rates and other services.

Mr WOOD: I have a couple of other questions. The other side of the equation is Vic Daly. Does it lose that proportion of FAGs money which has gone to the West Daly council?

Mr TOLLNER: No. Well ...

Mr WOOD: That would drop by that amount, I presume?

Mr TOLLNER: It will see a 67% loss in revenue, but it will not have to worry about that area. It will have ...

Mr WOOD: Right, but who worked out ...

Mr TOLLNER: In the FAGS money, they will have \$418 596.

Mr WOOD: Who worked out what the drop would be? Was that done by the Grants Commission?

Mr TOLLNER: Yes, that was done by the Grants Commission.

Mr WOOD: The other issue you raised is the amount of money given to local authorities. Is that right?

Mr TOLLNER: Yes.

Mr WOOD: Is that part of the \$5m that is set out for local authorities? You proportion that. Right?

Mr TOLLNER: Yes, that is its proportion of that.

Mr WOOD: Now, that is the money to help pay for the people who will be on those committees?

Mr TOLLNER: No.

Mr WOOD: What money will pay for those people on those authorities?

Mr TOLLNER: That would come from existing revenue. That was part and parcel of their 25% increase in their budget last year. That money comes out of their existing resources.

Mr WOOD: The council has to find the money to pay for each person on a local authority?

Mr TOLLNER: Yes, bearing in mind all councils were given a big top-up last year in expectation that local authorities would be coming into view. On top of that, there is this money that is coming in, plus a ...

Mr WOOD: I just needed to make sure. That money will continue or not, or will the councils have to find that money ...

Mr TOLLNER: No, no, councils will have to continue to find that money.

Mr WOOD: So, you will top them up forever-and-a-day with that money you have just said was top-up money?

Mr TOLLNER: No, no.

Mr WOOD: It is only a one-off top-up money?

Mr TOLLNER: No, no, that is the establishment money to establish the West Daly council.

Mr WOOD: That is right, but I am probably getting two things mixed up. At the same time you are doing that, there is local authorities? Right?

Mr TOLLNER: Yes.

Mr WOOD: Okay. Local authorities will have money? The council has to find some money to pay those local authorities?

Mr TOLLNER: The council has to find some money, yes, yes ...

Mr WOOD: The council within that local authority?

Mr TOLLNER: Councils are expected to find money to pay those people their sitting fees when they meet, and are also expected to allocate money from their global budgets to local authorities on top of the \$5m we have announced as additional money for local authorities. Right?

Mr WOOD: Yes.

Mr TOLLNER: Our government, and I, the minister, expect that \$5m to hit the ground, but there will not be administration fees taken out of it to pay people's wages and this and that. Every single red cent will hit the ground in some form of a service or whatever is put up by the local authority.

Mr WOOD: I am a bit confused now. You have said a local authority. What I am trying to work out how is that local authority funded? Is it funded because you have increased the funding for the council, or does the council, under its existing budget, have to pay for those members ...

Mr TOLLNER: If you want to split hairs ...

Mr WOOD: No, I do not, because I do not have any.

Mr TOLLNER: No, no, if you want to get into tin tacks, the local authorities do not spend money, they make recommendations ...

Mr WOOD: But they will be paid.

Mr TOLLNER: ... on where money should be spent in their local community. There will only be one cheque book.

Ms WALKER: Recommendations or decisions?

Mr TOLLNER: Decisions, and ...

Mr WOOD: They are only your recommendations.

Mr TOLLNER: ... the money will come from the council. Each local authority will not have its own bank account and have to be involved in reconciliations and all of that sort of nonsense.

Mr WOOD: Is there new money going to the councils to help them pay for all the members of the local authorities?

Mr TOLLNER: No new money is going for that. It is coming from existing resources, of which last financial year there was a top-up of \$5m. The expectation was, as part of that operational subsidy, there would be some ...

Mr WOOD: And that \$5m will continue each year?

Mr TOLLNER: Yes.

Mr WOOD: Okay. So, they are not going to run out?

Mr TOLLNER: No.

Mr WOOD: The other issue is there will be more administrative costs because some councils have 10 authorities. Ten authorities will make recommendations. Their meetings will have to be minuted. Their budgets they want will have to be put down in some format, then that will cost the council money. There is one council for sure - I do not have the figures with me – which has 10 local authorities. Where will the council find the money to fund the administrative costs of all these local authorities?

Mr TOLLNER: That is a matter for the Grants Commission. That is one of the things they use to determine how grants are allocated: what are the administrative requirements of each particular council? Obviously, a council with 10 local authorities will require more funding in order to carry out those obligations than a smaller council. That was made very clear when the Victoria Daly Shire disbanded, because the global amount ...

Mr WOOD: Does not change.

Mr TOLLNER: ... has reduced. A larger council will get more money than a smaller council, and combining those two councils will not get the same amount of money had they stayed the same.

Mr WOOD: But the pie we get from the federal government has not changed?

Mr TOLLNER: No.

Mr WOOD: So, you will split it up with more administrative costs? More administrative costs will now be taken into account. Does that mean less services?

Mr TOLLNER: If we were worried about administrative costs you would not have local government at all. We would just say, 'Bloody hell, it is all too expensive, let us just scrap the lot and we will get rid of local government'. But, somewhere along the line you have to make a value judgment of whether we want to listen to people in local areas and take on board what they have to say, bearing in mind that comes with a cost.

Mr WOOD: I am not disagreeing with you, but I need, as part of an Estimates Committee, to find out, if you do that, then something else has to give in local government. What gives?

Mr TOLLNER: Well, in this case nothing gives because we have put far more money into local government than we are possibly taking out through extra administrations and the like ...

Mr WOOD: That is the Territory money, not the federal money?

Mr TOLLNER: Territory money, bearing in mind we are the ones who committed to giving local government its voice back. Having said that, that sort of a commitment ...

Mr WOOD: But I am not disagreeing with that.

Mr TOLLNER: ... comes with a price tag.

Mr WOOD: That is right, but I am not disagreeing. You are giving money so people will be paid. Are you giving enough money to cover the administrative costs or will that now come out ...

Mr TOLLNER: Yes, we are. We are giving more than enough money to cover the administrative costs, and we are also giving more than enough money to make sure there is extra money going in to deliver better services, which is really where the rub hits the road. People say it is great to have representatives,

but, unless they see some real change on the ground, it does not mean much here nor there. The fact is there is more money going into local government now than ever before - bearing in mind that it is administratively probably a bit more difficult, but at least people get a say on how money is being allocated.

Mr WOOD: So, can I get it clear? The cost of running a local authority - both the payment of the people who are on those local authorities and the administrative costs - will come from the Territory government funding?

Mr TOLLNER: At the end of the day, when you make a cake you use a few eggs, a bit of flour, and a bit of sugar. You cannot, once you have made the cake, take the flour out and say that is coming out of the flour component. It is a big cake, everything is thrown in ...

Mr WOOD: Make sure you are in the Darwin Show because there is a father's special in the cake competition and I sponsor it. Hopefully, after that, you will be in it, but ...

Mr TOLLNER: Last time I went in that Darwin Show cake making competition they had that dreadful man, Charlie King, judging it and he told me he did not like upside down pineapple cake.

Mr WOOD: Be that as it may, the question really is: is the money that will be required for the administration of these local authorities coming from the Territory government or out of the Commonwealth funding?

Mr TOLLNER: I will be very clear. The \$5m operational subsidy we put in place last year is ongoing.

Mr WOOD: Are you able to have a breakdown of what that \$5m will be used for?

Mr TOLLNER: You will drive us all nuts here.

Mr WOOD: No, what I am worried about, councils are not really financially viable.

Mr TOLLNER: No, it is untied money.

Mr WOOD: That NT government is giving for this purpose?

Mr TOLLNER: That \$5m operational subsidy is untied money. We expect them to spend it on subsidising their operations.

Mr WOOD: I have other questions, but I am trying to get clarification of whether this will work.

Ms WALKER: I am with you, member for Nelson. Can I just go back to the West Daly establishment cost?

Mr TOLLNER: Of course, you can.

Ms WALKER: You were talking about \$3.5m in total?

Mr TOLLNER: Yes, something like that.

Ms WALKER: You rattled off a number of different grants there.

Mr TOLLNER: Yes.

Ms WALKER: What percentage of it is Territory money in total?

Mr TOLLNER: All of it. All of that, the West Daly money?

Ms WALKER: You said there was ...

Mr TOLLNER: Yes, sorry.

Ms WALKER: ... \$87 099 Australian government financial grant, \$646 000 for Australian government roads ...

Mr TOLLNER: Sorry, I apologise. I thought you were talking about the \$3m we had put in to establish West Daly.

Ms WALKER: That is what I am asking you about. So, out of all of those funds ...

Mr TOLLNER: Sorry, you are mixing – sorry, I apologise. In my previous answer I must have misled you. \$3.5m is the money we expect West Daly will get from all sources next financial year to run its operations. We have also allocated additional ...

Ms WALKER: So, that is not guaranteed, you are expecting it?

Mr TOLLNER: No, no, a lot of that money is Australian government money, but one would expect that it would be pretty close to the mark. Of the \$3m I mentioned at the outset, to establish that new council, \$1.5m has been given this financial year, \$1.5m next financial year - that is 100% Northern Territory government money.

Mr WOOD: Will that cover the cost the new council headquarters, and where will that be?

Mr TOLLNER: They have to make do with that money. They say they want to meet. The latest I have heard - you might know a little more, Member for Nelson, given the fact you sit on the transition committee ...

Mr WOOD: I am not allowed to tell you what was said at those meetings, minister.

Mr TOLLNER: How can anyone ...

Mr WOOD: You are not dragging me into a conspiracy ...

Mr TOLLNER: No, no, you do not have to tell me. The feedback I am getting is it is quite keen to meet at Peppimenarti, but it may well think of establishing its administrative centre at Port Keats. From the outset, it will run its administration from Darwin, but that is not a long-term issue in its mind, it is just to get its books and processes properly administered, until which time it is ready to move location within its council area.

Mr WOOD: What do the Port Keats people think about whether there should be a headquarters at Peppimenarti, or is there power broking going on here?

Mr TOLLNER: No. Initially, in that first meeting we had, where it had all of the clan groups turn up and see us at Peppimenarti, they were all 100% committed to Peppimenarti being their headquarters. At the time, we explained to them, 'You have to be a bit careful, there is no mobile phone coverage here ...

Mr WOOD: I think you said you got to be joking, didn't you, to me?

Mr TOLLNER: There is now mobile phone coverage from Peppimenarti, which was done a month or two ago. But they still have not established any sort of a building or whether they want to meet under a big tree, if possible. Ultimately, these are decisions for that council. It knows the budget it has to play with. If it wants to build a \$10m headquarters - I put it to you, member for Nelson – it will probably not be able to do it. Certainly not going from its existing budget.

Mr WOOD: They will if they can get 30 pokies at the Peppimenarti club. They will have no problem. Forty-five, was it? Sorry, right. They have a pub and a club. They will get 75. Oh, gee, member for Daly, you have it right. A piece of cake. What worries me is the practicality ...

Mr TOLLNER: The member for Nelson reckons they do not currently gamble.

Mr WOOD: No, I have been around long enough to see how people play – is it seven cards? Minister, my concern is it is very well to talk about where their headquarters will be, but there is a building at Port Keats for the Wadeye Community Government Council - or whatever it was called then. There might need to be some leadership here because, if someone wants to establish something at Peppimenarti. I do not think that is something the Territory government should even be thinking about because of the cost.

Mr TOLLNER: Goodness me, Gerry, make your mind up. One minute you are bellowing that I have all these ridiculous powers and too much authority, next thing you are saying I have to show more leadership.

Mr WOOD: The reason you have local government is to provide services to the people, not to set up - in your words - Taj Mahals. Local government is to provide services to people. What has always concerned me with the development of this council is that the people, not the clans of the few people who turned up to the Peppimenarti meeting - the people - have never had a chance to have a say. I have always felt that has been a real fault in this whole process, even if it was a plebiscite where a percentage of people were asked what they thought. I feel the ordinary person was left out of this at the beginning. Do not leave them out throughout the whole process; find out what they want.

Mr TOLLNER: I am with you. My understanding as to why they want Peppimenarti to be their meeting place is something to do with the culture of the people there, and it is a neutral location. You probably have a much better idea of what that means than me. I do not want to be prescriptive with local government, I am trying not to be. I want to be very flexible and allow local communities to come up with solutions for themselves. If you asked me what I thought was best, I would say 'Yes, go to Port Keats, that is the biggest community, you will get a much better representation of people'. But, it is not me, this is their council and what they are setting up. If they want to meet in Timbuktu, that is up to them.

Mr WOOD: That is why they have local authorities, you see, and I think that ...

Mr TOLLNER: That is right. They have three local authorities and they do not want to set up more. At the end of the day, they will do what they think is best. When they get it wrong, with any luck, the people will vote them out and find a mob that can get it right, as you know. You see local governments everywhere - it does not matter where they are - have their highs and their lows. Sometimes, they work really well and achieve wonderful things whilst, at other times, they seem to fall in a heap. You cannot predict these things.

The best thing I can do, as Local Government minister, is to devolve as much responsibility to them and say, 'I trust you'. When things go pear-shaped, of course we will have to step in, pick up the pieces, and patch it all together. But, at the end of the day, this is about local people making local decisions and, if they get it wrong, so be it, they just start again. That is the nature of the Territory.

Ms WALKER: I am not feeling particularly confident about being set up for success or failure with this new regional council. I hope for success but, given that ...

Mr TOLLNER: No, success or failure is totally dependent on them. It is not dependent on me, and that is the point I am trying to convey here. We want to give them as much flexibility as possible.

Ms WALKER: We have a transition committee which has its last meeting tomorrow. There are still, as you said yourself in your opening speech, transition issues and there is no decision as yet about where its headquarters will be. It could be at Peppimenarti or Wadeye, and they will be starting out in Darwin.

Anyway, can you advise what business modelling has been done and by whom of the future financial sustainability of the West Daly Regional Council? Has this been commissioned?

Mr WOOD: As well as the remnant council, Victoria Daly.

Mr TOLLNER: Deloitte wrote a report prior to this which showed that ...

Ms WALKER: This is the refreshed report from Deloitte? Are you able to table that because it has not been released publicly?

Mr TOLLNER: No, I cannot table that ...

Ms WALKER: Why can you not table that?

Mr TOLLNER: Just let me finish. For the West Daly Regional Council, an early draft 2014-15 budget has been prepared, including indicative expenditure, notwithstanding formal letters of offer for funding from a number of Australian and Northern Territory government agency service contracts are still being finalised. The gap currently identified between indicative revenue and indicative expenditure is in the order of \$1.5m to \$2m.

For the Victoria Daly Regional Council, the department is awaiting a draft 2014-15 budget, which will enable detailed discussions regarding funding the indicative gap. The department is expecting to work closely with

both the Victoria Daly Regional Council and West Daly Regional Council for up to two years to ensure a gliding path to bridge the gap between indicative revenue and indicative expenditure. This will include injecting additional financial assistance as necessary. This would come from Northern Territory government funds – that is, the \$3m over two years.

Ms WALKER: Essentially, there is no business modelling of the future financial sustainability of West Daly?

Mr TOLLNER: That is not what we have just said. The Deloitte report ...

Ms WALKER: Can you table that?

Mr TOLLNER: ... showed that most councils are financially unsustainable ...

Ms WALKER: Did Deloitte look into West Daly as a ...

Mr TOLLNER: No, it looked across the board. I have told you what the shortfalls are with West Daly and Victoria River. They find themselves in the same boat as other regional councils. This has been the case since we had local government in the Northern Territory. As you know, their own revenue-raising capacity in bush areas is very limited. Until we find a solution to that, we will struggle with financial sustainability of regional councils.

I will go further and say the \$5m which had been allocated as an operational subsidy last financial year into the forward estimates, plus the additional \$5m towards local authorities, is a step in the right direction. Similarly, you are aware we have made changes to the *Darwin Rates Act*, where we are trying to get people of a mind that you have to pay ...

Ms WALKER: Not yet gone through yet.

Mr TOLLNER: Yes. You have to pay rates ...

Mr WOOD: You did not pass it. It has not gone ...

Mr TOLLNER: No, it has not passed yet ...

Mr WOOD: You went home.

Mr TOLLNER: That is right.

Mr WOOD: That is right, yes.

Mr TOLLNER: It is to be introduced. Similarly, there are discussions on how we can get land councils and local governments in the bush to work more cooperatively together to assist in providing services to people who live there. There is a whole range of things. There is no magic bullet, no special elixir, it is just a hard slog trying to get more money into the local government system in the bush.

Ms WALKER: Welcome to government, minister. I applaud you for the new funds that are coming in.

Mr TOLLNER: Thank you very much.

Ms WALKER: What I would like to know is why it is that the refreshed Deloitte report - its predecessor having been commissioned and made publicly available by the former Labor government - a very important document into the future financial sustainability of shires, will not made public by you? We are talking about taxpayers' dollars here.

Mr TOLLNER: I do not have any answer to that at this stage.

Ms WALKER: You are the minister!

Mr TOLLNER: Oh, I do not have an answer for you. Leave it with me, I will have some discussions and see whether we can make it publicly available.

Ms WALKER: Will you take that as a question on notice, then?

Mr TOLLNER: I will take it as a question on notice.

Question on Notice No 2.4

Madam CHAIR: Member for Nhulunbuy, could you please restate the question for the record?

Ms WALKER: Will the minister table the refreshed Deloitte document into the financial sustainability of regional councils in the Northern Territory?

Madam CHAIR: Minister, you accept?

Mr TOLLNER: Yes, yes, of course.

Madam CHAIR: Are you adding to that?

Mr WOOD: No.

Madam CHAIR: The question asked by the member for Nhulunbuy of the minister is question No 2.4.

Mr WOOD: I am just going to ask what is in this report that would stop you releasing it? Is there anything to do with ASIO, breakaway Crimea? Is there something?

Mr TOLLNER: I am not aware of why it has not been released. I have just asked a few people around me if it possible if they have any issues with it. No one can see a problem. I am not aware of a problem ...

Mr WOOD: I thought it had to go to Cabinet or something. Surely ...

Mr TOLLNER: No, I think we are in a position to release it. I have taken the question on notice ...

Mr WOOD: I am curious as to what is in it that would not be automatically ...

Mr TOLLNER: That is why I am wondering why it has not been released. We will see what happens and, hopefully, we can get a definitive response for you very shortly. I cannot see a problem with releasing it at this stage.

Ms WALKER: Thank you. I will move away to look at our municipal councils.

Mr WOOD: Would I be able to sneak in some ...

Ms WALKER: I was just – no, that is fine.

Mr WOOD: Just on ...

Ms WALKER: About 5.45 pm we need to get to DCIS, that is all.

Mr WOOD: Okay.

Mr TOLLNER: Oh, someone wants to discuss an office.

Ms WALKER: The CLP government made a grant of \$5m to support the City of Darwin with the Lee Point Road duplication. Of course, the City of Darwin has much more revenue available to it than regional council. Do you expect you might be making multimillion dollar grants to councils for road development projects in the coming years, given the Lee Point Road duplication is really a local government responsibility, not government?

Mr TOLLNER: That is a matter more for the Minister for Infrastructure about what is proposed there. I imagine the ...

Ms WALKER: It was an election commitment.

Mr TOLLNER: It was an election commitment? Oh, there you go, you have answered your own question.

Ms WALKER: Yes, but, minister, what I am saying is that local roads are the responsibility ...

Mr TOLLNER: Election commitments do take priority and, every now and again ...

Ms WALKER: They are the responsibility of the tier of local government. So, I am suggesting to you that the door has been opened here for this government to be making further multimillion dollar grants to other council entities in the Territory.

Mr TOLLNER: It seems to me you are not happy that your government did not get the opportunity to throw us into a financial abyss, now you are trying to get us to do it.

Ms WALKER: The reality is Darwin City Council was quite well off to be able to pay for its own roads. Gerry, do you have questions?

Mr WOOD: A couple on remote. Is that all right?

Ms WALKER: Yes.

Mr WOOD: In relation to your annual report from last year, I note it said that 69.35% of people employed in local government - I presume regional local government - is the average number of Aboriginal people employed. That is fine, but have you any idea how many people are employed in management?

Mr TOLLNER: No, we do not have that break-up yet.

Mr WOOD: Could I ask that question, Madam Chair? That is, if the minister will accept it.

Question on Notice No 2.5

Madam CHAIR: Yes, member for Nelson, please restate the question for the record.

Mr WOOD: The reason I asked that question, minister, is because I have always felt that local government ...

Mr TOLLNER: I am informed we can find out. My concern was we would not be able to find the answer for you.

Mr WOOD: My concern is that local government has become very complicated ever since it became shires and regions, and left people behind who should be involved in some of the managerial decisions. But, I will ask the question.

Could you tell us how many Aboriginal people are involved, as a percentage, in managerial employment in regional councils in the Northern Territory?

Madam CHAIR: Minister, do you accept the question?

Mr TOLLNER: I do.

Madam CHAIR: This question, asked by the member for Nelson to the minister, has been allocated No 2.5.

Mr WOOD: Minister, in your annual report, there is \$10.5m allocated under the Indigenous employment package. One was the Indigenous Workforce Matching Grant, the second one was the Mentoring Program Grant and the third one was a Local Area Traffic Management Grant. Minister, are they finished or, if they have not finished, what happens when they do finish? Are these programs the same old programs that come for a couple of years and, then, fall off the perch and we are back to square one?

Mr TOLLNER: A written question and an answer. I am just trying to dig it up for you. All right, it is written question No 169. Rather than me reading it out, which I could, I draw your attention to it. In essence, there is \$7.9m over three years - sorry, each year for three years the portion of - it is all Territory money ...

Mr WOOD: The mentoring program is funded by the Australian government?

Mr TOLLNER: That finishes on 30 June along with ...

Mr WOOD: I have \$8.3m, \$1.6m and \$0.3m. Is that Commonwealth money or ...

Mr TOLLNER: The mentoring program has been a component of the Indigenous Jobs Program. The program provided \$1.6m per year to regional councils to employ workplace mentors. This funding came from the former Commonwealth Department of Employment Workplace Relations for the period 2011 to 2014 when the funding ceases. The Commonwealth Department of Employment has not offered funding for NT regional councils beyond July this year.

Mr WOOD: I do not know whether I have been around too long but I hear of all these programs all the time. I wonder what happens to people out there who have a job for three years and no job afterwards. Why, minister, can you not look at and discuss with your Commonwealth minister, minister Scullion, using local government as a permanent centre for employment? There is so much work out there local government could do, but I see these programs that last a couple of years and drop off. A new government comes in, thinks of a bright new name for a bright new program, it runs for three years, and then drops off as well.

Do you think your government should be working with the Commonwealth government to try to provide long-term employment for people who do not have a job through local government?

Mr TOLLNER: Yes and no. Obviously, we work closely with the Commonwealth government - try to work as close as possible with them – but, at the end of day, they set their own priorities. They want to maintain that power to set their own priorities, so things will chop and change from time to time.

This was a program set up over three years. It was announced that the program would not continue operating. There is probably not much more I can say to that question. I share your concern about Indigenous employment and getting people into permanent jobs. Whether we set up local government as some quasi sheltered workshop where there are jobs automatically for people simply because they are Indigenous living in the bush ...

Mr WOOD: No. I worked on a community. I know people say I am old fashioned but we did not call it a sheltered workshop, we actually did proper work ...

Mr TOLLNER: No, I am not suggesting that they do not. What I am suggesting is you are talking about a program with a guaranteed level of funding ...

Mr WOOD: Using unemployment benefits to top it up.

Mr TOLLNER: What we have to look at is work that is there ...

Mr WOOD: This is work there if people want to use their nous.

Mr TOLLNER: Again, they are matters for the Commonwealth. I was talking to one of the parliamentary secretaries just before the election who was talking about exactly what you just mentioned. Rather than providing them Centrelink benefits, or removing their Centrelink benefits when they get a job, maybe we can use their Centrelink benefits as an incentive for employers to employ them.

Mr WOOD: But the employees are not - there are no jobs out there unless you ...

Mr TOLLNER: Well, that is right.

Mr WOOD: ... use local government as the base.

Mr TOLLNER: How do you encourage people to move to get a job?

Mr WOOD: No, no, you use your regions. Local government has the ability to have contacts in all those small communities, and it is the one that runs the employment program. If people move from there to better jobs, well and good, but you have a safety net which is a job.

Mr TOLLNER: I do not know whether ...

Ms WALKER: And you are in the perfect position as being the minister for Training as well.

Mr TOLLNER: Yes, but I do not know whether local government's role is to be a last-chance employer of people. Ultimately ...

Ms WALKER: I think LGANT sees it that way.

Mr WOOD: It used to be in Queensland.

Mr TOLLNER: Well, LGANT might and in Queensland they might, but here we have such an enormity of demand for service and such little money going into local government - bearing in mind we have given them significant increases from a Territory perspective - that we are expecting a dollar to go a long way, so you need to have very efficient operations.

These things have come up time and time again. Housing maintenance jobs for instance - do you award them just to council which, in most cases, were completely uncompetitive in their bids, or do you put them out to private enterprise which is much more efficient, get a job done quicker. From a council ...

Ms WALKER: Fly-in and fly-out.

Mr TOLLNER: Yes, that is right, but from a council perspective, what is your priority? Is it to employ someone or is it to get a road fixed, for instance, or a house patched up or ...

Mr WOOD: You might be able to subsidise it through the unemployment benefits.

Mr TOLLNER: The trouble is when you start subsidising things ...

Mr WOOD: No, your unemployment benefit is the subsidy.

Mr TOLLNER: That is right.

Mr WOOD: You are using it for people to sit down. Why not use it for people to work?

Mr TOLLNER: That is right. Again, unemployment benefits come from the Commonwealth. They determine when a person can access unemployment benefits and when they cannot. Of course, we will work constructively with the Commonwealth.

You have heard often our Attorney-General, the Chief Minister, and other senior ministers in government banging on about welfare reform and how we need to fix it up to make it more ...

Mr WOOD: Nothing gets done.

Mr TOLLNER: Nothing is getting done. That is what happens when Canberra runs a program for the whole of Australia. We are a small population ...

Mr WOOD: Mr Scullion is the minister for the Northern Territory.

Mr TOLLNER: Mr Scullion is not the minister for Human Services, which is Centrelink. He is the minister for Indigenous Affairs, which is a completely different pot of money again.

I understand people's frustration, but there is only a limited amount of money to go around. I would like to say, 'Oh, yes, the Northern Territory government will pay subsidies to everybody to get a job in the bush or the councils', but the pot is only so big. Ultimately, we have to try to work out how we get the most efficient use of our money, the most services on the ground, and provide support to communities with the least amount of money.

Ms WALKER: My next question for you is around that whole theme of how we best deliver services, given the budgets we have at Territory and Commonwealth level. Can you advise of the status of LIPs, local implementation plans? I have a bunch of these upstairs in my office which were signed with most RSD sites. They were an agreement of the three tiers of government, and are a blueprint for the future development of communities - the RSD sites. In particular, one of the things raised almost consistently across the LIPs is if facilities ...

Mr TOLLNER: Member for Nhulunbuy, if I can cut you off – I know you are desperate to get to DCIS and I can probably save you a whole lot of grief. I am not in any way responsible for local implementation plans. They are a matter for the Minister for Community Services. She is on, I think, at the end of next week.

Ms WALKER: I will look forward to talking to her. It was a local government responsibility.

Mr TOLLNER: So, aim that question – I know you are dying to get to DCIS.

Ms WALKER: You bet.

Madam CHAIR: Are there any further questions about Output 13?

Mr HIGGINS: I have a question, if that is all right? West Arnhem Regional Council just withdrew, I understand, from an arrangement with a private company called Latitude 12, which provides private office services. Can you tell me if any other councils are involved with Latitude 12?

Mr TOLLNER: Latitude 12, I think West Arnhem is ...

Ms WALKER: They tender for government contracts successfully as well.

Mr TOLLNER: West Arnhem has withdrawn and East Arnhem is still using Latitude 12. It is a competitor business to CouncilBIZ. All other councils around the Territory use a program called CouncilBIZ. West Arnhem was using Latitude 12. My understanding is East Arnhem is the last council to use Latitude 12. I would have thought, with LGANT taking more responsibility, there would be a focus to try to consolidate some of these programs, with one council owning separate office management or office services systems. It would be far better to merge into CouncilBIZ.

Ms WALKER: It moved into that particular business because of the opportunity to expand and raise revenue.

Mr TOLLNER: Last week, the department of Local Government issued a notice to the East Arnhem Regional Council under section 210 of the *Local Government Act*. The notice was to produce specified records and documents regarding Latitude 12. The department is concerned that several council officeholders are on the Board of Directors of Latitude 12, which is also a supplier to that council. The department's investigation will examine all council decisions, financial transactions and other transactions of the council in relation to Latitude 12.

It will also consider the method of incorporating the company, the appropriateness of governance structures and business relationships with the two councils, and how the council managed the conflicts of interest of elected council members and staff relating to Latitude 12, given that several members and staff of the council are also directors of the company contracted to provide services to the council.

The immediate concern relates to the procurement of services provided by Latitude 12 and whether there was a tendering process. The department has not been satisfied with responses from East Arnhem Regional Council to date. The results of the investigation are expected to be known by August. I hope that is helpful.

Madam CHAIR: Are there any further questions on this output? If not, then that concludes consideration of Output Group 13.0.

OUTPUT GROUP 14.0 – CORPORATE AND GOVERNANCE

Output 14.1 – Corporate and Governance

Madam CHAIR: The committee will now proceed to Output Group, 14.0, Corporate and Governance, Output 14.1, Corporate and Governance. Are there any questions?

Mr TOLLNER: Is that a 10-minute break?

Madam CHAIR: If there are no questions on that output that concludes consideration of Output 14.1.

Output 14.2 – Shared Services Provided

Madam CHAIR: The committee will now consider Output 14.2, Shared Services Provided. Are there any questions? No? Then that concludes consideration of that output.

Are there any non-output specific budget related questions? No? Then that concludes consideration of outputs relating to Department of Local Government and Regions. On behalf of the committee, I thank the minister for attending today and all officers who provided assistance to the minister.

NT ELECTORAL COMMISSION

Madam CHAIR: The committee will now consider the Minister for Local Government and Region's responsibilities in relation to the Northern Territory Electoral Commission. No? No, we will not. Thank you so much for coming. We probably could have told you that three hours ago.

Mr TOLLNER: The Electoral Commission?

Madam CHAIR: There is no requirement for ...

Mr WOOD: It is the responsibility of another minister.

A Witness: I am on tomorrow as well with the Chief Minister. I am responsible for Part 8 under the act for local government, so ...

Mr TOLLNER: Oh, of course you are.

Madam CHAIR: Okay, great. Thank you.

DCIS - are you guys ready to rock and roll for your big 15 minutes of fame? For the benefit of Hansard, for that last session we had on the committee Gerry Wood, member for Nelson, Kon Vatskalis, member for Casuarina, Lynne Walker, member for Nhulunbuy, me as member for Drysdale, Nathan Barratt, member for Blain, and Gary Higgins, member for Daly.

DEPARTMENT OF CORPORATE AND INFORMATION SERVICES

Madam CHAIR: I will mention the changeover. Lynne Walker has now left and we welcome Ken Vowles, member for Johnston.

Treasurer, as Minister for Corporate and Information Services, could you please introduce the officials accompanying you and make an opening statement if you wish.

Mr TOLLNER: Absolutely, I would love to. On my right is Kathleen Robinson, the very experienced and efficient Chief Executive of the Department of Corporate and Information Services. The big bloke next to me is Chris Hosking of Ultimate Gym and Fitness - sorry, wrong place - the Deputy Chief Executive of the Department of Corporate and Information Services. Do not blush, mate.

I have an opening statement here somewhere.

Members interjecting.

Mr TOLLNER: Of course, I am jealous. I went there the other day and they almost killed me. He walked out.

Thank you, Madam Chair. I welcome, as I said, Mrs Robinson and Mr Hosking. The Department of Corporate Information Services, or DCIS as it is known, is the NT government's shared services provider. DCIS provides corporate services to agencies so that agencies can focus on their core business, and support those agencies in delivering frontline services to the public such as health, education, and policing.

ICT policy, and monitoring the Australian government's telecommunications policies and actions, also sit within this portfolio. DCIS has responsibility for two government business divisions, NT Fleet and Data Centre Services. These GBDs provide fleet management and information technology services to government.

DCIS has implemented, and continues to implement, a number of initiatives and reforms that are producing significant savings to government, reducing red tape, and providing benefits to the broader Northern Territory community.

Printing services ended in December 2013. The government announced the closure of the Government Printing Office as the last government-owned printing provider in Australia. With the GPO's declining revenues and the significant technology changes across the printing industry, it came to the point where the current model was unsustainable. Benefits to the local print industry are already being realised, with all of government's printing now sourced from the private sector.

The GPO had 30 staff including some with long-term careers in printing. Staff have chosen either redeployment within the Northern Territory public service or voluntary redundancy. I place on record my sincere thanks to the GPO staff for their professionalism through this period of significant change, and also commend my agency on its sensitive handling in winding up the Government Printing Office.

In relation to asset systems, in October 2013, the AMS system and business functions were transferred to DCIS. Over this short, but very productive period, AMS has been thoroughly reviewed with the decision made to abandon it due to its gross deficiencies, and move to another solution to meet government's asset management needs.

A further \$12.5m over three years had to be provided for a new asset system solution called ASNET to replace AMS. This will finally deliver a cost-effective and fit-for-purpose solution for managing the government's assets.

Madam Chair, you are well aware of the AMS and its failings through your role as the Chair of this committee and its inquiry into the AMS project and governments, and ICT projects more generally. In this regard, you are also familiar with DCIS and its work in improving the governance of ICT projects.

In relation to those ICT governance reforms, a new Northern Territory government ICT governance framework was approved in February this year. The framework will help ensure the AMS story does not ever happen again through aligning ICT with government's strategic direction and oversighting critical ICT projects and proposed investments.

Remote telecommunications: the joint initiative with Telstra to provide improved telecommunication services to 13 remote communities across the NT has progressed significantly this financial year. The NT government is contributing \$2.8m over two financial years towards the development of this vital infrastructure. To date, five remote communities have received mobile phone services with three more due for completion in mid-2014, and six communities have received high-speed broadband.

DCIS is one of the larger procurers across government and has grown the number of across-government contracts to 13, with a further six contracts in progress. Through establishing single contracts with all agencies, businesses can reduce their tendering costs and efforts and substantially lower their cost to do business with government. For its part, government also reduces its procurement effort, providing administrative cost efficiencies and lower supply cost through economies of scale.

With the focus on full electronic tendering the Northern Territory government introduced in 2013-14, the government now receives 96% of all tenders online, an increase of 80% this time last year. This initiative substantially streamlines the tender process, reduces red tape and cost for business, while improving efficiencies within government.

A major expense item in the DCIS budget is the cost of rental payments for commercial property leases. As the biggest lessee of commercial property in the Northern Territory, the government's lease portfolio is experiencing cost increases that have been factored into the DCIS budget.

The government embarked on a new leasing project in Alice Springs 2013-14 with a public tender released for a new Supreme Court. This is the first time in the Central Australian region that a major facility will be built and owned by the private sector and leased to government. When it is ready in 2016-17, the new Supreme Court will provide much-needed additional courts capacity for Central Australia.

Over the past year, DCIS has managed its activities efficiently and within budget, and I expect this will continue in 2014-15.

Madam Chair, with regards to the written questions, I am happy to table the 72 global questions. I look forward to the committee's questions in relation to my portfolio of Corporate and Information Services.

Madam CHAIR: Given we only have five minutes left, minister, are you happy for me to just open it up to any DCIS questions?

Mr TOLLNER: Yes, go for it.

Mr VATSKALIS: Minister, just one question for you. I know you are dying for a cigarette.

Mr TOLLNER: And other things.

Mr VATSKALIS: Minister, the Speaker this morning tabled an estimates briefing detailing considerable correspondence about an electorate office relocation in Nhulunbuy. Correspondence between the member for Nhulunbuy, property management, the Speaker, and you, as responsible for DCIS. As you know, the electorate office is upstairs which would prevent any access by people with disability, contradicting any national standards about access.

The budget has been allocated and suitable real estate has been identified more than a year ago. However, my information is you have instructed the CEO of your department, Ms Kathy Robinson, not to progress with the property listing. If that is so, why is it so? Why are you denying the member and her constituents an office which allows ground-level access, and people with disabilities the ability to meet their local member? It is a serious issue, not only for access but also, potentially, people could have a problem or an accident in this case. Have you have been informed about that? You instructed your CEO not to proceed with that so, that makes you liable if something happens.

Mr TOLLNER: Where is the question?

Mr VATSKALIS: I asked you why you have asked your CEO not to progress with the reallocation of the electorate office in Nhulunbuy.

Mr TOLLNER: Right, well there are a couple of things. First, that office has been used by members for Nhulunbuy for many years - decades in actual fact. It has served members for Nhulunbuy well for decades. There is a lease on that office that goes until 30 June 2016. It is not a lease the government can get out of.

When I was informed of the security concerns, I called the Department of Corporate Information Services' NT Property Division and asked if officers could go out there and assess the security provisions in that building, and see whether there was something we can do to fix the security problems whilst we are still locked into that lease.

Mr VATSKALIS: Minister, it is not the security issue, it is access for people with a disability.

Mr TOLLNER: As I was saying, that office has operated as a member's office for many decades ...

Mr VATSKALIS: I accept that but, since then, things have changed. We now have different regulations about access to buildings. For example, in my own office we had problems with access for people with disabilities. It was fixed. It was used for many years before but, now, things have changed so it has been fixed.

Mr TOLLNER: I know this falls on deaf ears when I talk to people from the Labor Party because money means nothing. We have a lease in place that will go until 30 June 2016. The proposed new location is almost twice the rent. Whilst the Labor Party is happy to see that lease broken, I am not. We are in the business of trying to save taxpayers' money. The lease is in place until 30 June 2016, and that office has served local members well for several decades. Admittedly, there is poor access for people with disabilities. The first I heard of a security concerns was only a few months ago, and the department has been out there. I sent officers there to do an assessment to see what we can do to fix the security in the building.

The issue with access for people with disabilities: I understand it is out of the way. I also understand the member for Nhulunbuy wanted to be out of the way because she did not want to be completely accessible by the people in her electorate ...

Mr VATSKALIS: You said that office has been there for decades ...

Mr TOLLNER: That is right ...

Mr VATSKALIS: ... and now you are indicating the members located there had no problem with being inaccessible.

Mr TOLLNER: ... but the fact is we have also seen a massive change take place in the Nhulunbuy community ...

Mr VATSKALIS: Thanks to this government.

Mr TOLLNER: Thanks to your failure to hold Rio Tinto to account, in actual fact. You are the bloke who is almost solely responsible ...

Mr VATSKALIS: No, there are a number of signatures there, including Barry Coulter's. I can show you.

Mr TOLLNER: You let them off the hook, buddy.

In any case, there are some big changes going on in that township. One would expect that there will be big changes in the next two years, and what might not be available now might well be available, or could possibly be available, in two years time.

Additionally, as you know, there is a redistribution occurring, and the Electoral Commission is looking to see what the impact of the closure of the refinery at Gove will have on the electorate of Nhulunbuy. That electorate might expand or it may well disappear. Who knows? That is a matter for the Electoral Commission.

It seems to be rather pre-emptive for us to charge off, take a new office space at almost twice the rent of what we currently pay, and still be left having to pay the rent from the existing office, when there is a possibility we may well be able to fix the security issue. I feel very bad that the member for Nhulunbuy had to go through what she or her staff had to go through. I understand it was some runaway nutcase who got access to her office.

Clearly, the issue of security for members is something DCIS takes a very deep interest in, and is very keen to address all of that. We have committed to looking at and dealing with security issues. In relation to disability access, we have also looked to see what can be done there.

In regard to rent, it is reasonably high, but breaking a lease two years before it is due to expire, to me, is an extravagance. If we can find a solution to security issues, my advice to the Speaker will be to sit and wait and see what happens with the commercial rental market in Nhulunbuy, and what happens after the electoral redistribution, which I understand should be known within 12 months. We will have a much better picture within 12 months of exactly what is happening in Nhulunbuy.

This request seems to be more about trying to spend more of the government's money for no apparent reason, rather than anything to do with the safety or access of constituents in Nhulunbuy, given the office has been located there for several decades.

Madam CHAIR: Minister, your time has expired. We thank you very much for being here all day. That concludes all outputs under DCIS, NT Fleet, and Data Centre Services. I would like to call a 10-minute break. We will reconvene 6.10 pm.

Mr TOLLNER: Thank you for your wonderful support.

Madam CHAIR: Thank you to your staff and everyone who has come here today.

The committee suspended

MINISTER ELFERINK'S PORTFOLIOS

DEPARTMENT OF ATTORNEY-GENERAL AND JUSTICE

Madam CHAIR: Thank you, minister, I welcome you and invite you to introduce the officials accompanying you this evening.

Mr ELFERINK: Sorry, I did not realise we were quite kicking off so quickly.

Madam CHAIR: Oh, sorry.

Mr ELFERINK: No, no that is fine, I will kick off. With me is the Attorney-General's CEO, Mr Greg Shanahan, and the CFO Jacquie Dowling. I welcome both of them here.

Madam CHAIR: Sorry, just before you go on, minister, I invite you to make an opening statement of no more than five minutes and you may also choose to table answers to written questions. I will then call for questions relating to the statement. The committee will then consider any whole-of-government budget and fiscal strategy-related questions before moving on to output-specific questions and finally non output-specific budget-related questions.

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

Minister, do you wish to make an opening statement regarding the Department of the Attorney-General and Justice?

Mr ELFERINK: Yes, I will make a very quick opening statement that the Northern Territory government is very proud of the work that it is doing in the area of the Attorney-General and Justice. I am always a little uncomfortable with the title of the Minister for Justice, by the virtue of the fact that I leave that matter to the courts, by and large. But, as the Attorney-General, the department is obliged to support the court system in the Northern Territory as well as providing support to legal aid organisations and prosecution organisations such as the DPP - well, particularly the DPP.

In this particular area or domain, there are a number of things government is looking at and reviewing, which includes the introduction, for the first time in the Northern Territory's history, of an Administrative Appeals Tribunal. This tribunal will, as members know, take the pressure off a number of different appellant systems and improve the access to justice in the Northern Territory for citizens, particularly in relation to administrative decisions that relate to them, but will also extend to within the small claims domain as time passes. We expect to create a quick transition over time for the Administrative Appeals Tribunal to take on many of those functions that currently sit in the various appellant environments.

We are also looking at local court reform. We have a discussion bill in circulation and we have announced recently that the Supreme Court will also become where the federal circuit court goes, which means that building is now being opened up. We are seriously looking at that as a children's or youth court for the Darwin area, which will have the effect of taking pressure off the Court of Summary Jurisdiction, which is a building that must be close on 30 years old now, or thereabouts. That will take pressure off that building. We are also looking at other options in relation to the future of that building.

There are a number of other areas we are involved, particularly the Fines Recovery Unit, where we quite recently had become quite assertive in that space. I have been unsatisfied that we have been effective in fines recovery and, if recent headlines are anything to go by, we are now enjoying people taking the fact they have been fined far more seriously. We have had people with tens of thousands of dollar worth of outstanding fines unpaid, coming forward now to work those off and, in the not-so-distant future we hope to make some further announcements in that area.

There is a review of the Justice of the Peace legislation. We are looking at the potential for a registration number system for Justices of the Peace, but will see how that works out with further consultation.

We continue, of course, to review obsolete legislation. We are reviewing things like the *Residential Tenancies Act* to determine how the *Residential Tenancies Act* operates for the Northern Territory,

including the *Business Tenancies Act*. While I have yet to go to Cabinet on that matter, we are seriously looking at removing red tape in that specific area.

There are some announcements to be made in the not-so-distant future in relation to unit titles and body corporates.

We are also looking at succession planning laws, trusts and perpetuity legislation, and wills reform. In fact, the international wills legislation - have we brought that forward yet? Anyway, the international wills law reform is coming down the pipeline.

We have made changes to the consumer laws. We are now lock-stepped with other jurisdictions and are proud to have introduced the advanced personal planning legislation into the Northern Territory.

The Anti-Discrimination Commission continues in its very important role.

The Information Commission has promised to continue to operate - in fact, we have bolstered support for the Information Commission by virtue of the fact that when I became the Attorney-General, I discovered through the 2011-12 annual report that there were a number of issues which were of concern relating to corruption within the Northern Territory public service and other organisations. I am pleased to report a number of criminal prosecutions have been brought in that area, and there have been a further number of separations with people as a result of investigations arising from that domain.

Also, as part of the striking-the-balance reforms, we will be looking at tort law reform and a number of other areas such as director's liability and proportionate liability reformation. There is a number of things we are doing in amongst the usual work of the Department of the Attorney General and Justice giving support to both the Supreme Court and the lower courts in the Northern Territory.

You will also notice we have expenditure in the area of policy and other soliciting services through the Solicitor of the Northern Territory. That is pretty much it, and I am ready for questions, Madam Chair.

Madam CHAIR: Thank you minister. Are there any questions on the minister's statement?

Mr GUNNER: Attorney-General, where will you be taking questions on crime stats, at whole-of-agency?

Mr ELFERINK: Yes, there is no actual output group for crime stats. Would you like to point an output group at it?

Mr GUNNER: That is why I thought you might take it at whole-of-agency.

Mr ELFERINK: I could take it at whole-of-agency if you like, yes.

Mr GUNNER: Yes.

Agency-Related Whole-of-Government Questions on Budget and Fiscal Strategy

Madam CHAIR: The committee would now consider estimates of proposed expenditure contained in the Appropriation Bill 2014-2015 as they relate to the Department of the Attorney-General and Justice. Are there any agency-related whole-of-government questions on budget and fiscal strategies?

Mr GUNNER: I think the CEO has some ...

Mr ELFERINK: No, that is all right. He was just reminding me it is normally the police that deal with it. But, I am happy to talk about really good results in the area of crime statistics.

Mr GUNNER: We will, obviously, talk to the police as well. The crime stats are released from the Department of Attorney-General.

Mr ELFERINK: Yes, they come through the department of the Attorney-General. But, bear in mind those numbers are brought together by police, the coordinating agency - this is a legacy of the former Labor government. All the statistical figures that come out of the Department of Justice all comes from police numbers.

Mr GUNNER: Perhaps the very first question we could ask then is for a clarification around the election commitment on the crime stats.

Mr ELFERINK: Yes.

Mr GUNNER: This contract – obviously, there are quite a number of different documents; I have the one for Nightcliff - states the CLP will cut crime by 10% a year every year, or 40% over a four-year term. However, last year, the Chief Minister stated you intended to cut crime by 10% over the four-year term. As Attorney-General, can you clarify which commitment is correct- the 40% or the 10%?

Mr ELFERINK: I am happy to announce that so far we have met the targets in that contract. The fact is we lowered crime stats. If you look at the March-on-March quarters for the last year in relation to assaults, you have seen a 19% drop across the Northern Territory. That is a great result ...

Mr GUNNER: The stats you are quoting are provisional.

Mr ELFERINK: Equally so, the numbers we received in relation to property crime have been equally encouraging, and I congratulate to police, in particular, for the excellent work they have done in that area. These are good results, and are unprecedented results in the Northern Territory.

Mr GUNNER: The front page of your crime stats show the provisional data which you are just quoting can actually increase by 5% to 10%, Attorney-General. On page 26 of your crime stats, it shows quite clearly that 2013 was the most violent year in Territory history. We saw a record number of violent assaults, of alcohol-fuelled assaults, and of domestic violence assaults in 2013 - a significant increase, the most violent year in Territory history. Will you take responsibility for that?

Mr ELFERINK: March-on-March quarter, a 19% drop in assaults. What you are doing is reading the statistics in such a fashion as to get the worst possible story you can extract from that. Let us ...

Mr GUNNER: That is an entire year, Attorney-General.

Mr ELFERINK: Let us be clear. March-on-March quarter, a 19% drop across the Northern Territory – 39% fall in Tennant Creek, and 31%, if memory serves me, in Alice Springs. But, you cannot bring yourself to congratulate government for that. You have to find the worst possible story you can find in it. It is a little ghoulish for you to try to extrapolate these numbers in the fashion you are doing for a political motive. Why are you trying to scare Territorians?

Mr GUNNER: It is very factual. In 2012, which was the year you made your election promise, there were 6948 violent assaults. Your commitment was to cut crime by 10%, which should have reduced it to 6200 in 2013. Instead, it went up to 7792.

Mr ELFERINK: March-on-March quarter, 19% fall in ...

Mr GUNNER: You are avoiding the year you made your electoral promises in, and you are comparing the most violent year in Territory history, 2013, to provisional data from 2014 which your own stats say will go up by 10%.

Mr ELFERINK: Your excitement in relation to this is palpable, and I understand that. At the end of the day, what we are talking about is victims.

Mr GUNNER: And there are more.

Mr ELFERINK: I can tell you, as I said before, through March-on-March quarter we have seen a fall. I add something to that. Included in those numbers, as you well know, are domestic violence victims, something your government chose not to address.

We instruct the Northern Territory Police that if they are sent to a domestic violence assault incident, they have to deal with it as a criminal matter, not a civil matter - the collection, if you like, of an order of restraint, but a criminal assault complaint. So, the police now, when they turn up to a domestic violence situation, charge somebody - generally the male - with an assault. Wife beaters are added to that list.

If you remove those wife beaters from what you say is the most violent year in Territory history, you go back to the original set of numbers of general assaults, which barely shift over that period. But, when you add

the wife beaters we insist be treated as criminals for beating their wives - we are unashamed in that - that was always going to push numbers up. To see those numbers now coming down is not a cause for irritation; it is a cause for celebration.

Mr GUNNER: Mandatory reporting came in for police and others in 2009, as you know. Are you really claiming that the increase in domestic violence in 2013 was solely due to increased reporting, even though mandatory reporting had been in place for four years? It was not new, it had been in place for four years. That is a 22% increase. You are saying it is solely due to reporting ...

Mr ELFERINK: Are you at all interested in the answer?

Mr GUNNER: I listened to your answer, and it was wrong by four years.

Mr ELFERINK: Okay. You are incorrect in your assertions, and I will tell you why. The mandatory reporting of domestic violence, as you said, came into operation at a particular time. That does not automatically follow that the police response is, necessarily, a criminal one. All that happened was the reporting of domestic violence was made mandatory.

Mr GUNNER: If it was only because of an increase in reporting, why do we also see hospital admissions increase? That is, obviously, not just a reporting increase, because we see an increased number of people going to hospital. It cannot solely be due to an increase in reporting.

Mr ELFERINK: Can you read the numbers out that you have been referring to, without including the DV stats in it?

Mr GUNNER: They are all in your own crime stats, Attorney-General.

Mr ELFERINK: Just read them out.

Mr GUNNER: They are there.

Mr ELFERINK: I do not have the stats in front of me ...

Mr GUNNER: DV is part of it. There has been an increase to 67% in women seeking refuge.

Mr ELFERINK: The reason you are avoiding reading those out is because you will discover that general assaults did not change much during that period. What you are trying to do is pure politics, and I get it.

Mr GUNNER: Everything increased in 2013, in alcohol-related assault. We saw an increase to 67% of women seeking refuge, which is in Senator Scullion's finding.

Mr ELFERINK: Yes, that ...

Mr GUNNER: So, there is an increase.

Mr ELFERINK: Without accepting ...

Mr GUNNER: It is not an increase in reporting, an increase in people ...

Mr ELFERINK: Are you going to let me answer a question without trying to talk over the top of me?

Mr GUNNER: Of course, you may answer the question, Attorney-General.

Mr ELFERINK: Thank you. Yes, there were more women being taken to referral services because this government is serious about violence against women and children in the home. Reporting ...

Mr GUNNER: That is not an increase in reporting, that is an increase in violence.

Mr ELFERINK: No, it is an increase in reporting. Do you seriously reckon that people were not beating their wives in places like Yuendumu, Tennant Creek, or the northern suburbs of Darwin prior to us coming to government? Bloody oath they were, mate!

Mr GUNNER: No, there is an increase.

Mr ELFERINK: I can tell you ...

Mr GUNNER: There is an increase.

Mr ELFERINK: Bloody oath they were! What we, as a government, decided and what the Chief Minister said pretty much on day one was we would take domestic violence seriously, and you will be charged with a crime. That is a Country Liberals policy and we are proud of it. It is the role of government to protect its citizens, something the Labor Party failed at and we are not going to fail at when it comes to women and children in the home. If you want an apology for that, do not come to me, mate.

Mr GUNNER: We have seen an increase in the number of people seeking refuge. That is not an increase in reporting, we have seen an increase in the number of people going to hospital.

According to your crime stats website, Tennant Creek and Nhulunbuy both have 2% of the Territory's population but, in 2013, Tennant Creek had eight times as many alcohol-related assaults compared to Nhulunbuy. There are two different alcohol policy regimes at play in Tennant Creek and Nhulunbuy. Do you agree that the difference between Tennant Creek and Nhulunbuy comes down to how alcohol is managed in those communities?

Mr ELFERINK: In the last 12 months, Tennant Creek has outperformed Nhulunbuy handsomely. Do you know why? Because assault rates have not changed that much in Nhulunbuy. But, I can tell you where they have changed. In Tennant Creek they have come down 39% which, by the way, is increased by a large amount by the work the police have done to chase up wife beaters, thugs, and bullies in the home.

Mr GUNNER: As you know, minister, you are comparing provisional data from 2014 to the most violent in Territory history in 2013, so you are getting a deceptive percentage. We, obviously, welcome any good results, but we have seen violence increase.

Mr ELFERINK: No, you do not welcome good results, you despise good results. That is the part of the problem with this line of questioning. Good results mean fewer victims.

There is a hell of a lot more work to do, I know that. I do not want to see people being beaten up, either in the streets or in the home. But, we are unashamed that we are attending to that. Hopefully, subject to a Cabinet decision, we will see a vastly improved domestic violence regime rolling out into the future. We will be benchmarked as one of the best jurisdictions dealing with this, and we are proud of it.

Mr GUNNER: Attorney-General, we clearly disagree on the numbers. They are very black and white. We see a very significant concern in the crime stats and, clearly, we disagree.

You claim you want to decrease the incarceration rate, but in the last year you either implemented or announced your intention to implement or consider the following policies: people who do not attend alcohol treatment courses can go to prison; people who are on an alcohol protection order who then go to a licensed supermarket, or even TIO Stadium go to prison; people who do not pay their driving fines can go to prison; people who owe over \$10 000 in fines and do not do a work order can go to prison; and people who drink while pregnant may face criminal charges which carry prison sentences. Why is every solution to a problem locking people up?

Mr ELFERINK: Why are we tracking at 237 fewer prisoners in custody today than your projections when you were in government said we should?

Mr GUNNER: It is a very interesting point ...

Mr ELFERINK: I will show you the graph. I will give it to you shortly.

Mr GUNNER: We have seen violence go up, we have seen court cases go up, but we have seen prison numbers go down. Why?

Mr ELFERINK: You say you have seen violence go up. I dispute that. You say you have seen court cases go up. Those numbers are tracking reasonably steadily if you read the budget papers ...

Mr GUNNER: There is a 30% increase in your annual report in criminal cases – a 30% increase.

Mr ELFERINK: And, we are more than happy to throw those people into gaol who deserve it. But, you are also presuming that every criminal matter automatically ends up in gaol. We are talking about traffic offences and summary jurisdiction type offences. What an increase in those numbers suggests is active policing on the streets, which would have the effect of bringing down serious assaults.

I can tell you, if you lock up stupid at 10 o'clock at night for being engaged in objectionable words or disorderly behaviour, the chances are you have him out of circulation when, at 2 o'clock in the morning, that same moron turns into a major assault and biff merchant. You will see an increase in criminal numbers but you will see downward pressure on indictable offences. Have you made a separation between indictable offences and complaints in your assertion about the number of increase of criminal matters?

Mr GUNNER: If you can explain this to me. The DOJ annual report for last financial year shows an increase in criminal cases before the courts by 32%, up from around 13 000 to over 17 500 ...

Mr ELFERINK: Do you know what the difference between a summary and an indictable matter is?

Mr GUNNER: Can you explain why that occurred?

Mr ELFERINK: I just explained it to you. Do you know what the difference between an indictable and summary matter is?

Mr GUNNER: Attorney-General, I am asking about the 17 500 court cases.

Mr ELFERINK: Yes, that is right. Do you know what the difference is between an indictable and a summary offence is?

Mr GUNNER: Attorney-General, I am here to ask the questions.

Mr ELFERINK: I take that as a no. If you knew the difference ...

Mr GUNNER: I am here to ask the questions today. There has been a 17 500 increase in court cases over what was estimated to have occurred.

Mr ELFERINK: Okay. Do you know what the difference is between an indictable offence and a complaint is? If you do not ...

Mr GUNNER: Attorney-General, I am not here to play games ...

Mr ELFERINK: I am not playing a game, the answer is in that difference.

Mr GUNNER: ... I am asking the questions ...

Mr ELFERINK: Let me take you through it. When you have a very active police force, what they do is arrest people for summary offences. Summary offences are lower matters. They are not particularly serious and the likelihood of going to gaol is not particularly high. They arise out of regulatory type of offences such as traffic offences. You would have a police force which is very active in the traffic area and those sorts of things, and they arrest lots of drunk drivers or people for breaching the *Summary Offences Act*. That would see an increase in criminal matters in the lower courts, but it does not automatically follow that you see an increase in prisoner numbers.

In fact, I assert to you that a police force which is active in those lower type of matters actually puts downward pressure on the later commission of indictable offences - serious assaults and those sorts of things. If you take control of the streets, as the Northern Territory Police Force has been doing under this government, then the downward pressure on serious and more indictable offences means there are less of them, hence the fall in serious assaults in the last year.

That is what has happened. People do not go to gaol, as a general proposition, for minor offences, which is why - and this is my favourite graph - prisoner projections in the Northern Territory, you will see, are tracking at substantially less than 230 fewer prisoners in custody today than you projected when you were in government. It is called crime control and crime prevention using an aggressive police force which is prepared to do so at that lower level.

What you are trying to say is more court cases means more people in gaol. No, that demonstrates that you do not understand the mechanics of what is occurring. We are proud of our police force and we are proud of the work it is doing.

Mr GUNNER: You mentioned domestic violence before, Attorney-General. The Solicitor for the Northern Territory is now taking carriage of domestic violence applications on behalf of police, and you are expecting the numbers of domestic violence matters to double from 700 to 1400.

Mr ELFERINK: Yes, we are being very assertive in that space. Mind you, that is because what we expect and what happens might not necessarily be two different things. We expected to have to keep Berrimah gaol open. We do not have to do that now.

Mr WOOD: I want to ask you a question on the stats. I opened up the stats. I was not going to ask a question but I thought that I would look at the stats. I will claim that we sometimes need in the Territory a statistician general. I gather some other states have them. Instead of arguing which stats are right, we have someone who is qualified.

It says here for Northern Territory assault statistics data for the years from March 2009 to 2014, total assaults 2009 - 5628; 2010 - 6342; 2011 - 6549; 2012 - 6763; 2013 - 7132 and 2014 - 7454.

Mr ELFERINK: That is on calendar years.

Mr WOOD: That is right. My reading of that is there has been an increase in assaults. I know statistics are woeful. We had an increase in population, obviously, and there are other things that may come into play. But, if you looked at that on its merit, we have more assaults occurring.

Mr ELFERINK: As I said and described before, that was a natural consequence of a domestic violence policy that does not seek mere civil responses to domestic violence, but actually creates a criminal response to domestic violence. That is what we have been doing.

However, I also point out to you, if you look at the same document at the operation of the March quarter, and compare it with the last March quarter, particularly since we have become active with alcohol protection orders and the coppers at the bottle shops, we have seen a huge decrease in those March-on-March quarters.

If you go after something, you are always going to see a rise in those numbers but, then, it peaks and you see it taper off. It takes a while for policies to resonate through the system. I am comfortable that, from last March quarter compared to the March quarter 2014, we have seen a substantial decrease in those assaults.

If you look at the March quarters of Alice Springs from 2012 to 2014, they are compared 477 and 352. I can quote numbers at you ad nauseam, but what I am saying is I acknowledge there has been an increase. Under the Labor government, every year you just described saw increases in assault rates. It continued under us until such time as we got policies in place, which are starting to bite. Now, they are starting to bite. To see a 39% fall in Tennant Creek and a 31% fall in Alice Springs is heartening. That is assaults and that includes the domestic violence assaults. We have not changed the way these numbers are counted. We use exactly the same methodology as the former Labor government did, and we are proud of those results.

Mr WOOD: I will claim to be a layman, but if I look at Tennant Creek to 2012, total assaults ...

Mr ELFERINK: Have you looked at the March quarter?

Mr WOOD: ... 489. But, this is year by year, so it gives you a trend ...

Mr ELFERINK: Yes.

Mr WOOD: ... 489 for 2012, 517 for 2013, and 623 for 2014.

Mr ELFERINK: Okay, and March quarter for 2013 was 199, and March quarter for 2014 was 121, a drop of 39.2%.

Mr WOOD: Do you remember, minister, that when we had this discussion in the Council of Territory Cooperation, as to why there was a variation in some of the statistics, it is because statistics sometimes are

taken on too short a period. You can do what you like with statistics sometimes. Here is a trend over six years. I am just reading straight off these figures. It shows that it has gone from 413 in 2009 to 623 in 2014. There may have been a drop off in March. The only way I can support what you say is to wait until 2015 to see whether that trend continues. But, the trend, from what I see there, is upward.

Mr ELFERINK: I will look forward to the conversation in 2015.

Mr WOOD: That is right. Maybe one day we need, as I said, a neutral person to analyse these stats, because I have heard so many debates in here about who is right and who is wrong.

Mr ELFERINK: Yes.

Mr WOOD: I did have another question but I have forgotten what it was.

Madam SPEAKER: What a shame!

Mr WOOD: I know, sorry, Madam Chair. I knew you were just waiting for it.

Madam SPEAKER: Member for Fannie Bay.

Mr GUNNER: Attorney-General, why are you cutting the funding to victims of crime by \$2m?

Mr ELFERINK: Why are we cutting funding to victims of crime by \$2m? Is that what you are asserting? One is we are seeing fewer victims and are budgeting accordingly. The other thing I am extremely mindful of is we have a system of victims of crime support which, now, of course, provides cash payments to victims of crime. That normally would be very useful, except for the fact that when you are going after domestic violence perpetrators, I would hate to see an environment where their victims end up getting paid cash only to discover the perpetrator is getting cashed up as a consequence of their offence.

We will throw support at the victims in non-financial ways - that is, we are not going to throw money at them; we will give them a lot of other support. Where that has been done in other jurisdictions it has been discovered to be less expensive.

Mr GUNNER: Your budget book talks about the planned introduction of a domestic and family reduction strategy. It does not necessarily say this money will be transferred to that strategy or go to the victims. You are saying it will not be going in cash payments, but are the victims of crime still going to be seeing the benefit of that \$2m?

Mr ELFERINK: They are going to be supported by this government, and they will be supported in every way they need to be supported. Added to that, of course, we will have a correction system which sees the Sentenced to a Job prisoners paying 5% of their income into the Victim's Assistance Levy, which means they will be paying their debt to society in cash.

Mr GUNNER: So, you expect to receive the same number of victims of crime assistance applications?

Mr ELFERINK: No, I expect to receive less.

Mr GUNNER: Your budget book is estimating the same. In the budget, you are estimating the same number of applications, but with \$2m less to provide.

Mr ELFERINK: Caution on the part of Treasury. I hope with these better results, particularly in the March quarter, we would have less. However, we remain cautious, but we will continue to support victims of crime.

Mr GUNNER: I think your department gives that KPI to Treasury, rather than Treasury setting it for you.

Mr ELFERINK: Yes, it does, perhaps. I am even more ambitious than my department in this space.

Mr GUNNER: You have contracted your legal practice with solicitor hours dropping by 16% according to Budget Paper No 3, page 127, yet costs are going up, funding is increasing. Does outsourcing save money?

Mr ELFERINK: If there is a case to be made for outsourcing we will not be adverse to it. However, what I have said to the legal profession, without any hesitation, is they have to make the case for it. We have gone to the trouble of meeting with the profession, both in Darwin and Alice Springs - twice in Darwin - and have listened to their arguments in this space. We have spoken to them and we have costed out the operation of the Solicitor for the Northern Territory, or Legal Services for the Northern Territory, in such a fashion as to, essentially, do an apples with apples comparison with the private sector. We are satisfied we, in many instances, do it more cheaply. There are certain things I would not outsource anyhow, such as native title. But, if the case can be made by a firm that comes to us and demonstrates it can do it in a cost-effective fashion, then we would be happy to support them.

Mr GUNNER: Peter Maley was appointed as a magistrate by Cabinet. I understand you stood aside from those Cabinet deliberations, and were not part of that decision. Under whose name did the Cabinet submission go in under?

Mr ELFERINK: Oh, God, I cannot recall. It probably came under mine as the submission.

Mr GUNNER: Have you or the department undertaken an audit of all cases heard by Peter Maley to determine whether anyone involved in the case - from the accused, the victim, witnesses, or legal personnel from either the prosecution or defence - had been members or donated to Foundation 51?

Mr ELFERINK: No, and why would I?

Mr GUNNER: Peter Maley was in the two roles at the same time. He has admitted it was inappropriate and he has resigned, so why not simply conduct an audit?

Mr ELFERINK: Do you have an allegation to make here?

Mr GUNNER: I am asking a question.

Mr ELFERINK: Do you have an allegation of some sort to make? Clearly, this has been something the Labor Party has been trawling through - based on some pretty spurious sources, I might add. If you have an allegation to make, make it. If you want to show some real courage, make it outside.

Mr GUNNER: I am very happy to ask anywhere about whether you have done an audit of the cases heard by Peter Maley to determine whether anyone involved in those cases had donated to, or was a member of Foundation 51.

Mr ELFERINK: Let me tell you this. If there is an issue of apprehended bias which comes up in front of the court, then it is up to the court to deal with it. The seminal case on this matter is *Ebner*. A similar case was heard in Alice Springs in relation to the magistrate there, McNamara, and was heard in the Supreme Court in Darwin. *Ebner* has two limbs. Without going into the legal details of it, the long and the short of it is it is up to a court to determine if that issue of apprehended bias arises.

If a magistrate or a judge sitting on the bench feels they might have a conflict of interest, the first port of call is for them to absent themselves. If, however, a magistrate or a judge refuses to do so, in relation to the facts of the matter, it is then taken to - in the case of McNamara - the Supreme Court, which rules on it.

As far as I am aware, no such issues of apprehended bias have arisen, other than in the McNamara matter, and I am not aware of any in relation to magistrate Peter Maley.

Mr GUNNER: So, for the same reason that was appropriate for you to step aside from the Cabinet deliberations, do you agree it would have been appropriate for the Cabinet submission to have not gone up under your name?

Mr ELFERINK: It is a vehicle by which it comes into Cabinet. I went through a process which I absented myself from in the selection. The suggestion that because Peter Maley was a member of the CLP - he was a member of the House here - should, in some way, prevent him from sitting on the bench is, quite frankly, absurd.

Mr GUNNER: My understanding of the reason why you stood aside from the Cabinet deliberations and why it might be an issue the Cabinet submission went up under your name - correct me here - is it is an offence under NT legislation to take money in return for a judicial appointment.

Mr ELFERINK: Step outside and say that, mate!

Mr GUNNER: This is why you stepped aside from the Cabinet process.

Mr ELFERINK: Madam Chair, that is an outrageous slur. You have just suggested that I took a bribe!

Mr GUNNER: No, no, that is not what I said.

Mr ELFERINK: If that is what you are suggesting, step outside.

Mr GUNNER: No, you heard what I just said.

Mr ELFERINK: Say it again.

Mr GUNNER: For the same reason you stepped aside from the Cabinet process, do you not agree it would also have been appropriate for you to step aside from the Cabinet submission?

Mr ELFERINK: The process of selecting the magistrate - I do not know, at the outset, who will put up their hand when we advertise for a magistrate's position. The applications came in and one of them was my good friend, Peter Maley. I am proud to call him my friend. He is a Territorian who has built his business in the Northern Territory in his law firm. He has worked diligently and hard over the years. He is a good Taminmin High School graduate. He has every right, despite his political party membership, to apply for a job.

When that happened, we went through a process and, ultimately, that process was done through the role of the Attorney-General. When the committee finally met on the matter - I was not there for that deliberation - a recommendation came out of the committee and, ultimately, that was taken to Cabinet. I would have been the vehicle that brought that to Cabinet. I placed before Cabinet the recommendations of the committee and absented myself from Cabinet.

Mr GUNNER: But the absention from Cabinet, from my understanding, was not because he was a member of the CLP or your friend, but because of the donations.

Mr ELFERINK: I called for expressions of interest and he put up his name. I then did not get involved in the final process, where he was appointed or recommended by a committee. I did not get involved in the Cabinet process. I am not sure how much further away I should be. What? Do you want this to be done through the Department of Business, or something?

Mr GUNNER: The question is asked - and I was not sure what the answer was going to be - was if the Cabinet submission went up to Cabinet under your name. You stepped aside from the Cabinet process, you were not in the Cabinet meeting, but the Cabinet document that went in, with Peter Maley's name as magistrate, went in under your name?

Mr ELFERINK: Yes - and?

Mr GUNNER: Well, it seems incongruous that you stepped aside from the Cabinet process but you are the one who put forward his name to the Cabinet process.

Mr ELFERINK: I was merely the vehicle by which - I am the Attorney-General. I know many people in the legal profession, both here in the Northern Territory and other places. This is a small profession. If I absented myself from my Attorney-General functions every time I knew somebody involved in something, I would be absent half the time. I absented myself from the decision-making process.

Mr GUNNER: And that was already on the record? The question I had was around how the name went forward to Cabinet. Your answer was that it went forward under your name.

Mr ELFERINK: All right. I misunderstood your initial comment because I was pretty grumpy at what I thought you were asserting.

Mr GUNNER: That is okay. You can read through the transcript later this evening and ...

Mr ELFERINK: Sure, and, hopefully, I will find comfort from that.

Mr GUNNER: Obviously, we and others have some concerns around where things are currently.

Mr ELFERINK: There were a number of appointments. I will stop here for a second. There have been a number of appointments over the last decade which could have resulted in similar games being played. However, the discipline of the then shadow minister or the shadow Attorney-General – that is, me – understands the nature and the smallness of this jurisdiction. So, in an effort to make sure the system continued to work smoothly, I chose not to take political advantage of certain appointments.

Mr GUNNER: I suggest that even in this instance, there is clearly a difference, as acknowledged by magistrate Maley himself, who resigned from the party and from Foundation 51. I am hearing what you said about the Territory being a small place but, in this particular instance, clearly there is a level of concern, as decided by magistrate Maley himself by making the decision to resign from the CLP and from Foundation 51.

Mr ELFERINK: Your point being?

Mr GUNNER: Being that the point you made was incorrect because, even in this instance, magistrate Maley has acknowledged there was a problem.

Mr ELFERINK: You will have to ask him that. I am not going to waltz into the courts in the Northern Territory and start running reviews on how they operate. That would be somewhat improper, I suggest.

Mr GUNNER: There are not many vehicles in the Territory, Attorney-General, for these questions. In another state there may be an ICAC or something like that through which these things could be done. My understanding is the current CLP position is opposition to an ICAC.

Mr ELFERINK: One of the things that concerns me about the Labor Party is your and your leader's approach to things. In the Northern Territory, it is a 'whatever it takes' approach - the Graham Richardson take-a-baseball-bat approach - without any regard for who gets damaged in the process. I have heard under the cover of parliamentary privilege any number of public servants identified and, on occasion, named by your leader in particular, in the most outrageous fashion. The first thing the member for Daly, Gary Higgins, ever had to respond to was your leader stridently attacking his reputation and good name, based on the tissue-thinnest evidence.

What you are doing here is quite clear: anybody who is associated with the CLP is immediately in the crosshairs. I saw a media release issued today saying, '\$4.8m for CLP positions'. Really? Is that what you are suggesting - that we need to have a hit list now, or that membership of a political party disqualifies you from anything? Is that really where we will go in the Northern Territory? Who is on your hit list? Who is on that \$4.8m hit list you or your leader fabricated?

What you are doing will create an environment of fear, both in the public service and beyond. You accuse us of picking winners. Think about what that media release means and how you will operate in government. What it means is if it is merely suggested - merely suggested - that you are in any way associated with somebody we do not like, we are coming after you. That is the message in that media release. It is ghastly.

I understand what you are doing: create enough smoke and everybody thinks there is a fire. But, what you are doing, particularly in a community of this size, is southern politics. It is typical of southern politics, and I suspect some of the advisors your leader has taken on think this is good politics. But, it is not, because it will cause fear and, ultimately, sooner or later, somebody will overstretch and somebody will get hurt. What sort of people are politicians? Listen to the Larisa Lee allegations in parliament. You and your cronies walked in there, having listened or colluded with her before you walk in there with pre-prepared speeches, and you slander anybody. What you guys are doing is just deplorable.

Mr GUNNER: I have not asked any questions around the member for Arnhem's allegations.

Mr ELFERINK: Of course not, but you guys are awfully close to her. What you are doing now is based on the assertions that she has never repeated outside of parliament - never.

Mr GUNNER: My questions are based around a publicly declared donation and a statement from magistrate Maley himself, where he resigned from the CLP and from Foundation 51. There are quite genuine questions here, which you acknowledged by standing aside from the Cabinet process. There was a donation, there was a standing aside from the Cabinet process, there is now, we understand, a Cabinet

submission that went under your name. We have since then discovered magistrate Maley's role and relationship with Foundation 51, which he has acknowledged was wrong, by resigning from Foundation 51 ...

Mr ELFERINK: So you assert.

Mr GUNNER: Magistrate Maley resigned from Foundation 51 and from the CLP. The question I come back to - because I cannot remember if you answered it, Attorney-General - is are you doing an audit of the cases that were heard by magistrate Maley, and were there was any instances of Foundation 51 ...

Mr ELFERINK: I explained earlier – and, by the way, this has nothing to do with the Attorney-General's department - if there is a question of apprehended bias in a matter, then there is a perfectly sound way in which to deal with it. Those ways are fundamentally clear, and those processes have been well established within the court system itself.

The suggestion that the Northern Territory government should start auditing decisions of magistrates is a ridiculous suggestion and demonstrates the level in which the Australian Labor Party and a Lawrie government will involve themselves in people's professional lives no matter where they walk.

If you have an allegation to make, then make it, but do it outside of this place.

Mr GUNNER: We had a series of questions Attorney-General, as I explained, based on matters of public record. Noting the time, that is my questions for today.

Mr ELFERINK: Noting the time, but you try to rip the lid off something like this, and it demonstrates the poverty ...

Mr GUNNER: There are questions here, Attorney-General.

Mr ELFERINK: Yes! And they have been answered, but you do not like the answers so, as a consequence, you just happen to slander and muckrake. Have you something to allege?

Mr GUNNER: I have questions.

Mr ELFERINK: Have you something to allege? No. You have a lot of questions which would imply something, but you do not have the courage to make any allegations?

Mr GUNNER: There are serious questions, Attorney-General.

Mr ELFERINK: What you are basing this on are the unfounded allegations of the member for Arnhem, Larisa Lee.

Mr GUNNER: As I have already said, Attorney-General ...

Mr ELFERINK: Who has never repeated what she said in the parliament outside the parliament.

Mr GUNNER: ... these questions are based on the public declaration of a donation. You are standing aside from the Cabinet process, which acknowledges the seriousness of the donation and the statement from magistrate Maley resigning ...

Mr ELFERINK: I would love her to repeat those comments outside the parliament because the size of the law suit heading in her direction would be enormous.

Mr GUNNER: ... so there are very serious statements on public record. We have asked our questions ...

Mr ELFERINK: This just goes to demonstrate how close you are to Alison Anderson, yet again, because this was completely contrived between yourselves and the new members of the Clive Palmer party in the Northern Territory, the three Independents.

Mr GUNNER: This has nothing to do with Alison Anderson or Larisa Lee. This is between you and magistrate Maley ...

Mr ELFERINK: Then why on earth did you walk into parliament with a prepared censure motion on a question asked 10 minutes earlier by Larisa Lee? Because you are working together with her, and it just shows you the poverty and desperation ...

Mr GUNNER: Attorney-General, that is a completely separate set of allegations, which I have not raised today.

Mr ELFERINK: All of your questions are based on this nonsense. All of them are based on this nonsense, otherwise you would have nothing. That is the point. You are basing it on the allegations made in the parliament which you had contrived and conspired with Larisa Lee and Alison Anderson. It just shows you how desperate you guys are getting. It is really sad.

Mr VATSKALIS: I have been listening to this debate for a while now. My colleague here did not make any of those allegations that Larisa Lee raised in parliament. She made a number of allegations which I am not going to repeat here – they are her allegations, not mine. It was quite legitimate to point out that you had, as an Attorney-General - because of the links between you and magistrate Maley - to remove yourself from the process in Cabinet. You remove yourself from the process and that took its way – he was appointed without you being involved.

The question he asked is: bearing in mind that magistrate Maley was a director of Foundation 51, that was registered under the CLP name and with a telephone number of the CLP – and being a magistrate - maybe magistrate Maley had a case where a donor in Foundation 51 was involved. That was the question he asked. It had nothing to do with Larisa Lee and her allegations ...

Mr ELFERINK: That is a matter ...

Mr VATSKALIS: I am not interested in Larisa Lee. Those are her allegations. Your assertion that we walked in ...

Mr ELFERINK: No, no, you guys have your fingerprints all over this.

Mr VATSKALIS: ... with a prepared a censure motion. You can stand up and speak without having any notes, I have noticed for the past 15 years. You should know there are people here on our side who can do exactly the same ...

Mr ELFERINK: Thank you, Pontius.

Mr VATSKALIS: I have made public my statement about Alison Anderson and the PUPs. It is well known in the media and I will stand by my position. The question my colleague asked is quite legitimate – I would have asked the same questions of you ...

Mr ELFERINK: Then why are you guys working in parliament with prepared questions and censure motions based on a question you know nothing about?

Mr VATSKALIS: How many times ...

Mr ELFERINK: Yet, I watched the member for Johnston read a prepared speech.

Mr VATSKALIS: ... in the past 15 years did you jump up without any notes and put a censure motion in this parliament? You can do that, so can people from our ...

Mr ELFERINK: I tell you the member for Johnston had an extensive prepared speech from which he read, which could only have been the product of preparation as a result of knowing what was going to come.

Mr VATSKALIS: There are 50 minutes in Question Time and somebody with a bit of brains can write a really good speech in 50 minutes. It has been done before ...

Mr ELFERINK: You know something, mate? It is just not credible.

Mr VATSKALIS: ... and, trust me, it will be done again.

Mr ELFERINK: What happened afterwards was the strategy that was engaged with became the topic of debate between members inside the opposition lobby because they were furious that the thing had

exploded in their face in the Chamber. That was because the thing had been discussed amongst Caucus members prior to going into Question Time that day. There was already some caution about going down the path of supporting Alison Anderson and Larisa Lee. When that censure motion blew up in your faces, there were further heated exchanges inside the parliamentary lobby, which put a great deal of pressure on the Leader of the Opposition.

Do not say to me that you did not know about it, because you did. It was prepared, pre-ordained, pre-organised and it demonstrates how desperate you guys are getting.

Madam CHAIR: I might call a dinner break because it is 7 pm. Minister, we invite you back in half-an-hour. We will commence with agency-related whole-of-government questions at 7.30 pm.

The committee suspended

Whole-of-Government Agency-Related Questions

Madam CHAIR: Attorney-General, if you are happy to continue, we are in whole-of-government agency-related questions. I believe the member for Nelson has some questions. Do we need to go through outputs, member for Nelson?

Mr WOOD: I think mine will all come under Solicitor for the Northern Territory. Fire away?

OUTPUT 1.0 – LEGAL SERVICES **Output 1.1 – Solicitor for the Northern Territory**

Madam CHAIR: Yes.

Mr WOOD: Minister, the annual report says - and I think you have made this public - there has been a reduction in the number of law officers by 22. What effect did that have on the running of the department?

Mr ELFERINK: Not a great deal. We still provide the same level of service to the people of the Northern Territory.

Mr WOOD: Are you saying some people did not have anything to do?

Mr ELFERINK: Let us put it this way. One of the things I try to do, as a minister, no matter which department I am in, is create a department where we run a tighter ship – you will see that, I am sure, when Child Protection comes up; I am going to hear ad nauseum about less money in that domain - because we can do things better.

I believe the former government had allowed a certain amount of fat to grow in that area. I have no major problem with it, but somebody sprints better when they are leaner than when they are overweight. What I have discovered is we are continuing to provide levels of service which are comparable to the ones prior under the former government in these particular areas, and we are doing it in a leaner environment. There is a number of things you can do in tightening up when you take over management of an organisation.

Mr WOOD: Yes, thanks. It is running just as well as it was before, or even better?

Mr ELFERINK: I am satisfied we are achieving the same results.

Mr WOOD: Okay.

Mr ELFERINK: Same or similar results. In the areas of litigation, native title, those sorts of things, we are still being productive and effective.

Mr WOOD: Going on to page 49 of the annual report, the section on litigation. There was a case in relation to local government. I will read it:

Continuing representation of the Northern Territory and MacDonnell Shire Council in the Supreme Court in relation to a legal challenge ...

Mr ELFERINK: Oh, yes, I know the one. Is this the Amoonguna case?

Mr WOOD: Amoonguna Community Incorporated.

Mr ELFERINK: Yes.

Mr WOOD: What was the result of that particular case?

Mr ELFERINK: On foot, I think, is it? Yes, it is still on foot.

Mr WOOD: It has been going a long time.

Mr ELFERINK: It has been going a long time. That is the nature of civil litigation, sadly.

Mr WOOD: Okay, you do not have any ways of reforming that, have you?

Mr ELFERINK: Without saying too much, we are trying to sort the matter out before we end up litigating any further. We will keep you posted.

Mr WOOD: The other one was the representation of the Territory and the Minister for Natural Resources in the Supreme Court in a claim for water allocation in a regional area. What was that about?

Mr ELFERINK: You would have to ask the Minister for Natural Resources. What we provide is legal services to government in the form of the government being our clients. I would presume - knowing absolutely nothing about that particular matter - that somebody has launched an action which the Northern Territory government is seeking to defend. But that is a massive presumption on my part. I would expect that matter may have been - I do not know if it has been dealt with or not. I urge you to ask that question of the minister.

Mr WOOD: Page 50 in relation to criminal property forfeiture ...

Mr ELFERINK: I am glad you asked this.

Mr WOOD: All right. Part of the reason I am asking this is because I have had a number of people over the years come and see me. I am not saying they have done the right thing - they definitely have not. But, they have been knocked over by what could happen to them. Obviously, some people have been hit very hard by criminal property forfeiture rules.

I am not arguing against that, but sometimes the people who get involved in this are not the brightest people in the world. I am wondering whether the government looks at trying to advertise the fact that this is what could happen to you if you get involved in the manufacture of drugs if you use your property - something that really spreads this word out.

I will give you a little example, minister. You announced changes to the MACA scheme recently. I have a lot of problems with quad bikes, with people who ...

Mr ELFERINK: I do not think I announced those changes.

Mr WOOD: Yes, I think I debated them. You actually did the second reading on the changes to MACA.

Mr ELFERINK: All right.

Mr WOOD: Anyway, the thing is it is no good having these things read in parliament unless people know about them. I have tried to put out the material from TIO saying if you ...

Mr ELFERINK: Are you sure it was me?

Mr WOOD: Yes, I read it. In fact, I was going to use it in my newsletter but I could not understand what you were saying. Anyway, that is another matter. So, I went to TIO to get it clarified ...

Mr ELFERINK: It is all a blur.

Mr WOOD: ... and we put that in as a means of telling people that, for instance, if you drive without your helmet or drive unregistered, you will lose the particular benefits through the MACA scheme. The same with this particular law. Do you think this would be an area you could use as a way of, hopefully, getting people to have second thoughts about getting involved in the manufacture of drugs?

Mr ELFERINK: Okay. I know what you are talking about. I was recently in the High Court of this country pursuing this matter - I was sitting in the public gallery watching the case whilst I was in Canberra. This is the matter of *Emerson*, from which a couple of things came out.

The first thing was I was approached, when I became the Attorney-General, by a bloke by the name of Dick Foss ...

Mr WOOD: Yes, I might have met him too.

Mr ELFERINK: Mr Dick Foss was surprised to discover that if you involve yourself in drugs in such a way that you are declared to be a drug trafficker after three convictions, we take your house off you - whether that is the proceeds of crime or not.

Mr Emerson, of course, found himself in the same boat. There was an argument on the *Kable* matter ground - if I can remember all this stuff now - that the qualification in the *Tatani* matter extended to the operation of the legislation in the Northern Territory. In the first instance, Justice Southward held that there was no problem, and it went on appeal before Riley CJ, Bar, and Kelly. So, we had the situation in the Northern Territory where two Supreme Court Justices felt there was no conflict with the *Tatani* and the *Kable* principles. The two Supreme Court Justices in the Northern Territory felt there was, effectively, an operation of the *Tatani* principle with the legislation in the Northern Territory in the case. That was all in relation to the matter of *Emerson*.

That, then, went to the High Court on appeal. Essentially, what the argument is for the layperson watching is, if you drape - for the lack of a better word - an executive action using the court as a vehicle to disguise your executive action, and not really giving the court a question, therefore, you have deprived or overstepped the boundaries of the separation of powers. The High Court 621 - I think it was, in *Emerson* - determined that was not the case in the operation of the legislation in the Northern Territory.

The effect is, if you continue to behave in such a way so you are declared to be a drug trafficker, because of being convicted of being in possession of trafficable quantity three times in 10 years, then we will take your house away from you.

I have issued media releases, done radio and television, and any number of things, including going to Canberra and indicating to the press there as well indicating to the press in Darwin that I was down there to pursue this matter and had a personal interest in it, so the message would get out.

It is an interesting fact that when you do polling for political parties, you may be amazed to know - and I remember this was done a number of years ago because I saw these numbers - that 5% of the Northern Territory had never heard of Clare Martin while she was the Chief Minister. There is only so much you can do to educate the public in relation to these sorts of things.

Ignorance of the law, of course, is no excuse. We will take every opportunity to get the message out with free media, but I am not prepared to buy space and start telling people that this is the consequence of their actions. Here is a thought: do not become a drug trafficker and we will not take your house.

Mr WOOD: I agree. That is the reason why I was saying ...

Mr ELFERINK: I understand the question, and I am not having a go at you, but I do not feel a warm glow of support for these people.

Mr WOOD: No, I am definitely not asking for a warm glow of support. But, there are silly people in our society that do things that ...

Mr ELFERINK: Yes, stupidity is not a crime.

Mr WOOD: I know, but it can end up being a pretty expensive ...

Mr ELFERINK: Drug trafficking is.

Mr WOOD: It is, yes. On page 51, minister, it talks about Aboriginal land. Under that section is the Kenbi Land Claim ...

Mr ELFERINK: Yes.

Mr WOOD: ... 'Continued assistance and advice regarding settlement of the Kenbi Land Claim'. Having been through some of this years ago, I thought this had been sorted.

Mr ELFERINK: This is the legal equivalent of dentistry. It is performed without anaesthesia and over a long period of time. The Kenbi Land Claim, as you well know, is the longest running land rights claim in the history of the Northern Territory, and it is probably going to be, if not already, the last one ever settled.

The former government made an arrangement through the Northern Land Council that, basically, one-third of the Cox Peninsula was to be returned to Territory freehold. The other two-thirds was to be inalienable title under the *Aboriginal Land Rights (Northern Territory) Act*. The last I last heard, that matter had gone, under the former government, to the federal government, where it was hooked up by the Finance department. I think that matter was resolved but, now, there are some outstanding issues amongst some of the claimants. Those issues are yet to be resolved.

The Northern Territory government's position on this is that we would embrace a resolution. However, until the claimants have their matters sorted out amongst themselves, it will remain on foot.

Mr WOOD: Thank you. It would be nice to have it finished. The other one is Blue Mud Bay ...

Mr ELFERINK: I have just had a note shoved under my nose. My memory is correct, I had nothing to do with MACA. I think I spoke ...

Mr WOOD: Can I apologise, then, to you? I was looking it up myself now.

Mr ELFERINK: Yes, I was mildly confused when you said that. I am generally ...

Mr WOOD: That is my job, to confuse you. I apologise for that.

Mr ELFERINK: It is just the volume of stuff, you think, 'Hang on'.

Mr WOOD: Sorry about that, minister. However, in relation to Blue Mud Bay, when the government makes an agreement with different groups of people, is that made public at all? Or is that ...

Mr ELFERINK: It depends on that nature – it would be of a contractual nature, so we are talking about the access right type things over the ...

Mr WOOD: There would, obviously, be some cash payments, there might be some building, and there could be some money for rangers. There could be a range of things.

Mr ELFERINK: I am not the minister with carriage over the negotiations on that thing. Whilst solicitors will provide legal advice, the ultimate deal would be, I imagine, like any contractual arrangement - there may be elements of it which are not public. I do not know. I would refer that matter to Lands and Planning - the Department of Chief Minister, Lands, take your pick.

These things are always awkward to negotiate out because you are dealing with a number of potential claimants. One of the problems the Federal Court has from time to time is dealing with various claimants to make certain it is dealing with the right or most appropriate one.

Mr WOOD: Thank you. Those are all of the questions I have on that section.

Madam CHAIR: Are there any ...

Mr GUNNER: Would you mind tabling answers to written questions?

Mr ELFERINK: There you go - tabled. There is your intro.

Madam CHAIR: Just for clarification – there are no further questions?

Mr ELFERINK: How many do you want?

Madam CHAIR: Oh, copies are already done. So, there are no further questions on the whole of the Department of Attorney-General and Justice?

Mr GUNNER: I will briefly thank the Attorney-General who, at the whole-of-agency stage, basically, took my questions to different outputs up-front, which made it easier.

Mr ELFERINK: It was not my intention but, anyway, we will proceed. I am still a little grumpy with you.

Madam CHAIR: Okay. That concludes all outputs on the Department of Attorney-General and Justice. On behalf of the committee, I thank the officers who provided ...

Mr WOOD: What about court support?

Madam CHAIR: Do you have a different output?

Mr WOOD: Yes, I did. I was ...

Mr ELFERINK: I think we have to go through the outputs, because there are other members here who may want to go through the various inputs.

Madam CHAIR: The opposition has indicated that all of its questions were answered in whole-of-government. So, Gerry it is really - if you want, I can go through.

OUTPUT 2.0 – COURT SUPPORT SERVICES

Output 2.1 - Higher Courts

Mr WOOD: Output 2.0, Court Support Services.

Mr ELFERINK: Court Support Services? Yes.

Mr WOOD: I think this relates to that. Could you please explain a little about the Community Justice Centre. This relates to what it says here:

The Community Justice Centre trained mediators located at Yuendumu, Lajamanu, Willowra and Alice Springs.

It goes onto say they played a leading role in resolving the long-standing intra-family conflict in Yuendumu ...

Mr ELFERINK: Oh, yes, yes, I recall this.

Mr WOOD: Could you tell us a little about who they are and how they resolved this intra-family conflict that has been around a fair while?

Mr ELFERINK: The short answer is no, I cannot tell you who they are. Even if I did know who they were, I would not mention their names here. What I will say to you is from time to time - as you know remote Northern Territory probably better than I ever will, and I have some familiar ...

Mr WOOD: You know a fair bit.

Mr ELFERINK: I know a reasonable amount. From time to time, you can have two approaches. One is that you can apply the letter of the law, and the other way is you apply the spirit. I suspect it is a lot cheaper to get a few people onto the payroll to smooth a few things over than have people being bussed off to Adelaide and living in the greenbelts in Adelaide.

Bearing in mind the core function of government - its primary function, before all else - is to provide safety and security for the community, the government will take, from time to time, appropriate steps to resolve issues of this nature. From what I can see, in Yuendumu and the related communities, those matters which led to a most unfortunate set of circumstances about two years ago have been resolved. Apparently, they did a lot of work training local mediators.

Mr WOOD: Is the Community Justice Centre similar to some of the groups that get together in north Queensland, or is this ...

Mr ELFERINK: Good. I am glad you are asking me about this. This is the family responsibility commitment you are talking about?

Mr WOOD: Yes.

Mr ELFERINK: Yes. Without making any announcements pre-emptively, I have had a look at what is going on in north Queensland. I am quite impressed by what is happening - except for the expense. They are doing it at about \$1m a community which is, for 78 communities in the Northern Territory, a long bow to draw.

As time rolls out over the next year, hopefully, I will be able to make some more announcements about stuff I am doing in this field. I am happy to brief you. I have briefed the Labor Party on this, if memory serves me. Yes, I have. He is sitting there nodding.

There are some good principles to be picked up there, but many of the things we already do have only just been started in the family responsibility commissions over there. If we can draw that together in an appropriate fashion, then we have a wonderful opportunity to create a local decision-making process.

The idea is not new. It has been around for 800 years at least. There used to be a title for the officer of the Crown in England in the 1200s called the shire reeve. It is the where we get the word 'sheriff' from. The shire reeve dealt with smaller localised issues, so a circuit court travelling out of the major centre like London did not have to turn up for every minor complaint. Those matters were sorted out under the King's instruction. So, the idea is 800 years old at least.

How do you roll that out in the current environment? That is part of the challenge, and we are looking at it but not making any announcements at this stage.

Mr WOOD: What does the Community Justice Centre do? Is it a centre based in Alice Springs that trains people? What exactly is it?

Mr ELFERINK: It is Darwin based and we fund it with three staff.

Mr WOOD: They train people?

Mr ELFERINK: Yes, if you like. In essence, yes, they train people. They try to keep things out of the court system, if you like. There are a number of services they will provide in accordance with that, including mediation, if memory serves me. Yes, including mediation and those sorts of services.

When I was the member for Port Darwin in opposition, I used them on one particular occasion to help a lady out with a dispute with the Local Government department.

Mr WOOD: The interesting thing is they do accredited mediation training, but they were funded by the Healing Foundation. It says here the training was funded by the Healing Foundation.

Mr ELFERINK: The training may have been, but their wages are not. They are on staff.

Mr WOOD: Oh right, that is all right. I do not have a good understanding of what they are. When I saw them there, I was interested to see whether they were like the north Queensland ...

Mr ELFERINK: No, no, this is nothing like north Queensland. The north Queensland model, basically, has a roving person of magisterial rank. In fact, it is a retired magistrate. I had a good chat with him. He travels around to places like Aurukun. His title is commissioner. In each community they have a number of other people with the title of commissioner. Basically, it is local people and they meet as a board, if you like. They, effectively, summon people before them and deal with them as a shire reeve would have done 800 years ago. It is local people making local decisions.

I find that attractive. There is a lot of merit in something like that. How do you do it in the Northern Territory? The answer is I do not know yet, but I will get back to you. Give me a bit of time.

Mr WOOD: All right, I will. I know you probably want to talk about the Fines Recovery Unit.

I quote from the report. You had a plan for the future of the Magistrates Court. You mentioned something about it in your opening statement. If it is to do with demolishing it and building something new, have you considered taking it out to Palmerston or thereabouts, because the prison would not be far away ...

Mr ELFERINK: I am not that far down the track. I know it is an older building and it is something on my mind. It has barely been spoken about beyond that. As Attorney-General, I inherited a court system that is pretty tired. That is because previous Attorneys-General struggled to understand the import of what was going on.

The Chief Magistrate at the time, Hilary Hannam, had a problem with the cells, and the former government made a commitment to building better, or revamping, the cells downstairs in the local court. That is unsatisfactory because you still have juveniles mixing in with adults, even in the part where they are moving in and out of the courtroom. You also have female juveniles within visual site of male juveniles, which is also questionably appropriate at best.

Therefore, one of the first things I took on as the Attorney-General is finding better ways to do that. We pretty much found solutions here in Darwin; we found other solutions in Alice Springs. We will be moving the Supreme Court out of the existing court house in Alice Springs. I think there are some announcements to be made in the not-so-distant future in relation to successful tenderers in that space.

The only reason I mention the local court here is because it has been on my mind. It is also a building that is 30 years old and I would like to look for other solutions. Whether it is Palmerston or whatever, I am not going to make any announcements or suppositions at this stage.

Mr WOOD: That is all right. It is just that if you were looking at it, it is closer - people can go to work there and can ...

Mr ELFERINK: Are you suggesting the people of Palmerston need a Court of Summary Jurisdiction, because it is closer to where more crimes are committed? Are you suggesting that about Palmerston, Mr Wood?

Mr WOOD: That is all in your mind, Attorney-General. I am looking at the people who would be employed there ...

Mr ELFERINK: I was just asking. I would be outraged if I was a member from Palmerston.

Mr WOOD: Thank you, that was all the questions I have.

Madam CHAIR: Sorry, there was a misunderstanding on my part before. I thought there were only a couple of questions, so we could approach it as a whole, without outputs. I will close down Output 2.1.

Output 2.2 – Lower Courts and Tribunals

Madam CHAIR: Are there any questions for Output 2.2, Lower Courts and Tribunals?

Mr WOOD: No.

Madam CHAIR: That concludes consideration Output 2.2.

Output 2.3 – Fines Recovery Unit

Madam CHAIR: Output 2.3, Fines Recovery Unit. Are there any questions on that output?

Mr WOOD: The minister is dying to answer this. Minister, what sort of reduction do you have in the number of people owing fines?

Mr ELFERINK: Substantial. There has been \$170 000 recovered in the last few weeks since we starting rattling the cage and making public that we were going after these people.

One of the shortcomings at the Fines Recovery Unit that came to my attention was it was not assertive enough in the recovery process of fines. The effect was that fines became meaningless. There were people with tens of thousands of dollars worth of fines on the books and they were not bothering to pay

them because there was no consequence such as 'We'll take your licence off you!' 'Bully for you', they continued to drive. What happens when you get picked up for driving unlicensed? You get a fine.

We determined to become far more assertive and we are looking after a number of approaches, including seizing property and clamping car wheels. We are encouraging people to pay them in the first instance and, if they cannot pay them, then work them off.

I am pleased to note that recently the front page of the *Northern Territory News* covered an individual who had tens of thousands of dollars of outstanding fines, and that person was going to be spending a fair amount of time doing community work.

The message to the public is clear: pay your damn fines.

Mr WOOD: Are many people doing community work to pay off their fines?

Mr ELFERINK: I could not tell you off the top of my head but I imagine there would be a lot of them. I, for one, tend to pay my fines in cash.

Mr WOOD: Yes, you have to keep that timber only a certain distance out of the back of your car.

Mr ELFERINK: I cannot remember if I put a red flag on that thing or not, but I erred on the side of caution and confessed that I probably did not.

Madam CHAIR: Are there any other questions in Output 2.3? That concludes consideration of Output 2.3.

Mr ELFERINK: Can I just go back to that question just a little?

Madam CHAIR: Sure.

Mr ELFERINK: The amount of money that is still owed is \$49m. We are looking at a naming and shaming process, wheel clamping, and ceasing business to trade with the Motor Vehicle Registry. We have made a new announcement concerning these sanctions which drew significant interest. As I told you before, it has already recovered \$170 000, so we are pleased with that.

Mr WOOD: Have you given any consideration to now holding the car of people who have been fined for driving an unregistered car?

Mr ELFERINK: If a person does not pay their fine we are talking about wheel clamping, so that is seizing their vehicle by another means.

Mr WOOD: I think the magistrate mentioned in a recent court case in Alice Springs about people driving unregistered cars ...

Mr ELFERINK: We give them a chance to pay their fines first.

Mr WOOD: Okay. All right.

Madam CHAIR: That concludes Output 2.3.

Output 2.4 - Integrated Justice Information System

Madam CHAIR: I now call for questions on Output 2.4, Integrated Justice Information Service. Are there any questions?

That concludes consideration of Output 2.4 and Output Group 2.0.

OUTPUT 3.0 – DIRECTOR OF PUBLIC PROSECUTIONS

Output 3.1 – Director of Public Prosecutions

Madam CHAIR: The committee will now consider Output 3.0 Director of Public Prosecutions. Output 3.1 Director of Public Prosecutions. Are there any questions?

Mr WOOD: I do not have any more questions in that section.

Madam CHAIR: For the whole of Attorney-General?

Mr WOOD: I do not know whether the opposition has any. Do we have any for Independent Offices?

Madam CHAIR: No? No one else has a question?

Mr ELFERINK: I have a statement ...

Madam CHAIR: There are no questions for DPP?

Mr WOOD: Hang on a sec. Are you confused over when they are on?

Madam CHAIR: We are still in Attorney-General.

Ms FYLES: Yes. Just go through Output 3.1.

Madam CHAIR: Output Group 3.0, Director of Public Prosecutions. No? I will close that output.

OUTPUT 4.0 – INDEPENDENT OFFICES

Output 4.1 – Consumer Affairs

Madam CHAIR: Output Group 4.0, Independent Offices, Output 4.1, Consumer Affairs. Are there any questions?

Mr WOOD: No.

Madam CHAIR: I will close that output.

Output 4.2 – Anti-Discrimination Commission

Madam CHAIR: The committee will now consider Output 4.2, Anti-Discrimination Commission. Are there any questions?

That concludes consideration of Output 4.2.

Output 4.3 - Information and Public Disclosures Commission

Madam CHAIR: I will not call for questions on Output 4.3, Information and Public Disclosures Commission. Are there any questions?

Mr HIGGINS: I have a quick one. There have been a few cases this year of public servants who have acted unethically. What are we doing to make sure that does not happen again?

Mr ELFERINK: We have a number of matters that have - you may recall when I took over as the Attorney-General, I was referring to the year 2011-12 Annual Report in which there were a number of assertions that caused me great concern. Here is the paper I am looking for.

I am pleased to report to the committee that a number of investigations have occurred – and, no, I cannot table this because there are a number of confidential matters in it which are still sub judice, but I can use some of the information in it.

We have a successful prosecution for disclosing of official secrets, where a period of imprisonment of six months was wholly suspended, for that person to be of good behaviour for a period of 18 months. I understand that person is no longer employed by us.

Allegations were made that two public officers accepted gifts. Matters were investigated, and those public officers no longer work with the Northern Territory government. However, there was insufficient evidence for a successful prosecution, sadly, but that is the nature of these things. Those people have now moved on.

We have investigations surrounding falsified invoices. That matter is still sub judice. The prosecution will be alleging the appropriate criminal offences for some form of fraud.

We also have matters that have led to criminal convictions in relation to stealing, which led to eight months imprisonment, totally suspended.

We also have to deal with other offences in relation to losses to a shire totalling \$250 000. Those matters were investigated and a warrant for a person's arrest has been issued.

There is another matter of the sale of public assets. We are still awaiting the results of the investigation of police.

There was a matter of accepting valuable gifts - insufficient evidence in relation to that particular matter. However, there are a number of processes in place to ensure we are addressing future risks.

Allegations of criminal acts - insufficient evidence to prosecute, but the matter has clearly sent shockwaves through that particular organisation.

We have another matter in relation to the procurement process which remains under investigation.

There is an allegation about a matter in relation to some other money provided by government and investigations are continuing, so I am not going to say anything about it.

You can see there are 10 matters which are currently under investigation, before the courts or, alternatively, have been dealt with by the courts, leading to criminal convictions.

I made certain I gave an assurance to the people of the Northern Territory that these sorts of things, which had been allowed to flourish or go undetected, would not be something we, as the government of the Northern Territory, would be happy about. As you can see, we have taken steps which have led to a number of matters being resolved and the separation of employees, and we will continue to do so when necessary.

Mr HIGGINS: That seems a lot since I was in the public service 15 or 16 years ago. Has it been gradually increasing? How come we have so many? What are we doing to stop it?

Mr ELFERINK: One of the things about leadership, if you like, is you have to be prepared to make the tough calls, and that is what we have been doing. There are other matters as well, which have been a source of some publicity in relation to Corrections officers and those sorts of things - which are also in this sweep, if you like, of making sure the place is clean.

It is a bit like Caesar's wife: not only are you expected to be beyond reproach, but seen to be beyond reproach as well. That vision has been somewhat blurred in the last decade. We, as a government, have been anxious to clarify that vision in the public eye, and we hope this will go a long way to restoring public confidence in an organisation which has been substantially supported by the vast majority of people who work in it, as good, honourable, and right-minded people. I can tell you now I have spoken to a number of public servants who have quietly told me they are grateful these steps have been taken because they want to make sure their integrity is beyond question. We will keep it up.

Madam CHAIR: If there are no further questions in Output 4.3, I will conclude consideration of that.

Output 4.4 – Registrar-General

Madam CHAIR: The committee will now consider Output 4.4, Registrar-General. Are there any questions? That concludes consideration of Output 4.4.

Output 4.5 – Public Trustee

Madam CHAIR: I will now call for questions on Output 4.5, Public Trustee. Are there any questions? That concludes consideration of Output 4.5.

I note that questions regarding Output 4.6, Health and Community Services Commissioner, will be answered by the Minister for Health on Wednesday, 11 June. I also note that questions regarding Output 4.7, Children's Commissioner, will be answered by the Minister for Children and Families later this evening.

OUTPUT GROUP 5.0 – CORPORATE AND GOVERNANCE

Output 5.1 – Corporate and Governance

Madam CHAIR: The committee will now move on to Output Group 5.0, Corporate and Governance, Output 5.1, Corporate and Governance. Are there any questions? That concludes consideration of Output Group 5.0.

Are there any non-output specific budget-related questions?

That concludes consideration of all outputs for the Department of Attorney-General and Justice. On behalf of the committee, I thank the officers who provided advice to the minister today, and the minister. The committee will now move on to consider the Office of the Commissioner for Public Employment.

The committee suspended

OFFICE OF THE COMMISSIONER FOR PUBLIC EMPLOYMENT

Madam CHAIR: I welcome you, minister, as the Minister for Public Employment, and invite you to introduce the officials accompanying you and, if you wish, to make an opening statement regarding the Office of the Commissioner of Public Employment.

Mr ELFERINK: Yes, thank you, Madam Chair. I appear before you as the Minister for Public Employment. To my immediate left is Mr Craig Allen, who is the Commissioner for Public Employment. To cut a long story short, and for the sake of time, I will keep my opening statement fairly brief to say that the Office of Public Employment deals with all matters of public employment in the Northern Territory. That is fairly self-evident by its description. It has to negotiate a number EBAs across the system, some of which run very smoothly and others less smoothly. We will continue to provide a service to the public servants of the Northern Territory through this office, which will be effective and serve both the interests of government and its employees.

Madam CHAIR: Are there any questions relating to the statement?

The committee will now consider the estimates of proposed expenditure contained in the Appropriation Bill 2014-15 as they relate to the Office of the Commissioner for Public Employment.

Agency-Related Whole-of-Government Questions on Budget and Fiscal Strategies

Madam CHAIR: Are there any agency-related whole-of-government questions on budget and fiscal strategies?

Ms FYLES: Is it okay to ask now for the tabling of the written questions?

Mr ELFERINK: You can do that.

Ms FYLES: Thank you, minister.

Mr ELFERINK: I just happen to have a bunch I prepared earlier.

Madam CHAIR: That now concludes questions on agency-related whole-of-government questions on budget and fiscal strategies.

OUTPUT GROUP 6.0 – EMPLOYMENT SERVICES

Output 6.1 – Employee and Industrial Relations

Madam CHAIR: The committee will proceed to Output Group 6.0, Employment Services, Output 6.1, Employee and Industrial Relations. Are there any questions?

Ms FYLES: Minister, when was the most recent staff survey taken?

Mr ELFERINK: It is currently under way, isn't it? It will be done later in the year.

Ms FYLES: There is an explanation of why the 2013 survey was deferred?

Mr ELFERINK: The former Commissioner for Public Employment and I discussed the matter. In relation to his advice, we decided to do it this year.

Ms FYLES: You just decided to skip it a year on his advice. Were there significant details you might enlighten us on?

Mr ELFERINK: He and I had a conversation. We discussed the matter, and the survey is being conducted later on this year.

Ms FYLES: It just seems strange to change the date on a basic conversation. What is the budget provision for the survey?

Mr ELFERINK: Enough. The survey will be run, it will be paid for out of the particular line item. That is why it is budgeted for. If you want to know exactly the dollar figure, it is probably going to be pretty hard to guesstimate because it will be done within the capacity provided for. Enough will be provided.

Ms FYLES: Okay. So, it is later this year and enough will be provided?

Mr ELFERINK: Yes.

Ms FYLES: It seems quite vague. Do we know who will conduct or design the survey at this stage?

Mr ELFERINK: I image the Commissioner for Public Employment will do it. That is what his job is.

Ms FYLES: Are we able to get any more detail? These are the questions public servants are asking us. They are very anxious that the survey did not take place last year.

Mr ELFERINK: This is why we said to you if you had any questions for us give us the heads up and we will get you the detail of it. Anyway, it will be designed in a fashion that it will extract sufficient information out of the public service to enable us to plan for the future, which is the purpose of the survey.

I have just been advised that it will be done based on a number of leadership matters. It will be done in a number of jurisdictions and the commissioner will construct it in such a fashion as he sees fit.

Ms FYLES: In the best interest of getting an accurate picture of the NT Public Service, will there be an opportunity for staff and union to have input into that design of the survey?

Mr ELFERINK: You might want to answer these questions, Mr Allen. I will leave that professional stuff to you.

Mr ALLEN: Craig Allen, Commissioner of Public Employment. The design of the survey will have local input. We have had some discussion with the unions about it. The core of the survey is based on the leadership matters, which is a public survey that has been done by other jurisdictions. We want to do that so we can do some inter-jurisdictional comparisons with the data.

Ms FYLES: Thank you. Does it differ, or do you imagine it differing greatly from previous surveys?

Mr ALLEN: No, there will be the core components we are trying to line up with previous surveys so we can do what happened in the Northern Territory in the past. We can also then look at what is happening across the country.

Ms FYLES: I am assuming that staff would participate anonymously in the survey?

Mr ALLEN: Absolutely.

Ms FYLES: Yes. That is guaranteed.

Mr ELFERINK: Mind you, it would not be guaranteed under a Labor government because, of course, Labor governments are worried about public servants' political affiliations. If the media release from today – was it today or the last couple of days, no yesterday - 'CLP mates in good paddock' is to be believed, then it is clear, based on your political affiliation, you will be subjected to scrutiny by a future Labor government.

Ms FYLES: I think we are talking about \$4.8m in contracts for the fifth floor area.

Mr ELFERINK: Okay, I will take that. You think it will be about contracts. Let me tell you something, just share a little thing with you from the *Anti-Discrimination Act*, Part 3, Division 1, section 19(1).

Subject to subsection (2), a person shall not discriminate against another person on the grounds of any of the following attributes:

...

political opinion, affiliation or activity ...

Ms STYLES: I do not think we are discriminating; I think we are highlighting ...

Mr ELFERINK: Yes, you are. Oh, yes, you are! I would like to know what this list is you have put together and who will get shot under a future Labor government?

Ms FYLES: The ex-candidates who got plum jobs. That is all it is.

Mr ELFERINK: I see. Who do you have in mind? Would you like to name them? Tell me who they are. I can tell you, the way this stuff works – and you are sitting there smiling but I do not think it is very funny at all. The way this stuff works - under a nicer Stalinist future Labor government in the Northern Territory - is you guys will trawl through the public service and try to pick winners and losers based on their political affiliation. Do I have to quote the Code of Conduct to you?

Ms FYLES: No, we can move on ...

Mr ELFERINK: Well, I think I will anyhow ...

Mr HIGGINS: I would like to hear it.

Mr ELFERINK: The Northern Territory government *Anti-Discrimination Act* prohibits discrimination on the grounds of race, sex, sexuality, age, marital status, pregnancy, parenthood, breastfeeding, impairment, trade union or employer association activity, religious belief or activity, and political opinion, affiliation or activity. That is straight out of the act.

Yet, what do we see here? A good old media release from the Leader of the Opposition saying 'CLP mates in a good paddock'. You say the ones who are on contract. Who are these people? Who are these people you guys will go after and sack because you think they are involved with the CLP?

You have no boundaries. We heard from your shadow Attorney-General today that there is no boundary you will not cross. You do not care whether you act lawfully or not. This media release is an unmitigated disgrace. It comes on the back of a particular public servant, who was not a contractor, being named in this Estimates Committee last year by the Leader of the Opposition, simply because of who she was married to.

There is no way that I, as the Minister for Public Employment, am going to sit here and let something like this go unaddressed. This is absolutely disgraceful! For somebody who believes - and I genuinely believe you believe this - we should not discriminate in the workplace, how can you support something like this? How could you possibly even go down the path of supporting something like this, and supporting a leader who will identify people by their political affiliation and go after them? You have just, to my dismay, said, 'It is the contract people that got plum jobs'. Really? So, a person on contract is allowed to be discriminated against because of their political affiliations? Is that what I am hearing from you?

Goodness gracious me, this is rubbish!

Ms FYLES: Thanks you for that.

Madam CHAIR: Are there any further questions?

Mr HIGGINS: Can I get an update on the teacher EBA negotiations?

Mr ELFERINK: Yes, sure. The matter is still out for vote. Thursday it is coming in. We are aware approximately 1000 people have voted, and we will wait until Thursday to have those results come in.

I can say I am anxious to resolve this particular dispute, but I say to any teacher out there listening that it has already cost the average C9 Level teacher \$1500 to take this line of industrial action. The union is in disarray. It has fallen apart and reformed after a fashion, given very bad advice, and already, on one occasion, been told by Fair Work Australia to desist in industrial action because of the incorrect and bad advice it gave its members. The advice it continues to give its members is 'do not sign up to the EBA'.

If that continues to the next three years until the next Territory election, the cost is getting calculated out at \$26 000 for a C9 Level teacher. That is a lot of money to forego, and it also does not include the ramifications on future superannuation contributions, which is another component that needs to be considered.

The EBA is about pay and entitlements. What the union is trying to do, of course, is talk about government policy. One of the challenges this government has had since coming to government, is making sure it is government that sets the policy, and not the unions. The reason is, we have seen enormous increases in staff, enormous increases in expenditure, yet, we have seen no discernible improvement in results in the NAPLAN testing ...

Ms FYLES: Oh, rubbish! We have.

Ms ELFERINK: ... nor have we seen any discernible improvement in enrolments. Those are not good outcomes for the amount of money we have expended, so we need to do something else.

What this government will not do is hand over education policy to the union. That has been the case now for a number of years and we have not seen the improvements. As a consequence of that, the government will press on with reforming the education system to get better results. I encourage teachers to sign up to better pay and better entitlements in the workplace.

Ms FYLES: Why did you go to an online EBA method instead of a traditional voting method?

Mr ELFERINK: Because we live in the 21st century and it is an appropriate use of the technology.

Ms FYLES: What is the total cost of the online?

Mr ELFERINK: Less than it would have been under the traditional method.

Ms FYLES: Teachers have raised serious concerns about their privacy with that online method. Can you explain that method to us? It seems unusual, all of a sudden in the heat of the debate, to go away from the traditional method.

Mr ELFERINK: You can make of it what you will, it is cheaper to do it that way. For some reason, the Labor Party thinks that doing things laboriously - perhaps it is in the name - and expensively way is the right way. We do not agree.

The voter is issued with a PIN by e-mail, they enter that PIN and vote or indicate their acquiescence or otherwise to the determination of whether or not the EBA should be adopted. It is the electronic equivalent of what is done by a manual process historically. Welcome to the 21st century!

Ms FYLES: What is the cost of urging teachers to vote yes in the EBA, from the advertising campaign that has been running?

Mr ELFERINK: I could not tell you that off the top of my head. We can get that from the Education department. You can ask that question of the Education minister.

Ms FYLES: You claim that teachers will be worse off by \$26 000 - that is assuming that after this ballot there will be no agreement met, which is a little unusual to think that way ...

Mr ELFERINK: All they have to do is say yes, and there will be an agreement.

Ms FYLES: Teachers have raised specific concerns about pay. You claim it will be the best in the country - that is debatable. They are talking about their conditions, which are being eroded away. You are not listening to those concerns, you are not coming to the table

Mr ELFERINK: Which conditions?

Ms FYLES: For example, two days now has to be part of their holiday break - their professional development is one of their main concerns. You have not negotiated in good faith. Why did you push an offer through to teachers online in a short period of time?

Mr ELFERINK: I am legally obliged, under the *Fair Work Act* of Australia, to negotiate in good faith, and I have complied with the law, as has the Commissioner for Public Employment.

Ms FYLES: Teachers have made it quite clear they want an education system which looks after their kids.

Mr ELFERINK: Hang on. Wait, wait! This is the throwaway line to stick in the middle. The problem we, as a government, has is the education system has not delivered. It has not, and you sit there ...

Ms FYLES: It does deliver. We have the highest reading rates in Year 3 NAPLAN, better than New South Wales and the ACT. You continually say that NAPLAN is the worst. Children are improving.

Mr ELFERINK: No. What I said is that NAPLAN results have not improved.

Ms FYLES: They have improved.

Mr ELFERINK: You can pick a particular point but, overall, the average has not shifted. We can get the big bit of cardboard I held up in parliament and show it to you.

Ms WALKER: You are wrong, minister. Incrementally, year by year, in a number of areas of literacy and numeracy, it is demonstrated that there are considerable gains in NAPLAN in the Northern Territory.

Mr ELFERINK: The evidence I have before me does not concur with that assertion ...

Ms FYLES: NAPLAN evidence shows it.

Ms WALKER: Well, no surprises there!

Mr ELFERINK: That is the evidence I have made clear in parliament. The fact is ...

Ms FYLES: Your government continually talks down teachers.

Ms WALKER: Absolutely!

Mr ELFERINK: I talk down union members because they have shown an astonishing capacity to implode and give bad advice to their membership and the teaching population as a whole. To have that exercise which Cranitch went through - let us look at it this way. They were so incensed they decided to spend \$15 000 of their members' money to run a political campaign, saying 'We will take this to the people and we will show you'. They took it to the people and got an 8.9% result. If we took an issue like my future membership of this Legislative Assembly to the people, and I got a result of 8.9%, I suspect I would have to listen to that result and try not to return to this House.

I had a surprising conversation with Mr Clisby when he came to me. The first question I asked him was, 'Should I be talking to you because your union is in disarray?' When he assured me he was the guy to talk to, I said, 'All right, can you please explain to me how 8.9% supports your position?' He then said, 'You do not want to worry about that'.

They took it to the people and they gave their answer. I suggest the union revisits its approach to this, accepts there is a difference between pay and entitlements and Education Department policy, separate the two out, and accept a pay deal which will make them amongst the best paid teachers in this country. The OECD research in this area says that better paid teachers provide better results ...

Ms FYLES: So do smaller class sizes.

Mr ELFERINK: Actually, no, that is wrong. If you look at the OECD in relation to this, it makes it absolutely clear that there is no real relationship between class sizes, but for the formative years. This is something the Labor Party ...

Ms WALKER: Oh, rubbish!

Ms FYLES: Keep kidding yourself.

Mr ELFERINK: I am happy to table the OECD literature in relation to this stuff. But, anyway ...

Ms WALKER: That is just one source, minister, isn't it?

Ms FYLES: I have no more questions in that output.

Mr ELFERINK: Let us ignore the OECD - what does it know? It bases its research in this particular area of education on an organisation called PISA. I believe Jenny Macklin's husband heads up that research organisation in Australia. I trust that information, as does the government. Further to that, is where class sizes do matter is in the formative years. Guess what? We have made them smaller.

Ms FYLES: No, you have not ...

Mr ELFERINK: Yes, we have. That is the point. You keep saying ...

Ms FYLES: Get your Education minister to table the stats, and we will talk about them. Anyway, I am happy to move on ...

Mr ELFERINK: No, not 'anyway'. You are wrong. Class sizes in the formative years of primary school have been reduced. You sit there shaking your head ...

Ms FYLES: Fewer teachers.

Mr ELFERINK: Oh, God! You ...

Ms WALKER: Anyway, you are not the Education minister, so we will save that for him tomorrow.

Ms FYLES: Yes, we will ask him.

Ms WALKER: We will save that for him tomorrow.

Ms FYLES: We are having a preview. We are happy to move on.

Mr ELFERINK: But the point is that sometimes I get the feeling that no matter how big the slice of butcher's paper and how thick the crayon, you still do not want to acknowledge the truth of the class sizes in relation ...

Ms FYLES: You know why we ignore you? Because it is not the truth.

Mr ELFERINK: It is the truth. How can you possibly say that? Those ...

Ms FYLES: Our primary schools have fewer teachers this year.

Mr ELFERINK: That is not true ...

Ms WALKER: Years of experience as educators. The two of us have both years of experience as educators, with Bachelor degrees in education, minister.

Mr ELFERINK: Enrolments are a different issue. I can tell you class sizes ...

Ms WALKER: You do not know what you are talking about.

Mr ELFERINK: Class sizes in the formative years have been improved. This is part of the problem the public has - you guys just cannot tell the truth. It is absolutely beyond your capacity to tell the truth ...

Ms WALKER: The pay-off is we have larger classes in the senior schools which is absolutely disastrous for educational outcomes for children.

Mr ELFERINK: In fact, beds could not be built crooked enough for you to lie in. It is just insane.

Madam CHAIR: Are there any further questions on Output 6.1?

Ms WALKER: I would have thought the teacher who had been delivered to parliament by Matthew Cranitch might have some comment on this? No, it must be for tomorrow.

Madam CHAIR: That concludes consideration of Output 6.1.

Output 6.2 – Workforce Planning and Development

Madam CHAIR: We will now consider Output 6.2, Workforce Planning and Development. Are there any questions?

Ms FYLES: What budget provision has been made for the whole-of-government workforce planning for 2014-15?

Mr ELFERINK: \$2.028m.

Ms FYLES: How will you go about developing the plan?

Mr ELFERINK: That is part of the whole planning and development budget I just described. We will go through the process of planning, as you normally do. That is a fairly broad question. Can you be more specific in what you are interested in, and what component of the plan?

Ms FYLES: In the interest of time I will move on. I was interested to see if you had any ...

Mr ELFERINK: Yes, I figured as much.

Ms WALKER: Are there any union representatives involved in that plan?

Mr ELFERINK: That is a good question. Are there any union reps involved?

Ms WALKER: CPSU, ASU?

Mr ELFERINK: What is this thing you have about the unions? Of course, you are a union member to be a member of the ALP.

Ms WALKER: We are representative, to a large degree, and we are interested in workforce planning ...

Mr ELFERINK: What about business?

Ms FYLES: You could elaborate and let us know.

Mr ELFERINK: What about business? Isn't business involved?

Ms WALKER: Oh, minister, why do you hate unions so much?

Mr ELFERINK: I do not hate unions, they have a very important role. It is just that they do not occupy my whole conscious thinking.

Ms WALKER: No, you hate unions, you bag them endlessly. Anyway ...

Mr ELFERINK: Especially when they are as incompetent as the AEU.

Ms WALKER: Anyway, you cannot answer that question about which unions are involved in this process, so we will move on to the next question. It is clearly not a priority of yours.

Mr ELFERINK: It is not a priority to the point where I join a political party where you have to be a union member before you can become a member of the political party. Sold ...

Ms WALKER: I simply asked you to answer a question which you cannot answer.

Mr ELFERINK: ... to the highest bidder.

Ms WALKER: You cannot answer the question, minister.

Mr ELFERINK: Sold to the highest bidder, Madam.

Ms FYLES: Minister, do you have any statistics on grievance or other appeals under the act considered by your agency ...

Mr ELFERINK: Yes, I can provide you with those numbers.

Ms FYLES: ... and the types of appeals, the time taken to consider the appeal, and whether the appeal was upheld?

Mr ELFERINK: Total grievances, 115 – that is for 2012-13; 2013-14, as at 2 June - 109. You can probably guess it will get up to about 115 again this year, but that is speculation on my part. Of them, promotional appeals were 65. Promotional appeals, as at 2 June 2014, was 44 ...

Ms FYLES: Sorry, could you please clarify that last bit you just read. What was that?

Mr ELFERINK: As at 2 June 2014, 44 were promotional appeals ...

Ms FYLES: The 65 was the year before?

Mr ELFERINK: Yes.

Ms FYLES: Okay, sorry.

Mr ELFERINK: Disciplinary appeals 2012-13 was four; disciplinary appeals 2013-14, as at 2 June, was one ...

Ms FYLES: And was that one upheld?

Mr ELFERINK: I do not know. Can we find that one out?

Ms FYLES: I was interested to see the number of appeals versus the number that were upheld, that is all.

Mr ELFERINK: Fair question. We will get that information to you.

Question on Notice No 3.1

Madam CHAIR: Member for Nightcliff, did you want to restate the question for the record?

Ms FYLES: Could we have the number of actual appeals, and the number that were upheld, if possible.

Mr ELFERINK: Traditionally, they would be quite low, if memory serves me. The other thing is, added to the inability appeals 2012-13, one; inability appeals 2013-14, as at the 2nd June, one.

Madam CHAIR: Minister, do you accept the question?

Mr ELFERINK: Yes, sure.

Madam CHAIR: The question asked by the member for Nightcliff to the minister has been allocated No 3.1.

Ms FYLES: I have jumped around a bit, sorry. A question around bullying. The current policy which is on the website is the Labor 2005 policy. Obviously, it has been an issue recently. Are you concerned about the bullying in the Department of Health?

Mr ELFERINK: Are you suggesting that the Labor policy was inadequate?

Ms FYLES: Have you taken measures to develop your own policy? When will you be ...

Mr ELFERINK: I understand the matter is under review. I will get back to you.

Ms FYLES: Have you appraised yourself of the extent of bullying in Health and other government agencies? Have you looked in to it? Obviously ..

Mr ELFERINK: Clearly, while this is a question for the Minister for Health ...

Ms FYLES: I just ...

Mr ELFERINK: I will be communicating with the Minister for Health on this. There has been some noise in the public domain recently. I know the new CEO of Health has indicated he would welcome to be appraised of those matters.

I can say, however, the number of bullying matters, as a general principle, are fairly low. Of the 115 grievances in 2012-13, five bullying matters were dealt with by the agencies themselves. In the numbers I gave you for the year 2013-14, of the 109 members, there were two matters of bullying which went to the OCPE and five were being dealt with by the agency itself.

Ms FYLES: Okay. I had some questions around agency and statistics on alleged bullying and health claims. They are, obviously, very low.

Mr ELFERINK: Not only that, we also want to make sure, from a management point of view - we have to trust our managers to be able to do that job. If some flaw in the system comes to the attention of the commissioner, I am sure he will be the first to raise it with me. But, there are systems and protocols in place. You hear this sort of noise quite regularly. I invite any public servant out there who feels they have been bullied to come forward. I personally would like to see a public service which is devoid of that sort of conduct, because it is wrong.

However, there are occasions, from time to time, where management is mistaken for bullying - I am not saying that is the case in any particular case – and those matters have to be resolved and, often, can be resolved within the agency itself.

Ms FYLES: Minister, can you provide the committee with statistics showing, by agency, the number of women employed in executive positions by level and classification?

Mr ELFERINK: That will be in the last State of the Service annual report, so I refer you to those.

Ms FYLES: Both 2013-14 and 2012-13?

Mr ELFERINK: It will be in the next annual report from the State of the Service report. I do not think there will be a huge fluctuation, year on year. I suggest to you, at this early stage - unless I get briefing note shoved into my hand - that you could probably rely on last year's annual report and expect a similar outcome in this annual report. If there is a substantial variation, I am sure you will be raising it in the House.

Ms FYLES: If I am looking for the same data on Indigenous employees by level and classification?

Mr ELFERINK: State of the Service report is the place to look.

Ms FYLES: My final question is, in 2013-14, on any occasion, did ministerial advisors sit on selection panels or were involved in the promotion or appointment of public sector employees? If so, would you provide the committee with the relevant details?

Mr ELFERINK: Not to my knowledge.

Madam CHAIR: If there are no further questions, we will conclude consideration of Output 6.2.

Output 6.3 – Promotion, Disciplinary and Inability Appeals and Grievance Reviews

Madam CHAIR: The committee will now call for questions on Output 6.3, Promotion, Disciplinary and Inability Appeals and Grievance Reviews. Are there any questions?

That concludes consideration of Output 6.3, and Output Group 6.0.

OUTPUT GROUP 7.0 - CORPORATE AND GOVERNANCE
Output 7.1 - Corporate and Governance

Madam CHAIR: The committee will now proceed to Output Group 7.0, Corporate and Governance, Output 7.1, Corporate and Governance. Are there any questions?

That concludes consideration of Output 7.1.

Output 7.2 – Shared Services Received

Madam CHAIR: The committee will now proceed to Output 7.2, Shared Services Received. Are there any questions?

Are there any non-output specific budget-related questions?

This now concludes consideration of all output groups relating to the Office of the Commissioner for Public Employment. On behalf of the committee, I thank the commissioner for attending this evening. The committee will now move on to consider outputs relating to the Department of Children and Families.

Mr ELFERINK: Madam Chair, mother nature has caught up with me.

Madam CHAIR: We will have a five minute break.

The committee suspended

DEPARTMENT OF CHILDREN AND FAMILIES

Madam CHAIR: Minister, this time you appear before us as the Minister for Children and Families. We invite you to introduce the official accompanying you today and, if you would like, make an opening statement regarding the Department of Children and Families.

Mr ELFERINK: I appear before the committee as the Minister for child protection, essentially. Needing no introduction, to my immediate left, is Ms Jodeen Carney, who is the Chief Executive Officer of the Department of Children and Families.

At the outset, this budget needs to be placed in the context of what the department does or what is expected of it. This department is very much the ambulance at the bottom of the hill. I know you will be hearing from the Children's Commissioner later, where he will talk about building a fence at the top of the hill to prevent people from falling down it. It is the opinion of this government that this department is not well-positioned or equipped to be that fence at the top of the hill; that is a matter for other government policy that will be rolled out.

In the meantime, there are still children being neglected, physically abused and - thank God, in declining numbers - sexually abused in the Northern Territory. You cannot get more serious than that.

Over recent years, there has been a tendency to try to expect people in this department to do things which they are neither trained to do, nor is the department equipped to do. In short, government cannot make people happy, which seems to have been the expectation driven by the former government which has led to, in my opinion, poor outcomes across the department and in public expenditure.

The department is, as I described in my ministerial statement to the House, a safety net for a calamitous set of circumstances. However, to ask frontline workers to try to make people happy, and then growl at them when they do not, strikes me as being an outrageous request.

I have spent a great deal of time, as the minister for child protection, speaking to frontline workers across the Northern Territory and reassuring them that I understand their role, moreover also saying to them that I expect them to do their job, even in times when they do not have complete information. It is very difficult for a frontline worker to have a crystal clear picture, almost in any case they are working with, because nobody will tell them, as a general rule, they are abusing, sexually abusing, or neglecting their child. That has to be established by investigations.

Frontline workers, the child protection officers, work in circumstances which are challenging, difficult, and with incomplete information. I congratulate those staff on doing so, and I encourage them to, even where necessary, take risks based on professional judgment and good faith. Frankly, if they work in this system, and are on the right side of gross negligence and criminality, we should applaud the work those frontline workers do.

Since coming to this office, particularly my CEO but other people in the department have been working stridently to try to tighten up what the department does. As a consequence of that, we are slowly developing a department that runs better. We are developing a department which delivers its core functions and services and will do so in a cost-effective fashion.

Simply saying that we care about children is not enough, because saying we care does not give us the right to be careless with other people's money and resources. A department which focuses its resources in an effective way can produce good results, and that is what the department is beginning to do. It is a tragedy this department has to exist at all. Nevertheless, through improvements in corporate governance and in creating a line item for corporate governance, we are creating an environment where we can provide better services.

You will note, doubtlessly - and I expect to receive a number of questions - there is \$1.8m less funding for the next financial year. That is largely because of a \$4.2m Australian government funding cessation attached to Stronger Futures. Also, the Territory government has been able to find resource savings of \$3.9m. We will continue to provide the services we provide, and increase the number of, sadly, nights or days purchased for out-of-home care services.

We have changed the way we account for money, so you will see in a number of line items changes to figures. That is methodological changes which tally up to about \$23m, from memory. Yes. But, those are methodological changes and they do not represent a real reduction or increase in the funding for services in the field.

We are also looking very carefully at out-of-home care services. In 2014-15, we will be spending \$79.4m to support and protect children who are in the care of the Chief Executive Officer. This allocation is evidence of the government's investment in a significant reform of out-of-home care - a reform focusing on strengthening the system to provide better outcomes for children in care. This includes \$0.8m redirected funding for additional staff to recruit, assess, and support foster and kinship carers and improve long-term options for children; \$2.1m for redirecting funding to improve management and accountability out-of-home care services and providing better outcomes for children; and \$0.5m redirected for funding a new residential care facility in Tennant Creek. We will also invest nearly \$34m to provide child protection services to the children of the Northern Territory, and a further \$38.3m for parent and support services.

However, we have to remind ourselves that we remain in the contextual environment where we provide services which are in a difficult environment, and to raise the public bar of expectations is to do a disservice not only to the department, but also to the children we are seeking to protect.

Madam CHAIR: It is me. Thank you very much. Are there any questions relating to this statement? I was thinking very deeply about what you were saying.

Ms WALKER: I have no questions to the statement, but I ask if the minister could table answers to written questions - both the global questions lodged by the Leader of the Opposition, and questions 144, 145, and 146.

Mr ELFERINK: Yes, it is coming.

Ms WALKER: There was a written question 112 from the member for Namatjira as well.

Mr WOOD: May I ask a question on the statement?

Madam CHAIR: On the statement? Yes, as long as the minister is in a position to answer at the moment.

Mr ELFERINK: No, that is all right. There is lots of paper shuffling happening here.

Madam CHAIR: Are you happy to receive questions or do you want a minute?

Mr ELFERINK: Question 144 was it?

Ms WALKER: Question 144, 145, 146, and 112.

Mr ELFERINK: Right. It is coming.

Mr WOOD: I have some fairly general questions which may lead to other questions. Minister, I am not trying to be silly but, of late, feedback I have had from people working in the department is there has been an improvement in the way the department operates and it seems to be much more focused. That is coming from people who do not have any political bent but just feel the changes that have occurred in this department have created some improvements in the way the department is operating, with the focus especially on its core function.

Minister, is there any data being collected to analyse whether there are particular circumstances or backgrounds of the people who are brought into care, which will enable the government to work towards being the fence you were talking about. Your department is collecting all these people. You are dealing with people who have to be cared for, who have been, obviously, at risk.

Do you keep data on where those families come from, what their background is, to some extent, and why they are in these particular circumstances? If you have a fence, then you need to have some of that information before you build the fence.

Mr ELFERINK: I start by saying thank you for the acknowledgment of the good work that is being done. The people sitting next to me and behind me are the ones who are doing the leg work, and they are doing an extraordinary job. One of the things we have been attempting to do is restore focus to the work that child protection should be doing. That has been very hard in an almost nebulous environment that has been allowed to grow out of child protection in the last 10 years or so.

I do not want to make politics of this, so I will not. The former government genuinely intended to make some difference in these areas. Clearly, they made a number of commitments over the years, but it lost focus somewhere along the line and the department was almost – in fact, there was a substantial loss of direction in the department. One of the things I and my CEO have been cognisant of is recreating that direction. In any organisation where direction has been absent, the restoration of some form of rigour is surprisingly welcomed. People who have lived in undisciplined environments suddenly like the benefits that discipline brings. That has been exceptionally well managed by my CEO and I am grateful to her for it, as well as her staff. So, thanks for that observation.

I will digress briefly, and then I will answer your question. However, I need to digress on one thing. When I became a minister, in the very first radio interview I was asked a question, 'Where are your priorities?' and I referred to Maslow's hierarchy of needs in my answer. Maslow's hierarchy of needs, for those who are uninitiated ...

Mr WOOD: I am uninitiated.

Mr ELFERINK: Okay. It was written in the 1950s, obviously by a bloke by the name of Maslow, who said there were five levels of needs a person had. At the lowest level are the basic needs such as food in your stomach etcetera. The first two levels deal with food, shelter, security, and those sorts of things. The top level was self-actualisation. That is the person going to university and finding their way forward. They are committed, actualised, focused people who have all of the hierarchies covered off. However, you cannot get to the top hierarchy unless you attend to the base levels, particularly the first two.

I have told my department to focus on those two, and we will even create, if you like, a hierarchy of rights that will sit alongside it. The fundamental human rights - like a right to food, shelter, and those sorts of things - will take precedence in the way we deliver services over other rights, which I consider, if you like, secondary, to those fundamental human rights – that is the right to privacy, cultural integrity, and those sorts of things. The reason we did that is the right to privacy is meaningless if you are starving to death or if you are being sexually abused. By creating that environment and list of priorities, I am trying to say, particularly to the frontline staff who are working out there, 'We are here to rescue children from pretty diabolical circumstances. Let us get on with that business and worry about other particularly niceties later on if we cannot attend to them in the first instance'. I just wanted to say that is part of the rigour we are trying to bring to that philosophy.

In research, I suggest to you, without having committed resources to it, that there will be books written on the vast majority of it ...

Mr WOOD: I am looking at, more or less - I do not want official documents piled high. Your workers are at the coalface and know which houses they visit - whether they are Indigenous, remote, suburban, or rich and famous.

Mr ELFERINK: I suggest to you they would know that intimately well.

Mr WOOD: That type of information - even though it would be fairly basic - is the information we need if we are to develop structures which will stop people falling off, so we can aim at those people.

Mr ELFERINK: The information is there - it is how you use it. I just made reference to the right to privacy for a very good reason, because if privacy gets in the way of that information then that privacy should be set aside until such time as we can use that information effectively.

Mr WOOD: Someone like the Children's Commissioner? You could override the privacy, I imagine, with ...

Mr ELFERINK: The Children's Commissioner does a lot of this homework. It is not as if the Children's Commissioner operates in a vacuum. The Children's Commissioner takes on this role of doing these longitudinal-type studies, and will make evaluations over time, so I rely on the Children's Commissioner for advice. The core function of this department, however, is the ambulance turning up at the crash scene.

Mr WOOD: We also have those recommendations that were in the *Little Children Are Sacred* report and follow-up inquiries. Are they continually being looked at and monitored to see if there ...

Mr ELFERINK: We will apply those recommendations where they concur with the fundamental and core functions of this department. You have to remember, of course, the primary core function of this department is in its vision statement - which I am trying to put my hands on right now - which clearly describes what this department does. It is a filter ...

Mr WOOD: I have it here from Safe Children, Bright Futures.

Mr ELFERINK: There you go! That is the vision statement. If it goes through that filter and passes that test, yes. If it does not, no. I tell you something else. I am not going to confuse the issue inside the department again with pursuit of satisfying public expectation around boards and those sorts of things. Most of that stuff is good and useful but, if it gets in the way of us rescuing and protecting children, then I am not interested.

Mr WOOD: I would not be either. What I am saying is in early intervention we are trying to reduce the number of people getting to the stage where we need to intervene. Obviously, the Children's Commissioner is very important in that. What programs does the government have? For instance, do you have a program to try to reduce the number of people drinking alcohol? Some of us may agree with some of your programs, some of us may not, but at least you have a program to say this will help. Is there a program to say how we can at least reduce this particularly important issue happening?

Mr ELFERINK: Yes. You can talk about education and those sorts of things. We try to educate, there is no doubt about it. The Health Department will try to educate - there are no shortage of health messages in remote communities on notice boards and those sorts of things. If I turn on the TV now, there are health messages about smoking, cleaning up litter, and those sorts of things.

I understand what you are saying, but how do you pre-emptively identify families? There is one technique, and this means a bit of information sharing which was, if memory serves me, recommended by the board of inquiry, but has to be done properly. Children in care and children in juvenile detention often have the same surname, and the same parents. They all come from the same family groups or families.

There are a number of parallels we can pursue in those areas which will enable us to throw some support around families. I made some reference earlier to the question you asked, in a previous output in Attorney-General, about what we can do in that space. I said I cannot make any announcements yet because we are looking at it. The Family Responsibility Commissions, which is where you went before, is somewhere we are looking. We will have a domestic violence policy coming out very shortly, which will involve a substantial amount of information sharing across both government departments and NGOs. We will have a juvenile justice policy, which will try to capture these people. What we cannot do is knock on the door, walk into people's homes, and ask how they are looking after the kids without any form of complaint or reason to do so.

Mr WOOD: Thank you. What I am looking at is the bigger picture from the government's point of view - not only the Territory government, but the Commonwealth. Many of these families are affected by overcrowding, unemployment in the family, even by pornography and drugs. Is there a theme which says if somebody is subject to all these things combined, more or less, there is a fair chance your department will have to step in at some stage?

Mr ELFERINK: This is a substantial sociological question, and the substantial sociological answer is that it has a lot to do with passive welfare. One of the great things we never talk about in this place - it really gives me the willies; I know you do and I mention it regularly - is the way welfare corrodes rather than restores, particularly in its passive form because it, basically, deprives people of a future.

One of the reasons - and we can talk about it when we get to Corrections - that Sentenced to a Job is so exciting and successful is the number of people who are not coming back, who are attached to the Sentenced to a Job program, because they walk out of prison with a sense of dignity and a future.

If a prisoner walks out of a rack-and-stack model of prison, they come out just as unemployed and unemployable as the day they went in. A bloke who comes out of prison and has a job to go to Monday morning with \$20 000 in his back pocket, he or she is in a much better position than they otherwise were. That is because they have some control over their lives.

I am stridently critical of a passive welfare system which robs people of control, as I know you are. In the greater sociological question, I would land a lot of it there. This hang-up we have about Aboriginality per se is not necessarily constructive because it masks some other things. If welfare dependency was the yardstick, you would find a stronger correlation with that than Aboriginality when it came to child protection issues, criminality, and a number of other things.

Mr WOOD: All right, we had better move along.

Mr ELFERINK: It is much harder to walk down the street and spot a welfare dependent person than an Aboriginal person, which is why we tend to use the convenient label. Whether it is useful or not, I suspect it is probably less useful than we would give it credibility for.

Mr WOOD: Could I ask where the secure care centres fit in these days? There was one built at Holtze and one in Alice Springs, which is now the Alcohol Mandatory Rehabilitation Centre.

Mr ELFERINK: Are you talking about the ones which were attached to Corrections looking after the Part 2AA ...

Mr WOOD: Yes, as well as the Health Department.

Mr ELFERINK: Yes, that is the Part 2AA prisoners. It is not really in this output group, mate ...

Mr WOOD: I was not sure where it fitted.

Mr ELFERINK: ... not even close.

Mr WOOD: Okay. Foster care: do we still have a shortage of people who are carers?

Mr ELFERINK: Sadly, yes.

Mr WOOD: Is it a major shortage?

Ms WALKER: Are we in the right output, Gerry?

Madam CHAIR: We are still in questions relating to the statement.

Mr WOOD: Yes.

Ms WALKER: I am just conscious that we have two hours to do DCF, Children's Commissioner, and Corrections, Gerry.

Mr ELFERINK: It is improving. In June 2012, it was 340, June 2013, 372, and May 2013, 346. Those numbers should be the other way around but, at the moment, as at 31 May 2014, which is this year, the

number is 390. We are increasing those numbers. We do not have enough; we will continue to focus on foster caring. You will notice we put some money aside so we can do some recruiting.

Mr WOOD: Thank you.

Mr BARRETT: Have you a strategy around recruiting for frontline services?

Mr ELFERINK: Yes.

Ms FYLES: Can we stick to outputs? Sorry, we have questions everywhere.

Madam CHAIR: We are still in questions relating to the statement. When people are finished with those questions, we can move onto outputs.

Mr ELFERINK: Yes, we do have a strategy which requires a certain amount of expenditure. It is \$800 000 off the top of my head. I am mindful of the requirement for foster carers - they are different, of course, to out-of-home care services. Out-of-home care services has been hideously expensive to the point where I suggest some of the participants in that process have forgotten it is about the children and have been looking more about the money in that process. I know that is a pretty brutal thing to say in the child protection domain, but when you see examples of hundreds of thousands of dollars on a single child over a six-month period, you have to ask some hard questions. That is what we have been doing. As a consequence, you will notice in the budget papers, despite the fact we are spending less on out-of-home care services, we have increased the number of bed nights by 29 000.

Foster carers bring - and I am not diminishing out-of-home care services, they are a very professional organisations as a general rule. However, there are some places where we can tighten up. The foster carers also have a very particular role, and we will do everything we can to recruit them.

One of the things I want to do, though, is improve the quality of communication between the department and foster carers, because I want to ensure foster carers feel supported by the department and departmental processes.

Ms WALKER: Could I ask a question on that, please, while we are on the subject of foster carers? The reality is they do not feel supported by the department, minister. In a conversation I had with Foster Carers NT, they advised me their membership has doubled in the last year as a direct result of carers who are frustrated by lack of support and timely responses from DCF. Effectively, they do not have the resources to be able to deal with the increased demand and highlight the need for an Indigenous support worker within their ranks. Whilst their budget has not been cut - that has been confirmed - what steps are you taking to address this?

Mr ELFERINK: Seven additional staff will be employed to support foster and kinship carers this year.

Ms WALKER: At what officer level are we talking about?

Mr ELFERINK: In sufficient to purpose. It is ...

Ms WALKER: Sufficient to purpose?

Mr ELFERINK: Yes. They are not going to be ECO5s, if that is what you are asking?

Ms WALKER: No, I am not. I am asking what additional support there is for all of these foster carers? Foster Care NT doubled their membership, so what support will be in place to support them?

Ms FYLES: Agency support, Foster Care NT support.

Mr ELFERINK: You may notice I drew attention to this particular issue which got you all fired up, because I am mindful of it.

Ms WALKER: I am not fired up, I am just asking you questions, minister.

Mr ELFERINK: Goodness gracious me, do you normally talk to people like this?

Ms WALKER: Excuse me, minister, I am just asking questions as I am entitled to.

Mr ELFERINK: In a civil tone would help, not this feigned indignation and outrage when you are asking a simple question. What does an aggressive question sound like?

Ms WALKER: Minister, can you just address this question for me, please?

Mr ELFERINK: Okay, I will.

Ms WALKER: I know you have been in the chair a long time. It is very trying for you, but I would appreciate an answer to a very reasonable question.

Mr ELFERINK: The levels will be P2s and AO6s.

Ms FYLES: This is to support Foster Carers NT? They have had no increase in their budget, but their membership has doubled.

Mr ELFERINK: Yes, I meet with these people, I speak with them. I am not saying the world is perfect. I made it pretty clear in my opening statement that the world is not perfect. You have to remember the organisation I have inherited from the minister who proceeded me was not in the condition I would have expected it to be in.

Ms FYLES: I am assuming you would know that Foster Care NT desperately needs additional support.

Mr ELFERINK: I have spoken to them about it, and I urge you to revisit the answer I just gave.

Ms FYLES: That is departmental staff, not Foster Care NT.

Mr ELFERINK: Yes, and we will be supporting them. They have walk-in access to my office, and they have a revenue base of just under \$750 000. I want to help these people help children.

Ms WALKER: Will you funding them for an Indigenous support worker, which is lacking in the organisation?

Mr ELFERINK: We will look at their requirements in further communications, and we will support them accordingly. I hear ...

Ms WALKER: That is not definite.

Mr ELFERINK: I am not going to commit myself to something that has not necessarily been determined yet.

Ms WALKER: But you do acknowledge there is a need there and it needs to be filled?

Mr ELFERINK: I raised the issue here. I acknowledge there is a need. Of course, there is a need. This is not an easy part of government, as you well know. The first thing we have to do, as a government, is acknowledge some of the shortcomings and some of the problems. We need CEOs, managerial staff, and ministers who are focused on these jobs, and that is what I am trying to bring. I know my CEO brings a very refined focus to this job, which is much better, quite frankly, than her predecessor.

Ms WALKER: It is good to hear, minister. Foster Carers NT also advise that between July 2013 and April 2014, there are 346 advocacy issues they are managing, but that 67 are unresolved, and some of them are six months outstanding. Why is it taking so long to resolve these issues? The top three issues, when I asked, are getting payments right, placement support for foster carers with DCF, and breaches of DCF policy.

Mr ELFERINK: All right, without involving myself personally in each and every individual case, what I can say to you is these things will be dealt with as quickly as possible. I note you said 346?

Ms WALKER: Yes, 346 advocacy issues.

Mr ELFERINK: And how many unresolved?

Ms WALKER: There are 67 unresolved. Some of them - I am not sure how many - are six months outstanding.

Mr ELFERINK: So, the vast majority have been resolved, and there is some further unresolved.

Ms WALKER: There is about one-fifth outstanding.

Mr ELFERINK: How many went over six months?

Ms WALKER: Some. I do not have the exact figure.

Mr ELFERINK: Okay, 'some' went over six months. It depends on the nature of the complaint that is being resolved. As I said, I am not going to involve myself on an individual case-for-case basis on these particular issues.

Ms WALKER: But you would consider six months is an okay period of time awaiting the ...

Mr ELFERINK: It depends on the circumstances of the case.

Ms FYLES: We are talking about payments for foster carers.

Mr ELFERINK: In that case ...

Ms WALKER: Response on breaches of DCF policy?

Mr ELFERINK: It depends on the nature of the complaint. Do you have a specific case to raise with me?

Ms WALKER: Minister ...

Mr ELFERINK: Hang on. You are saying ...

Ms WALKER: You are being very defensive.

Mr ELFERINK: I am not being defensive, what I am saying to you is ...

Ms WALKER: You are being defensive.

Mr ELFERINK: You are saying, 'Oh, six months is bad'. Okay, on the face of it ...

Ms FYLES: Foster carers receiving payments.

Ms WALKER: Foster carers not receiving payments for six months is too long. Let us move on to the next question.

Mr ELFERINK: No, let us not move on to the next thing. You walked in here; you have made an assertion that something is wrong based on the time that it is taking, without giving me any details at all as to what the case is about - because I presume you do not know - and you pronounce from your mount on high that it is all wrong. Tell me what the complaint is ...

Ms WALKER: Foster carers consider ...

Mr ELFERINK: ... and I will get it looked into.

Ms WALKER: Foster carers consider that six months for any complaint outstanding is too long.

Mr ELFERINK: Well, I do not know the individual matters.

Ms WALKER: That is simply what I put to you.

Mr ELFERINK: You can put it to me, but I suggest you do your homework a little better before you start walking in.

Ms WALKER: I have done scads of homework to be here this evening, minister.

Mr ELFERINK: I continue to work with foster carers. I met with them last week. I am mindful of their issues and I will continue to meet with them, because I value the service they provide.

Ms FYLES: They have a number of outstanding issues.

Mr ELFERINK: DCF will meet with foster carers every three months, and those issues can be raised. I know that one of the sources of stress for foster carers is the processes of the department. I know one of the greatest sources of stress for frontline workers is what happens in the machine of the department.

These are historical problems throughout bureaucracies for as long as bureaucracies have existed. However, there are ways to improve it and we are working on that. One of the ways we are doing it is saying to the foster carers of the Northern Territory - and I particularly thank Anne Owen for her work - we are here listening, and we are trying to get a child protection system which has lost its way, back on track. We are getting back on track, but it takes a bit of time.

Madam CHAIR: Are there any further questions on the statement?

Agency-Related Whole-of-Government Questions on Budget and Fiscal Strategies

Madam CHAIR: The committee will now proceed to consider the estimates of proposed expenditure containing the Appropriation Bill 2014-15 as they relate to the Department of Children and Families. Are there any agency-related whole-of-government questions on budget and fiscal strategies?

Ms WALKER: Is this where I ask about the current number of establishment positions?

Mr ELFERINK: Yes. Hang on. What would you like to know?

Ms WALKER: Minister, the current numbers of establishment positions in Darwin, Alice Springs, Katherine, Tennant Creek, as well as the numbers this time last year. I know last year Alice Springs had an establishment of 148 positions. Out of the current numbers, what are those establishment positions, how many are unfilled?

Mr ELFERINK: I am going to look them up for you know. I have the overall establishment numbers here somewhere. I have the bits of paper everywhere – usual level of organisation.

Ms WALKER: And by designation of professional and other designation.

Mr ELFERINK: Here we go. For each office I have my FTEs. In 2013-14, Alice Springs office was 53.57, the regional component was 31, making a total of just over 84.5 positions ...

Ms FYLES: Darwin, Casuarina?

Mr ELFERINK: I am going through it. Tennant Creek, Barkly regional office, total FTEs of 10.9 ...

Ms FYLES: Sorry to interrupt, minister. Can I also get FTEs positions filled, at the same time?

Mr ELFERINK: Yes that is FTEs so that is the one we have. All right?

Ms FYLES: Okay. And the vacancies?

Mr ELFERINK: I know what you are after, and we will get the establishment numbers as well for you.

Ms FYLES: Thanks.

Mr ELFERINK: Casuarina regional office 45; East Arnhem 16.5 in total; Katherine 41.4. Don't you just love it? What exactly does a 0.4 of a public servant look like? Northern remote 21.29, and Palmerston is 44. We will get you the establishment numbers. I had them here in front of me, when I was reading them before.

Total established positions across the Territory - okay, I can give you this much. In frontline staff, as at 30 June 2013 – no, it is better if I give you a year on year, it probably works better that way. At 31 March 2013, frontline staff was 678; at 31 March 2014, exactly one year later, frontline staff was 696. Non-frontline, for the same period was 128 and 115 respectively. The total established positions, respectively, over those two dates, was 801 and 811. Established positions equals the number of approved positions that have been allocated the funding on the organisational chart. FTEs, however, equate to the number of staff currently attracting the full-time equivalence salary rate.

Ms WALKER: Is it possible to further breakdown those figures across the regions, minister?

Mr ELFERINK: Yes, we could probably take down on those. I can tell you while the 811 positions have been established, they are not fully funded - and never, ever have been.

Madam Chair: Member for Nhulunbuy, would you like a question on notice?

Ms FYLES: Minister, you have given the FTEs, so all those positions are ...

Mr ELFERINK: Any establishments - in their – yes ...

Ms FYLES: Can you give us the establishments, for example, for Alice Springs? There are 53.57 staff there currently, filled?

Mr ELFERINK: Yes.

Ms FYLES: What is the establishment for that?

Mr ELFERINK: That is the number I quoted you, sorry. What is the establishment? It is a little higher than that, but I can tell you ...

Ms FYLES: Can you give us those figures?

Mr ELFERINK: The exact number I cannot tell you, but I spoke to Ms Anderson, the last time I was down there, quite recently, and she was respectably close to establishment - much better than it had been for a long time. But, we will get you that number.

Madam Chair: Clearly for Hansard, either the member for Nhulunbuy or the member for Nightcliff, if you would like to state the question so we can record it?

Ms FYLES: Can we have a clear breakdown, as the minister read to us before, of FTEs? Can we have a clear breakdown of the establishment and also any vacancies?

Madam Chair: Minister, do you accept the question?

Mr ELFERINK: No, that is fine. We can do this. The establishment - that is the total ...

Madam Chair: Are you about to provide the answer, minister?

Mr ELFERINK: Yes.

Madam Chair: So, there is no question on notice?

Mr ELFERINK: No, there will not be. The establishment ...

Ms WALKER: Can the minister table that document once he has read from it?

Mr ELFERINK: There are a number of figures on it with which I am uncertain as to what is ...

Ms WALKER: To save us madly scribbling, we might keep it as ...

Mr ELFERINK: Normally, I would say yes, but I am not quite sure what is on the rest of this document. I am not going to table it willy-nilly because I would hate to table something which may not, or should not, be for public circulation.

The establishment in greater Darwin in total is 105; the Casuarina office is 45; Palmerston office is 44; Katherine North was 103, which I presume breaks down to those numbers; the Katherine office is 32, the East Arnhem office is 18, the northern remote office is 25; the central is a total of 129, being the Alice Springs office at 72, the Barkly office 13, remote services 180; the Territory-wide service 61; and out-of-home care is 101.

Ms FYLES: There are still 20 vacancies in the Alice Springs office?

Mr ELFERINK: Yes, that would be about ...

Ms FYLES: Tennant Creek – what is the figure?

Mr ELFERINK: When was this at? That was 31 March. It has improved since 31 March. I cannot tell you the number off the top of my head. Tennant Creek ...

Ms FYLES: I will have to go off that one then if you cannot tell me.

Mr ELFERINK: Yes, that is fine. I am prepared to go along - I am not here to hide information. This is a tough gig and we had a very high turnover of about 30%, as you well know. So, which one was it?

Ms FYLES: Tennant Creek.

Mr ELFERINK: We have two vacant in Tennant Creek.

Ms FYLES: So, eight staff in the Tennant Creek office does not fit with the stories I am e-mailed.

Mr ELFERINK: Really?

Ms FYLES: Yes, I have sent you a few.

Mr ELFERINK: These ...

Ms FYLES: But that was a few weeks ago.

Mr ELFERINK: These would be from your union mates, I suspect. No, I will not be rude like that. I withdraw that.

Ms FYLES: They are your mates too.

Ms WALKER: Your mates and your employees, some of them, minister.

Mr ELFERINK: These are ...

Ms FYLES: There was a story in Tennant Creek a few months ago that there were only a couple of people there, and it was pretty bad. But, that was a few months ago.

Mr ELFERINK: That was a few months ago. I am not going to diminish the difficulty in recruiting ...

Ms FYLES: No, I am suitably impressed.

Mr ELFERINK: This is a tough gig and, should there be a change of government, you will be confronted with exactly the same issues. These things come and go, but we have a staff turnover of close to 30% per annum, which is matched pretty much only by the nursing staff.

Ms WALKER: Can you advise and, if not, take it as a question of notice, what caseloads are for frontline workers across these regions? By region?

Mr ELFERINK: Yes, I can. By region. Are we going to do output groups?

Madam CHAIR: We are in the agency-related whole-of-government section. Minister, you are in a better position to let me know if we are erring into outputs.

Mr ELFERINK: Okay. We can have this throw around, it just means we ...

Ms WALKER: We got off on the foot where we seem to be all over the shop. I am happy to be guided ...

Mr ELFERINK: Maybe we should return some discipline to this as well.

Ms WALKER: I am very happy to be guided by ...

Ms FYLES: It sort of fits – it is coming up.

Mr ELFERINK: Okay. Caseloads: the northern remotes service centre is 42 ...

Ms FYLES: That was 27 last year.

Mr ELFERINK: ... East Arnhem service centre is 25, Katherine service centre is 37, Barkly is 52 - but, hopefully, we will see some improvement with the numbers we have there, 31 in the Alice Springs service centre, Casuarina is 26, and Palmerston is 27.

Ms FYLES: Sorry, what was Casuarina?

Mr ELFERINK: Twenty-six.

Ms FYLES: And Palmerston?

Mr ELFERINK: Twenty-seven.

Ms FYLES: They are considerably higher than last year - Palmerston was 15.

Mr ELFERINK: The Department of Children and Families caseload ratio is a workload formula used to monitor the relationship between current and active cases and staffing numbers. So, you have to dish it out in accordance with capacity there. We had a review ...

Ms FYLES: What are your plans to reduce those?

Mr ELFERINK: Getting staff numbers up - which is something we are achieving - and trying to reduce the turnover rate, which is something we are also focusing on. It is a continuing challenge, as the former government will know.

Also, just using caseloads in isolation does not necessarily follow that it is a good measure. There are different types of cases which have to be dealt with, and those may require less or more attention, depending on the seriousness of the case and the nature of the neglect and/or abuse being dealt with. We are reviewing and looking to the hours required to manage these cases, and we will, as a result of that reviewing process, hopefully, get a better process in place.

Ms WALKER: The staff numbers you have given us, in jobs filled, just do not seem to quite weigh up alongside these really high caseloads.

Mr ELFERINK: Yes, it is a tragedy that the caseloads are that high - I agree. It is an absolute disaster.

Ms FYLES: They do not fit with the staff numbers, though.

Mr ELFERINK: Staff numbers are always a challenge, as I said.

Ms FYLES: No, no, your staff numbers you have given us seem like the position are filled, but the caseloads ...

Mr ELFERINK: Yes, I suspect what you are seeing is the effect of fluctuation. Somebody told you there were two. If I accept that, then the caseloads for Tennant Creek would change if we suddenly had eight staff there. You get staff in and out. These numbers will not be collated on the same day. These numbers are not necessarily collated at 11.58 pm on 31 May, so you will see those sorts of variations in there. I suspect that is what is happening in these cases.

Ms FYLES: What is the Territory-wide average for caseloads per professional?

Mr ELFERINK: You can work it out from the numbers we have given you.

Ms FYLES: I am not that clever - come on!

Mr ELFERINK: Can I quote you on that?

Mr WALKER: The target is 20. Is that correct?

Mr ELFERINK: I believe it is. That is correct - the target is 20? I am waiting for someone behind me to whip out their calculator and do the average.

The average caseload is 32. However, if I may be permitted to make the observation, that is ...

Ms FYLES: It has gone up from 27 last year, which had gone up from 15 to 20 the year before.

Mr ELFERINK: I suspect that is not the case. Where did you get those numbers?

Ms FYLES: I am going off the estimates figures from last year that were tabled.

Mr ELFERINK: You are telling me that caseloads have ...

Ms FYLES: Twenty-seven was the average last year. It is now 32.

Mr ELFERINK: And the year before that? You just quoted a number for the year before that. What was that number?

Ms FYLES: The 27 was last year.

Mr ELFERINK: And the year before that?

Ms FYLES: I am looking for it. I just saw it.

Madam CHAIR: I think you said it was up from 20, which was up from 15.

Mr ELFERINK: I do not think the caseloads have ever been 15 in the Northern Territory ...

Ms FYLES: Previous figures were 15 to 20 for Darwin, and seven to 14 for rural region.

Mr ELFERINK: Really? I am going to challenge.

Ms FYLES: Anyway, it is up from last year.

Mr ELFERINK: I am going to challenge those numbers. I am going to ask for somebody behind me to do some homework and tell me what the caseloads were last year and two years ago, because I am very suspicious of what you are telling me.

Ms FYLES: I am going off *Hansard* from last year - 27.

Ms WALKER: This is your predecessor.

Ms FYLES: It was Ms Anderson.

Ms WALKER: Who sat there like you with her bureaucrats ...

Mr ELFERINK: My predecessor left me with a number of issues. Yes, I am going to challenge those caseload numbers. I am going to get somebody to come back in here, because I suspect the 15 to 20 was not the actual caseload. I suspect that was the target.

Ms FYLES: So, 15 was Palmerston anyway.

Mr ELFERINK: Yes, 15 was the target. I would like to know what the actual numbers were. I am sure we can dredge it out of some reports fairly quickly. All right. We will go and check the numbers first.

Ms WALKER: Could we ask that to be a question on notice then?

Mr ELFERINK: Sure.

Ms WALKER: Thank you, minister.

Question on Notice No 3.2

Madam CHAIR: Could you please state the question for the record?

Ms WALKER: Minister, could you please provide us with the average caseloads currently and for the previous two years?

Mr ELFERINK: Sorry, yes, I understand you are trying to get it on notice. Yes, we accept the question on notice.

Madam CHAIR: I need the question clearly stated for the record.

Ms WALKER: The question on notice is can you provide us with the average caseloads in 2012 and 2013 and 2011 and 2012. Does that make sense?

Madam CHAIR: Minister, do you accept the question?

Mr ELFERINK: Sure do.

Madam CHAIR: The question asked by the member for Nhulunbuy is question No 3.2.

Madam CHAIR: Did you want to proceed through the output?

Mr ELFERINK: That might be an idea because it is getting messy.

Ms WALKER: Where can I ask the questions about budget savings the minister mentioned in his report - what we all know anyway about ...

Mr ELFERINK: Where they fall in the line items. Out-of-home care services would be one of the places you would be looking.

Ms WALKER: I flag Budget Paper No 2 about administrative efficiencies of \$6m savings expected of the department. I am not sure administrative efficiencies sits in the broad scheme of things, that is why I am asking you now.

Mr ELFERINK: Where I would guide you there is to probably Corporate and Governance simply because that is part of a new structure we are using.

Ms WALKER: Okay, we will go there.

Mr ELFERINK: You can look at the efficiencies within the system there. How does that sound?

Ms WALKER: Yes.

Madam CHAIR: Okay. That concludes consideration of agency-related whole-of-government questions on budget and fiscal strategies.

OUTPUT GROUP 8.0 – CHILDREN AND FAMILIES
Output 8.1 – Child Protection Services

Madam CHAIR: The committee will now proceed to Output Group 8.0, Children and Families, Output 8.1, Child Protection Services. Are there any questions?

Ms WALKER: Yes. Minister, can you please advise figures from the 2014 financial year - let us say up to 31 March because the year is not completed – of how many notifications were received by DCF of child abuse or neglect; how many of these proceeded to child protection investigations; how many of these were substantiated harm; how many were repeat notifications; how many in progress and, of these, can you break them down into priorities one to four; and how many were referred?

Mr ELFERINK: This is the problem of going out of sync. Now, I have lost the bit of paper with all those answers.

Ms WALKER: It is not unlike the stats for notifications on page 20 of your annual report. I am, basically, asking for an update on those stats.

Mr ELFERINK: Sure. Okay, there we go. As at 31 March 2014, DCF had received 9232 notifications during the financial year. A vast majority of these were received through the Child Abuse Hotline. All notifications received by DCF are assessed using evidence-based decision-making processes. So far this financial year, 5690 reports did not meet the definition of harm under the *Care and Protection of Children Act* and, therefore, did not progress to a child protection investigation ...

Ms WALKER: Sorry, minister, six thousand, nine hundred - and?

Mr ELFERINK: No, 5690.

Ms WALKER: Sorry.

Mr ELFERINK: As at 31 March 2014, DCF had completed 3162 child protection investigations and is on target to complete more than 4000 investigations this financial year. This includes 727 finalised investigations of notifications received in the previous financial year.

Of the completed investigations, 1224, or 39%, had an outcome of substantiated harm; 1492 were not substantiated; and 446 investigations had an outcome of no action possible. This is used when the investigation is unable to be completed - for example, when the child could not be located or because they had moved interstate. Of the completed investigations, neglect remains the major harm type - substantiated at 49% - of all completed investigations.

As at March 2014, there were 1107 child protection investigations in progress.

Ms FYLES: Can you expand on 'in progress'? They are still under investigation?

Mr ELFERINK: That means the investigation is continuing.

Ms FYLES: Are you able to give us a breakdown into the categories of those 1107?

Mr ELFERINK: This is one of the reasons we ask for questions on notice. If we had that question we could have had that prepared. All right? If we cannot get it for you now – can I point out something to you, though? I will rely on the Children's Commissioner's annual report. You will notice that notifications in the last couple of years have gone up substantially.

I am referring to the 2012-13 annual report. On page 42, the vast majority of the increase of those notifications comes from police. I suspect that is a policy change on the part of police because, if you look from the year 2010-11 to the year 2012-13, their notifications went from 1500 - which was pretty much how they were tracking for previous years - to notifications of 3500.

I draw your attention to, if memory serves, page 51 of that report. While notifications had increased, it is important to notice that investigations and substantiations had decreased up until that point. Notifications are the process of notifying the central registry or central intake. They then go through a process. The people who answer the phone there are very professional, with substantial experience in child protection, who go through a vetting process. Once that vetting process is completed, then there is substantial difference between notifications and investigations. I draw your attention to the table on page 51 of the report I am referring to, which shows that investigations had fallen in that report to 3802.

It is also noteworthy that substantiations in that period had fallen despite the increase in notifications from 1762 in 2010-11 to 1356 in 2012-13. What was the number I just gave for this year? It was 1224. We continue to see a decline in substantiations. I am mindful that, whilst that 1224 is at 31 March, we continue to see a decline in substantiations, which gives us some heart.

I also point out to you the graph on page 52 of that annual report which, thankfully, shows a consistent fall over a number of years in relation to sexual abuse of children, falling to 1% of matters of complaint. So, traction is being gained but, as I said before, this continues to be a hard job, as you well know.

Ms FYLES: Minister, my question was: of the 1107 that are in progress, could you break them down into the categories, please? Like one, two, or three.

Mr ELFERINK: Without knowing how they are progressing, you do not know what the category is. You are jumping the gun a little there.

Ms FYLES: No, they are classified when they are first triaged - triage is the wrong word. You do not have that? Last year, we were able to get a figure of 185 Category 1 child protection cases outstanding. We are unable to get that data this year?

Mr ELFERINK: We can get it. The point is, if you had asked for it and sent us the question on notice we would give you the answer now. We will happily scrape it together, and will just take that question on notice.

Question on Notice No 3.3

Madam CHAIR: Is that a question on notice?

Mr ELFERINK: Yes.

Madam CHAIR: If you would like to clarify, member for Nightcliff.

Ms FYLES: Of the 1107 child protection notifications that are currently in progress, what is the breakdown to Category 1 which, I think, should be responded to within 72 hours, Category 2, 3 and 4 - is that correct?

Madam CHAIR: Minister, do you accept the question?

Mr ELFERINK: Sure do.

Madam CHAIR: The question asked by the member for Nightcliff has been allocated No 3.3.

Ms WALKER: Minister, thanks for providing that data. You said there were 446 notifications that resulted in no action because they might have been families that have left the Territory or whatever. In last year's annual report, that number was 311. That is quite a difference.

Mr ELFERINK: Yes.

Ms WALKER: Any view on why that is.

Mr ELFERINK: It would be speculation. Once again, it is the nature of how people respond to these sorts of investigations. They may choose to respond in different ways. They may choose to move interstate or to disappear, in many instances, under the radar into other communities in the bush in the Northern Territory.

When you have an assertive child protection system in place, as we do, from time to time there will be people who will seek to avoid their responsibilities by fleeing. As I said, this is pure speculation, but people who flee are the type of people who avoid their responsibilities. People who avoid their responsibilities are the types of people who are under investigation for neglecting or abusing their children.

It is also worth pointing out, of course, that it is commensurate with the increase with notifications.

Ms WALKER: Okay. What is the status of the government inter-agency MOU relating to child protection? Has there been a review or modification to that MOU to see increased, improved inter-agency cooperation?

Mr ELFERINK: It is ongoing and there are 11 government agencies which are involved. They will continue to cooperate with each other. You may note that, at the outset, I started talking about a hierarchy of rights. The sharing of information is something that falls, if you like, outside the boundary of absolute rights, which are the human rights at the base level of Maslow's hierarchy of needs.

Ms FYLES: Can I just clarify something, minister?

Mr ELFERINK: Yes.

Ms FYLES: Last year at this point, we had 576 open cases, and you are now saying there are 1107 open cases - or 'in progress' is your new term for them?

Mr ELFERINK: Yes, they are under way. That means we are pursuing those.

Ms FYLES: That is a big jump of open cases, and no indication of Category 1, which should be responded to in three days.

Mr ELFERINK: Hang on, I did have those numbers somewhere. Those Category 1 cases are responded to effectively, and they are done so in a timely fashion. What you are doing is extrapolating something which is not there.

Ms FYLES: It is pretty standard data for child protection, and what was readily available last year. That is why I ask.

Mr ELFERINK: If you had asked the question in advance we would have answered it for you. What I was not going to do was waste a whole bunch of people's time second guessing.

As of 31 March, 95% of priority one matters were dealt with in that time, which is a much better improvement than what was done under the former government.

Ms FYLES: You cannot tell us how many are outstanding?

Mr ELFERINK: Ninety five per cent – do the maths.

Ms WALKER: Is this the appropriate output for recruitment initiatives which are currently in place within DCF? Or would that be under Corporate Services?

Mr ELFERINK: We continue to recruit. A staff turnover pushing 30% means we are in a perpetual state of recruitment. We will be encouraging local people to apply if they can - when and where they can.

Ms WALKER: When we talk about local people - I know you do not always, depending on the context of the discussion, want to differentiate between Indigenous or non-Indigenous, but there is no ...

Mr ELFERINK: Yes, I am not a great fan of that stuff. Of course, if we can get people who live locally in their communities to participate, we will.

Ms WALKER: What initiatives are in place to actively recruit Indigenous employees into frontline roles?

Mr ELFERINK: I met with a number of them the other day. The government is committed to ensuring funding is prioritised for frontline service delivery, which goes without saying. From 1 July 2013 to 21 March 2014, a total of 178 frontline staff commenced with DCF. During this period, 111 separated, so we are slightly out of the game there.

Of the above total, from 1 July 2013 to 31 March 2014, 64 professional stream staff commenced with DCF and, during the period, 47 separated. Of the above total professional staff, 32 of the commencements were P1/P2 child protection practitioners, and 19 P1/P2 child protection practitioners ceased during that period.

The DCF is addressing the current vacant professional positions through the act of recruitment strategies such as regionalised bulk recruitment initiative. The procurement of a new recruitment agency panel contract is also under way, and takes into consideration the real fiscal environment and specific requirements for DCF. This tender is currently at an assessment stage.

We aim for a grow-your-own professional workforce. Over three years, up to 75 staff members will be undertaking the DCF's Vocational Graduate Certificate which, on successful completion, makes administrative officers eligible to become professional childcare practitioners, which can only be a good thing.

Once again, we came from a pretty low base in the quality of management we inherited. Essentially, the CEO before Ms Carney was effectively part-time, which was part of our problem. After doing a bit of homework in that area, the former CEO was present for 91 out of 158 days of employment.

Ms WALKER: Thanks for that. During the estimates session last year with the Department of Children and Families, there was much talk about the Signs of Safety framework model adopted from WA.

Mr ELFERINK: Yes.

Ms WALKER: Is that fully implemented in the Northern Territory?

Mr ELFERINK: No.

Ms WALKER: Why is that?

Mr ELFERINK: One of the reasons is because it will not be as effective as what we are doing in protecting children ...

Ms WALKER: So, are you dropping it, then?

Mr ELFERINK: The Signs of Safety program has been reassessed by the department at my instruction. The Signs of Safety program is not the best way to protect children in the Northern Territory. I am critical of it because I get the sense it was one of those things which sounds good and looks presentable but, when you actually drill into it, does not achieve the goals you require.

I am a little concerned that one of its main proponents, the former CEO, was not as focused as she could have been on the job and the task at hand. As I just said to you, the person who was promoting that was on deck for 91 of 158 days. In that time, I understand that person travelled to Western Australia some 10 times. That is not what I consider a basis for good governance of an organisation, particularly one as challenged as Children and Families. Whilst it looked and may have sounded good, the fundamentals, in my opinion, were not in place and were being driven by somebody who was quite distracted by Western Australia.

Ms WALKER: Sounds a bit of a waste of everybody's time, minister. What a shame.

Mr ELFERINK: Yes, unfortunately, what a shame.

Ms WALKER: Okay, I will proceed with my next question. The Children's Commissioner's 2012-13 Annual Report recorded a 25% increase in child protection notifications, but a 5% decline in investigations, and 22% fewer substantiations than the previous year of 2011-12. You have previously said this reflects an increase in police notifications - I think you commented on that this evening - for example, reporting the victims of emotional abuse.

The Children's Commission has expressed his concern that this form of abuse is a concern, so it, obviously, needs to be dealt with. What are the figures like for this year to date - say to 31 March - and has there been any improvement in investigations and changes in the rate of substantiations?

Mr ELFERINK: As you may realise, I pointed out those numbers at length some time ago. As I pointed out to you, the number of substantiations now stands at 1224, if my memory serves me. That is at 31 March, which means it is consistent or slightly below the numbers from last year reported on page 51 of the report you just referred to.

Substantiations continue to decline - which I am heartened by - whilst notifications go up. I caution and counsel that if 1000 people report two fires, there are only two fires. If we have an increase in notifications what that indicates to me is the public, including the police, are more attuned to their duties to report child neglect and abuse, but we are getting some traction in that the actual number of substantiations is going down. It is source of optimism but, of course, 1224 is still a figure nobody would rejoice in.

Ms WALKER: Thanks, minister. The Children's Commissioner also expressed his concern in his 2012-13 Annual Report about the state of care plans - and it is not only the Children's Commissioner who has raised this - for children in the care of the department ...

Mr ELFERINK: I have spoken to my CEO about it.

Ms WALKER: Only 44% of plans for the cases he reviewed were current. What proportion of children in the care of the department have care plans, and how many of these plans are up to date and relevant to the needs of children in care?

Mr ELFERINK: Over the last six months, DCF has made amendments to the care planning tool, emphasising the care planning expectations to all staff through new standards of professional practice, and conducting standalone training care planning. Over this period, the number of children in care without a care plan has reduced from a third of all children – 33% - to slightly less than a quarter - 24% - and it is ongoing.

Ms FYLES: Minister, can you give us the total number of children in care currently with the department?

Mr ELFERINK: Yes, 865.

Ms FYLES: How many of those have a current care plan?

Mr ELFERINK: It is 76%.

Ms FYLES: Do you have the actual figure?

Mr ELFERINK: Do the maths.

Ms FYLES: It is just that you say it is 33%.

Mr ELFERINK: No, I did not say that. Listen carefully, I will say it again. Over this period - that is, the last six months - the number of children in care without a care plan has been reduced from a third of all children, 33%, to slightly less than a quarter, 24%.

Ms WALKER: Thank you for that, minister. I want to ask you about children who are harmed, then harmed again – they come back into DCF. Again, the Children's Commissioner touched on this in his annual report - that it remains a serious concern that one in five children who are harmed are harmed again within 12 months. What steps and budget measures have you taken in regard to reducing this statistic?

Mr ELFERINK: The re-substantiation rate identified by the Children's Commissioner, from memory, is 18.4%. That will be the 20% figure you are using. That was in 2011-12. To say how much money we are spending on re-substantiation would be a fairly difficult thing to extrapolate. We attend to these issues as cases and, where appropriate action is needed, appropriate action is taken.

Ms WALKER: Minister, would you have a re-substantiation rate as at 31 March 2013, to get an understanding as to whether we are improving in that area, it is the same, or it is worsening?

Mr ELFERINK: The numbers have not been crunched. Sadly we do not expect to see a major shift in those numbers. Once again, it is tough. You deal with people who are so far down the scale that they struggle with even the most basic of responsibilities for their children. When you are dealing with people like that, shifting those numbers is always going to be a difficulty. Should you ever be in government, I suspect you will have the same problem.

However, this is not an issue exclusive to the Northern Territory. This is an issue that happens around the country, and we sit pretty much in the middle of the pack when it comes to those numbers.

Ms WALKER: Thanks minister. In the interest of time, I do not have any more questions on Output 8.1.

Madam Chair: Are there any other questions on Output 8.1? That concludes consideration for Output 8.1.

Output 8.1 – Out-of-Home Care Services

Madam Chair: The committee will now consider Output 8.2, Out-of-Home Care Services. Are there any questions?

Ms WALKER: Just a couple, minister. How many children are currently in out-of-home care, and how many are in purchased out-of home care?

Mr ELFERINK: Too many, I am afraid.

Ms WALKER: You can take it to 31 March if that helps.

Mr ELFERINK: We have 865 kids in out-of-home care - that includes foster carers.

Ms FYLES: You cannot break that down?

Mr ELFERINK: Working on it.

Ms WALKER: You said yourself out-of-home care is different to foster carers.

Mr ELFERINK: I understand that, but the title 'out-of-home care' includes foster carers. We are trying to ...

It includes 275 households, with 480 kids being looked after in foster and kinship care. The rest would be in some other form of out-of-home care.

Ms WALKER: So, 865 minus the 480 in foster and kinship care is the number that will be in purchased out-of-home care?

Mr ELFERINK: Yes, then there will be further breakdowns in residential and high-needs care, and that sort of thing. Sitting in front of me now: foster care 254; kinship care 266; purchased home-based care 38; family day care 200 – God, this is a miserable list - residential care and family group home 92; and other home care types 55.

Ms WALKER: Sorry, for my knowledge, what are the 'other care' home types?

Mr ELFERINK: I will take some advice on that, but I suspect they are a number of other arrangements that are in place that will look like a foster care, another form of out-of-home care type. We place where we can, how we can. We have a number of categories these might fall in that wash over placed between categories and may look like a hybrid between foster care and some other form of care.

We have high-needs care, in particular, which is hideously expensive. We are talking upwards of \$0.5m a year for some of these kids. One of the things in tightening up this whole process is we have had Treasury and SIRI look into specific ways to look at some of our problems, including a Treasury Health Check Report in 2013. One of the findings in that was the following, and I will quote directly from the document I have in front of me.

Too many children are in high cost placements. It currently costs the Territory almost three times more than the national average per child to care for kids. Although it is recognised that there is a premium for providing services in the Territory, the underlying causes in the cost differential should be reviewed, and has been reviewed, to determine the drivers and whether there are other policy levers which may assist in closing the gap.

One of the things I know the CEO has done - and I applaud and agree with entirely - is we have turned the screws on some of these out-of-home care providers, only half a turn, to discover we can get a lot more out of them. Whilst that sounds a little harsh and commercial, the truth is I am always concerned we are the subject of, essentially, what in some instances can only be described as profiteering.

I will give you an example. In 2001, a young man diagnosed with ADHD and a history of aggression was placed with an external provider at a cost of almost \$3000 per day, approximately - well just over - \$1m every year. That is a lot of dough. Since then, working with the provider and the young man, DCF has developed a detailed care plan and improved the quality of care provided while reducing the cost to \$1100 a day, which is still a lot but is, basically, \$400 000 per annum - a fall in providing care for that young man of \$600 000 every year. I remain critical of that sort of expense to the taxpayer. It is hard to fathom how caring for a child - while it is a high-needs person - will cost \$1m a year for an individual.

Ms WALKER: Was that particular case, or others like it, in breach of contract or potentially fraudulent, minister?

Mr ELFERINK: We have these things looked into. This is one of the problems we have with the looseness, if you like, of some of these arrangements. We find ourselves in a situation, as a department, where we are almost too scared to ask the hard question ...

Ms WALKER: Or too busy.

Mr ELFERINK: What are we getting for our money? There is this fear, somewhere out there in the ether, that if we ask a hard question of somebody who is looking after a child, we are somehow being uncaring towards that child. Those monies had been paid because that is what appears to have been agreed to

in 2011. It is not something I will countenance continuing. That is an astonishing number, bearing in mind that the government in 2011 was very mindful of wanting to protect children but, in the process, forgot to protect the budget.

Ms FYLES: Minister, to clarify something. You said earlier the secure care facility in Darwin is not being used as an out-of-home care facility?

Mr ELFERINK: Are we talking about the Yirra House?

Ms WALKER: Is this Yirra House? Yes.

Mr WOOD: Holtze.

Mr ELFERINK: Yirra House is the one that is in Holtze.

Mr WOOD: Foundation Road. Not north Palmerston, Holtze.

Mr ELFERINK: Yes, I can confirm it has been and is being used for those purposes.

Ms FYLES: It is being used for out-of-home care? Okay. I thought you said earlier it was not.

Mr ELFERINK: No. The original design or purpose for it was Part 2AA prisoners.

Mr WOOD: Secure care.

Ms FYLES: Yes. It is still being used as a residential care facility for children at this point?

Mr ELFERINK: Yes. The original design, now you have jogged my memory, was half of it was to be used for Part 2AA prisoners and the other half was to be used for looking after kids. This government has a problem with the concept of placing people found to be, by reasons of incapacity – that is, insanity in the old language - or otherwise convicted of serious indictable offences - including homicide and sexual offences - in the same facility, separated only by a cyclone mesh fence, with children in care. I am genuinely uncomfortable with the proposition, and I am surprised the former government signed up to it.

Ms WALKER: Thank you. In the interest of time, I would like to move on to Output 8.3, but Gerry has a question.

Mr WOOD: I may get into trouble, as it may not relate. Where does adoption fit into this, as a ...

Mr ELFERINK: In that ministerial statement, we looked at enduring parental responsibility orders. There were only about 14 adoptions in the Territory last year, and a lot of those came from other jurisdictions. We have a number of foster carers who bond with the children in their care - and that is a strong emotional bond. Bearing in mind this is about the stability of these children - I referred earlier to the vision statement about the success of these children into the future – the question I and government ask is what do we do for these children? One of the things I do not want to do is move them around from foster home to foster home. Giving enduring responsibility to foster carers and some certainty around that is still not adoption; there is no transfer of legal parental rights.

We should move to create greater security around some of those arrangements, so greater certainty can be provided to foster carers who want to take a permanent role in fostering these children. We are not averse to that.

Madam CHAIR: Are there any other questions? That concludes consideration of Output 8.2.

Output 8.3 – Family and Parent Support Services

Madam CHAIR: I now call for questions on Output 8.3, Family and Parent Support Services. Are there any questions?

Ms WALKER: Output 8.3 is, obviously, the output area which cops a big whack in the budget. There is quite a reduction for family and parent support services. I note on your department website it talks about the critical role parents, obviously, play in children's lives. I also note with interest Ms Carney's interview on 7.30 on 1 November 2013. On this issue of parents she said:

Well, children slip through the cracks, but it's certainly no fault of our workforce. They slip through the cracks because grown-ups, who are their parents, let them down for all sorts of reasons. And there's a broad philosophical and political debate as to what we can do at that front end to make problem parents better parents.

Do you support your pathways model in DCF, and investing in parent support services to help make problem parents better parents?

Mr ELFERINK: I support better parents by any means possible, remembering what the vision statement of this organisation is. I would support anything that supports better parents.

You may remember my comments at the outset - because I was expecting this conversation to drift in this direction - that we are the ambulance at the bottom of the hill. We are the ones who pull, if you like, the bodies out of a car wreck and try to patch things up.

Parents can provide emotional stability for the future if they choose to become responsible themselves. I fully support my CEO's comments in this area calling on parents to lift their game if they are not being the best parents in the world.

I watch parents, when I go to school with my children, make sacrifices for their children on a daily basis which are just astonishing, and they do it with joy and love in their hearts. Oh, it was only true that every child could enjoy a parent offering that level of support. I constantly feel guilty about my inabilities as a parent, and my shortcomings, yet I suspect next to some of the parents child protection workers have to deal with, I am probably not high on their list of concerns.

Parents who take on their job of being parents should be applauded. Parents who fail should be confronted and the pressure should be on them to be better parents.

We also have to do this stuff within the domain of a budget, and we will do that as best we can. However, you can lead as many horses to water as you like, and you cannot guarantee any one of them drink.

Ms WALKER: Minister, I recognise that too many parents fail their children; that is why we see these vulnerable children in our system. However, I am not sure where your children go - whether it is Larrakeyah Primary or Parap Primary – but parents are very different to some of the parents I see in remote areas I represent, regrettably so.

However, minister, Chapter six of the board of inquiry *Growing them stronger, together* report has a strong focus and recommendations on 'enhancing the service system to support families in the Northern Territory'. What aspects of this part of the report have you progressed and funded to support these parents to be better parents?

Mr ELFERINK: Former governments - even the Country Liberals government under a former minister - tried to do things in this area. One of the manifestations of that was an organisation called SAF,T, which had spent \$3.5m without showing any demonstrable evidence of having protected a single child or given any substantial support to a parent. Organisations like that misunderstand their purpose to exist, which is why it no longer exists.

We will continue to support parents in every way we can, but we cannot fix people's lives and make parents be better parents. We can plead with them, cajole them, and ask them. We can throw support at non-government organisations, which received some \$9.3m in the 2013-14 budget, to continue providing support for these parents. There are a number of things we can do into the future supporting families.

However, I am not entirely sure it is just the Department of Children and Families - which is the ambulance at the bottom of the hill - which can bring about this change. This requires something more fundamental and substantial. As I described to the member for Nelson earlier, that is what we intend to do into the future.

We have been in government for a little under two years and have made substantial inroads in the reform of these systems and a number of other problems we inherited from the former government. I hope to report positively in this area in the next 12 months.

Ms WALKER: I look forward to hearing it, minister. I have no further questions. I am keen to get onto the Children's Commissioner unless other members have questions, Madam Chair?

Madam CHAIR: Are there any other questions on Output 8.3? That concludes consideration of Output 8.3 and Output Group 8.0.

OUTPUT GROUP 9.0 – CORPORATE AND GOVERNANCE
Output 9.1 – Corporate and Governance

Madam CHAIR: We are now proceeding to Output Group 9.0, Corporate and Governance, Output 9.1, Corporate and Governance. Are there any questions?

That concludes consideration of Output Group 9.0.

Are there any non-output specific budget-related questions?

That concludes consideration of outputs relating to the Department of Children and Families. On behalf of the committee I thank the departmental staff who attended today. The committee will now consider the Office of the Children's Commissioner. I call a short five-minute break while we have a changeover.

The committee suspended

OUTPUT GROUP 10.0 - CHILDREN'S COMMISSIONER

Madam CHAIR: Minister, I note the Office of the Children's Commissioner, Outputs 10.0, sits within the Department of the Attorney-General and Justice. However, as the responsible minister, questions relating to the Office of the Children's Commissioner can now be answered ...

Mr ELFERINK: A point of order, Madam Chair! Before we proceed can I deal with another matter that I raised earlier? I now have a *Hansard* rush which deals with a reference from the member for Fannie Bay, Mr Gunner, making allegations directly about me, I presume me, taking money for a judicial appointment. I quote the member for Fannie Bay:

My understanding of the reason why you stood aside from the Cabinet deliberations and why it might be an issue the Cabinet submission went up under your name - correct me here - is it is an offence under NT legislation to take money in return for a judicial appointment.

Two things: (1) I have never accepted any form of money, or any other inducement or any other offering for any appointment whatsoever; and (2) I ask this committee direct the member for Fannie Bay to apologise for the comment, 'it is an offence under NT legislation to take money in return for a judicial appointment', which is a clear reference to an honestly declared political donation. I find the member for Fannie Bay, in saying what he has said, has caused me an egregious insult. If it is not what he intended, which he seemed to indicate later on, then he should correct the record forthwith.

Madam CHAIR: Member for Fannie Bay?

Mr GUNNER: It was a question. The member for Port Darwin is taking me out of context and tone in how he just read what I said.

Mr ELFERINK: Absolutely not, Madam Chair. If this bloke does not have the guts to apologise for this slanderous comment, then I only wish somebody asks him outside of this House whether he stands by what he said inside this place, because I can tell you, the size of the lawsuit that is coming in his direction will be astonishing. It is absolutely outrageous for you to make that ...

Mr GUNNER: An overreaction to a question that was asked - a series of questions in a conversation ...

Mr ELFERINK: You may as well have sat there and said I took a bribe, mate!

Ms WALKER: That is not what he meant.

Mr GUNNER: That is not what happened.

Mr ELFERINK: 'It is an offence under legislation to take money in return for a judicial appointment'. You are gross! How dare you, sir - how dare you?

Mr GUNNER: You are overreacting, Attorney-General.

Madam CHAIR: Member for Fannie Bay, perhaps if ...

Mr ELFERINK: Goodness gracious me! How many bribes have you taken? How much money have you taken? No, better still, you've taken money, have you? Does that offend you?

Ms WALKER: Madam Chair, can I suggest ...

Mr GUNNER: You are clearly overreacting, Attorney-General. Maybe we should take a five-minute break for the Attorney-General to recover.

Mr ELFERINK: How dare you! How dare you! How dare you! You are a disgrace to your chair, mate!

Madam CHAIR: If I could just interrupt. Member for Fannie Bay, it is fair that an imputation from your comments – the minister has interpreted it that way. If that is not how you meant it, perhaps you would like to state that very clearly for the record.

Mr GUNNER: The Attorney-General has taken a snippet of a question, from a whole series of questions, and is over-interpreting it. He has chosen to take it that way. I cannot help how he chooses to take it ...

Mr ELFERINK: Well, it was not intended, it was corrected.

Mr GUNNER: ... but the *Hansard* is available for all to see, as is the audio and visual.

Mr ELFERINK: You are a coward - you are a wretched coward!

Mr GUNNER: No, Attorney-General, you are clearly overreacting and taking this out of proportion to what occurred.

Mr ELFERINK: You are a coward, sir!

Ms WALKER: Can we move on, Madam Chair?

Mr ELFERINK: You are an absolute coward! You do not even have the courage to say sorry for a screw-up. All right, let us get on with this

Madam CHAIR: I invite you, minister, to introduce any officials accompanying you and, if you wish, to make an opening statement.

Mr ELFERINK: I have next to me Dr Howard Bath, who is the Children's Commissioner of the Northern Territory. He is an independent office holder, and I am pleased to say I have a good relationship with Dr Bath. I apologise to Dr Bath who had to be subjected to that point of difference between me and the member for Fannie Bay. However, as he is an independent officer holder, I suggest all questions you have in relation to his office can be directed to him.

Madam CHAIR: Thank you, minister. Are there any questions of the minister? Commissioner, would you like to make a statement?

Dr BATH: I did not have a particular statement.

Madam CHAIR: That is fine. We can proceed to questions. Any questions?

Ms WALKER: Dr Bath, thank you for being here this evening at this late hour, having been subject to that tirade. Could you provide a brief overview, year to date, of the 2013-14 activities of your office - how many approaches, referrals, complaints investigated and public awareness programs?

Dr BATH: Sorry, I just realised I have left that particular one in my bag.

Ms WALKER: That is all right, if you want to grab it.

Dr BATH: Is this until March? Do you want the details to March?

Ms WALKER: Let us say until 31 March, unless you have ...

Dr BATH: To that point, there were 144 approaches received. We referred 14 of them to other agencies for investigation, and we investigated 21. Should I go through the list of KPIs, or did you want particulars?

Ms WALKER: You could go through the list of KPIs. That would be helpful.

Dr BATH: We have a set of new KPIs that have come in. We have done 20 public education sessions this year so far. To that point in March, we dealt with 54 complaints, and assessed 74% of complaints within 28 days.

Ms WALKER: Is that an increase on last year in complaints?

Dr BATH: It is an increase on approaches received. We did not report on complaints dealt with last year – that is new.

Ms WALKER: Sorry, could you just tell me that one again?

Dr BATH: We have had quite an increase in approaches, but we did not report last year on the number of complaints we dealt with, or the percentage of complaints assessed within 28 days.

Ms WALKER: Okay, thank you. Having checked the *Hansard* transcript from last year, we were advised that the nature of the complaints, generally speaking, was around intakes. What stands out as typifying or featuring amongst the complaints?

Dr BATH: In the themes that came up, we reported in our annual report last year that there were a number of themes. The most common theme was complaints about an inadequate response to notifications coming in.

Madam CHAIR: Sorry, Mr Bath, is your microphone on? Is there a red light?

Dr BATH: Sorry about that.

Yes, the most common theme was from professionals - teachers, health workers, police and others – complaining about the inadequate response by the department to their concerns about child protection - the safety and wellbeing of children.

Ms WALKER: Thank you. You said, year to date, you have had 20 public education sessions?

Dr BATH: Yes, to March, 20 public education sessions.

Ms WALKER: And 28 last year was the figure for public education sessions?

Dr BATH: For the full year.

Ms WALKER: Will you reach 28 this year?

Dr BATH: I think we will go over that this year.

Ms WALKER: What has driven the increase in demand?

Dr BATH: Probably because of the new act that came in, and the requirement to publicise and communicate for the new provisions.

Ms WALKER: Sure, excellent. Commissioner, during 2013-14, you have spoken about the development impact of trauma and chronic stress on youth development and on the rate of youth services. Do you have any key suggestions on actions that government could take to address these issues in 2014-15, within current budget parameters and programs?

Dr BATH: If I could make one comment in the light of some of the comments earlier. Sometimes, we talk about whether this service is providing an ambulance at the bottom of the cliff or the fence at the top. That is very simplistic.

The reality is, in the Northern Territory our children, by any measure, are subject to traumatic living conditions at a higher rate and higher intensity than any other jurisdiction in Australia. Any statistic can demonstrate that. For example, by the time remote Aboriginal children reach school, half of them have developmental vulnerabilities - 50% of them - that will dog them throughout their schooling years and, sometimes, make it very difficult for them to succeed in school. The Australian average is 10%. We are talking about 50% of our remote Aboriginal children. That is a result of the accumulated stresses they have been exposed to in their very early, formative years.

We all know those statistics. We know the mothers of those children we are talking about are 80 times more likely to have been hospitalised because of assault. There is statistic after statistic that shows how much these kids are exposed to developmental hazards.

We talk about the ambulance at the bottom of the cliff or the fence at the top. I have some difficulties with that model because we know many of the families which are at risk are the ones that eventually end up in the child protection system. We can identify those families. With our current system, as it is framed, we have to wait until those children are actually harmed before any assistance is provided. We have to wait until they are abused or neglected before the families get the support they need.

One of the great improvements of our child protection system over the last few years has been the identification of kids at risk. Each year, it has been improving, particularly for Aboriginal children. Just a few years ago, we identified about half as many Aboriginal kids at risk than the rest of Australia – half as many - and today it is about the Australian average. We have reached parity, I guess, with the rest of Australia in identifying Aboriginal kids, in particular, who are at risk. However, our protective services lag way behind the rest of Australia. Even though we are identifying those families, we are not doing enough to protect those children.

I will give you one example. In New South Wales, on every indicator, those children are better off – and I am talking here about Indigenous children – whether it be in school attendance, exposure to domestic violence, or exposure to certain health hazards. Those children in New South Wales are better off than, on average, Aboriginal children here. Yet, the state protects four times as many of those children as we do in the Northern Territory by placing them in protective care.

I am not arguing that we go out and take a whole bunch more kids and put them in protective care. The alternative is we provide services to enable those families to safely look after their own kids. That is where we are also lagging behind the rest of the country. I do not think it is a simplistic thing of the fence at the bottom of the cliff or the ambulance at the bottom.

We know and can identify most of those families. We talk about secondary prevention. It is not just primary prevention, but secondary prevention. We know who they are. It is like their little kids are playing at the top of the cliff. They need education and support about where and how to play safely, as well as building a fence up there.

I do not think a child protection system can solely focus on just taking kids into care or protecting kids at the tertiary end because, in fact, every other jurisdiction focuses on supporting those families. New South Wales has two state-wide systems for supporting families at risk. In the Northern Territory, unfortunately, we have come to rely on the federal government to do that secondary prevention.

That is my concern, and it is a concern for everyone. I agree with the minister: our child protection workers are incredibly hard-working and face terribly tragic circumstances daily. One of the problems they have is a lack of resources or services to work with those families, particularly in the very remote areas. The statistics tells us that.

Ms WALKER: You talked about where we have seen improvements. What are the types of things that have been invested in that have seen those improvements come about, and resulted in improved outcomes for children?

Dr BATH: The main one has to be the dramatically improved level of service in case workers. If you go back five years - I have not seen the numbers - it must have more than doubled in that period of time. There has been a dramatic increase in the investment in child protection services. That has to make a difference.

When we look at responsiveness and response rates to kids that are identified, they have been improving over the last three years. That has been improving year on year. That is a tremendous result. That is an

area that has been an area of focus, and the department has done a good job over the last few years in responding, in a timely manner, to kids who are at risk. The dilemma is you can respond, but you also need the services to hook those kids and families into. That is the biggest lack in our jurisdiction for Aboriginal families, particularly for very remote Aboriginal families.

There are other intriguing problems with the data. Why is it that only 17 cases of sexual abuse were identified last year in the entire Territory? I do not know the answer to that, but I know it is not correct. Anecdotally, we know there are many more than that. I gave a talk recently about some of these improvements, and an Aboriginal person from a remote community came up to me and said, 'You do not know half of what is going on about sexual abuse in my community'. It is very hard to pick it up and identify in the official statistics.

Mr WOOD: Commissioner, do you have any theories on why this happened? Is it a taboo or shame job for people to talk about it, or are people frightened to talk about it?

Dr BATH: There is no doubt about that. The *Little Children are Sacred* report reported all those difficulties – didn't it? - in why these things are hard to identify. There is fear, mistrust of the authorities, and a lack of knowledge of options. What option does a kid have if they are going to talk about it? There is the problem of pay back and in some of the communities. We know there are quite a number of kids who are living in Darwin now with foster carers because of the problem of pay back. In other words, it cannot be identified within the community. They are not safe to remain in the community having made disclosures. There are all those problems together that lead to situations we have.

There is another intriguing problem. Just five years ago, every 10 notifications resulted in one substantiation. Does that make sense? The public notified 10 times and that became one substantiation of sexual abuse. Last year, it was 30 notifications. So many more notifications have to happen before a substantiation. I am not blaming the child protection workers. I do not know why that is occurring now, except that it is getting harder and harder to identify sexual abuse in the community.

Only seven people were convicted of child sexual assault last year - seven in the entire Territory - so it is not just child protection, it is also the judicial authorities - the police are finding difficulty in identifying the perpetrators.

Ms WALKER: Does that suggest the need to strengthen inter-governmental arrangements, or is it about raising awareness and being cognisant of the cultural factors, the shame job factors, commissioner?

Dr BATH: It is all that, and there is also a public education component of this. We have a great deal of public education. We have some about domestic violence, washing your hands, not playing in pipes and drains - there are all sorts of public education programs we do. There is not a lot of public education around this scourge of child sexual abuse.

Ms WALKER: Because it is taboo?

Dr BATH: It is taboo. It is difficult to do.

Mr WOOD: There is also an issue sometimes, it is to do with people involved in a relationship they should not be involved in culturally.

Dr BATH: Yes.

Mr WOOD: My wife tells me she is ashamed of those people acting in that way where she comes from, or she used to live for quite a number of years - people acting outside their skin group. So, there is that issue as well.

If we had an advertising campaign – there are a lot of posters that go up in Aboriginal communities. We talk about FASD. I was at the Daly River and there is a poster up at the local store for FASD Week in September. People can see poster after poster. It would have to be a long-term, constant campaign.

If you do not have someone in that community that person can trust to go to, then it will be difficult for someone. It would have to be someone they can trust to tell their story. We have people in communities, of course, but probably not in all communities. I am not sure of the numbers in some of the smaller communities.

Dr BATH: It is very hard. The health workers are the most obvious people who people would talk to. There is a general trust thing, isn't there? Why would we tell the authorities? Often, we hear from the police that when they go to investigate, people close up; it is very hard to talk to them.

Mr WOOD: I suppose they knew they were going to be taken away from their country.

Dr BATH: That is the fear, isn't it? That is one of the big fears.

Ms WALKER: Commissioner, there are a number of questions I want to ask you but we will run out of time. Obviously, you were one of the experts engaged to investigate child safety and wellbeing in the Territory and a huge chunk out of your life was devoted to the *Growing them strong, together* report. What is your role or status, if any, in the continuing role in the implementation and monitoring of the implementation of recommendations from the board of inquiry?

Dr BATH: We have an ongoing role in monitoring government decisions arising from inquiries such as that – the *Little Children are Sacred* report, for example. In many ways, in just about every policy area, the world has moved on since 2007 – alcohol policy for instance, education. In just about every recommendation there has been significant movement since 2007. We do not feel there is much point in spending more time at looking at the recommendations from 2007.

The government indicated previously it was going to accept the majority of the recommendations from the board of inquiry and, indeed, many of them have already been implemented. There are some that have not, and I think there were nine in particular the government stated it would not be honouring because of financial concerns primarily. But, we will still be monitoring some of those recommendations government has accepted.

Ms WALKER: Do they include some of those key recommendations? You probably heard me earlier referring to Chapter 6?

Dr BATH: No, crucially, the key Chapter 6 recommendation is one that has not been ...

Ms WALKER: All around preventative, assisting parents and families.

Dr BATH: No, that has not been accepted.

Ms WALKER: So, unless we address the recommendations of Chapter 6, it is hard to see how we could ever turn things around and see more positive outcomes for children at the preventative end, and prevent them heading into the child protection system.

Dr BATH: I have been saying that. Virtually every expert in child protection would be saying much the same thing. If you read the Carmody report in Queensland which was done recently, that was a theme in that report as well: unless we invest and focus on supporting Aboriginal families in particular, providing parenting programs, homemaking programs, therapeutic programs around substance and other drug abuse, we are not going to stem the tide of kids coming into the child protection system.

I have been pleading for a long time for a refocus of our child protection activities so we look at prevention and will not have to look at placing kids in protective care or taking them away from their families.

The problem is, in the Northern Territory, as you know, it is extraordinarily expensive to provide kids with out-of-home care and very difficult to find the appropriate carer and particular kinship carers. Because of that, that is one reason why we should be putting extra emphasis on family support services.

Ms WALKER: Commissioner, I could not agree more with you. With that in mind, what do you think are the key family support services that are most important to be developed in the Territory, and who is best placed to develop those programs?

Dr BATH: Again, there is a huge challenge. How do you provide services in very remote communities where there are not hostels or places for people to stay and it is very difficult to get local people who are trained up and have the capacity to offer these sorts of services? It has to be an ongoing long-term plan to be able to develop workers from the local areas to be able to deliver those services.

Who is best placed? I have to say, it is generally the non-government sector. That has been the case in the rest of the country. It is generally the non-government sector that tends to be more flexible, more

mobile, able to offer those responses in different areas. Not exclusively so, though. In New South Wales, for the high-level cases, the most difficult tertiary-end cases, they have government services that offer those particular intervention programs. It is a mix but, primarily, it is developing the capacity of NGOs to be able to offer those services, particularly in liaison with the local communities.

Ms WALKER: I must say, seeing some of the work that is done in the area of youth suicide, some of the more successful programs have been where they have come from the grassroots level where people have ownership of that very difficult issue.

Commissioner, on 7 January 2014, the ABC News reported you saying that the general lack of services for children in the NT could be the subject of a new inquiry. Is that still your view, and what kind of inquiry would you suggest?

Dr BATH: I cannot recall that. I cannot recall ever saying there should be a new inquiry.

Ms WALKER: It is from our media clippings.

Dr BATH: Yes. I cannot remember that one at all.

Ms WALKER: Okay.

Dr BATH: I do recall talking about the lack of services generally, which is a theme coming from the board of inquiry days. That might have been the context.

Ms WALKER: Yes, okay. As you have heard this evening, and you would have heard budget announcements when budget was handed down - the budget for Children and Families has been substantially cut by \$8.1m. In light of that environment, what level of confidence do you have that the concerns you have raised in your reports can be adequately responded to in a reduced budget?

Dr BATH: I was very concerned when I saw that in the budget. I am not fully across what it means, because the budget notes suggest some of it was to do with a drop in federal government-funded programs, and some was from efficiencies. I have yet to see the detail of that to be able to comment on it.

I know some of the programs previously listed as family support are not really family support programs. They are more youth support or domestic violence programs under that same umbrella of grants that tend to come up through family services. It is very hard to interpret those numbers.

On the whole, that is an area where I would love to see a boost in funding, rather than a cut. Ultimately, at the end of the day, we are never going to keep up with the number of kids who need protection. If we take a long-term view, the only thing we can do is to look at supporting families and trying to enable them to care for their own kids. It is not happening at the moment.

Ms WALKER: Sadly, yes, that is the case. You also commented – it must have been in your annual report – on the high rate of re-substantiation. The minister addressed this as well and said that, regrettably, it was not dropping. You said it was a serious concern that one in five children who are harmed are harmed again within 12 months. Has the department discussed that with you? What arrangements have you agreed ought to be employed to reduce that rate of re-substantiation?

Dr BATH: The department has been very open on this. We have had a number of meetings, and I and my staff have been able to talk through this issue with senior staff in the department in several different areas. The department is engaging in that issue and looking at it.

I do not have the resources to do an audit and find out exactly what is happening with those kids who are abused one year, then abused again within another year. In other words, the response service was not able to provide safety for those kids. That is of great concern. I know the department is concerned about it, and it has been looking at the problem. It has more resources than we do to delve into those numbers and find out what is happening.

That is a crucial indicator, because if kids are substantiated as being harmed, we have to support them and protect them. If we find that a very significant number are coming to our attention again within 12 months, that is a tragedy for those children and families. It is a place where we ought to be focusing our interventions. I feel positive the department is responding to those concerns we have raised with them. We have ongoing discussions about what these numbers mean and what can be done about it.

Ms WALKER: In your annual report last year, commissioner, you said it was likely that it would be the final monitoring report on the implementation of the recommendations from the *Little Children are Sacred* report. Can you confirm that is the case?

Dr BATH: We have reported on that now for five years. The vast majority of the recommendations which were accepted by government have been met.

There are a few areas that have not been met, and it looks like they will not be met - for example, the development of therapeutic programs for both adolescent and adult sex offenders. We know many of those sex offenders have their time in gaol and are sent back to remote areas without any formal intervention and, certainly, without any good supervision programs out in the communities.

We know in some of the communities there are scores - or at least dozens - of people who have sexual behaviour problems, some of whom have been incarcerated, some of whom have been convicted, and many adolescents who have not been convicted but still have sexual behaviour problems, without formal treatment programs to deal with it. That was one of the key recommendations, and that is one I do not think will be met at all. I have been noting that over the last few years.

I do not know there is much point keeping on noting it because it is just a problem that is in our community. We have tried. I know the department of Corrections has tried, but it has been very difficult to get the qualified people to do it. It is difficult, like other programs are difficult. It can be done, but it is one of those areas that has been really lacking.

The other one is the education program - educating the public, especially in remote communities, about what child abuse is, what it means, what harm it does, and what the legal imperatives are around it.

That is also something that was not done from *Little Children are Sacred*.

Ms WALKER: I asked you a question earlier about the potential for another inquiry to come around in a few years time. Do you think we might find ourselves back there?

Dr BATH: Possibly.

Ms WALKER: It is a very sad state of affairs, commissioner.

Dr BATH: It tends to be a bit of a cycle, not just here but in most jurisdictions.

Ms WALKER: Of course, I understand that. Thanks, Madam Chair, I do not have any further questions. I do not know if the member for Nelson has some.

Mr WOOD: No.

Madam CHAIR: Are there any other questions for the commissioner?

That concludes consideration of the Office of the Children's Commissioner. On behalf of the committee, I thank the Children's Commissioner for attending this evening. The committee will now move on to consider outputs relating to the Department of Correctional Services.

Ms WALKER: Thank you very much, commissioner. We appreciate the work you are doing.

The committee suspended

DEPARTMENT OF CORRECTIONAL SERVICES

Madam CHAIR: Welcome, minister. Are you happy for me to start?

Mr ELFERINK: Sure.

Madam CHAIR: I welcome you again, this time as Minister for Correctional Services, and invite you to introduce the officials who are accompanying you and, if you wish, to make an opening statement regarding the Department of Correctional Services.

Mr ELFERINK: Thank you, Madam Chair. To my immediate right, I welcome the very fine Commissioner of Corrections in the Northern Territory, Mr Ken Middlebrook, a man who has served the former and current governments with distinction. I am delighted to have him as a commissioner and would commend him to anyone. The loyalty and dedication he has shown to the Northern Territory requires a special mention, and I place on the record here today my gratitude for the work he has done on behalf of the people of the Northern Territory.

To my left is Ms Roseanne Lague, who is the Chief Financial Officer of the Department of Correctional Services - also a very fine and upstanding public servant who continues to serve the people of the Northern Territory well.

I have an opening statement, but if I were to engage in that I would deprive the committee of the opportunity to question me for another nine-and-a-half minutes. Therefore, I will simply say the purpose of the Northern Territory Corrections system is to contribute to community safety by reducing reoffending. We are proud of our work in this particular area.

I seek to table only one graph which is the prisoner projections for the Northern Territory as calculated from June 2010 onwards. I note the numbers today are even lower than are indicated on this graph, which is something we are particularly proud of. That being that, I am all yours for output groups, I suppose.

Madam CHAIR: Are there any agency-related whole-of-government questions on budget and fiscal strategies?

Mr GUNNER: Minister, could you table the answers to the written questions?

Mr ELFERINK: Do you think you deserve them? Mate, I can tell you I am still really grumpy. All you have got to do is say 'That was a screw-up, I am sorry, I did not mean to say it', and all would be sweet. But you trying to muscle your way through it just shows you the poverty of your judgment.

Mr GUNNER: Minister, do the answers to the written questions include written question 142?

I cannot speak for the member for Nelson but, obviously, with 10 minutes remaining, the member for Nhulunbuy has a couple of local member questions in Corrections, as I am sure the minister is aware; there has been some discussion around them. I am happy to waive my questions, especially with written question 142 answered, and concede to the member for Nhulunbuy. I cannot speak for the member for Nelson's questions.

Mr ELFERINK: Do you have anything for me, Gerry?

Mr WOOD: I have, but I know the member for Nhulunbuy is busting to ask questions. I can ask them after those questions, if that is okay?

Madam CHAIR: Yes, as long as it is within the time ...

Mr WOOD: I have taken the battery out of the clock, so it is okay.

Madam CHAIR: Member for Nhulunbuy. Are you happy to do that, minister? Obviously, it may not be from outputs?

Ms WALKER: I have just one question in relation to custodial services which, I presume, is probably Output 11.1, Custodial Operations. Minister, can you please provide a list of all community consultation meetings, including dates and times of meetings in an around Nhulunbuy, regarding the establishment of a 50-bed Corrections facility, announced only on 14 May, to be located in the soon-to-close AOD rehab centre less than a kilometre from the centre of Nhulunbuy?

Mr ELFERINK: If that includes the conversation I had with you where you indicated your approval of the proposal ...

Ms WALKER: No, minister. No, that is not community consultation and ...

Mr ELFERINK: Do you not represent the community out there?

Ms WALKER: Excuse me ...

Mr ELFERINK: You keep telling me you do.

Ms WALKER: Excuse me, minister, I have asked you to provide a list of all community consultations including dates and times of meetings. A conversation with me on the floor of the House about you having a meeting with a Gumatj Corporation with a view to establishing a work camp does not constitute community consultation ...

Mr ELFERINK: It goes beyond that. I spoke to you about this exact proposal.

Ms WALKER: So, if you cannot table a list of meetings then, minister ...

Mr ELFERINK: What worries me about this is you had no problem with this until such time as you decided there was an issue locally in Nhulunbuy. So you flipped and flopped on this ...

Ms WALKER: Absolutely I refute that, minister ...

Mr ELFERINK: Of course you do, because you ...

Ms WALKER: ... and what I have asked you for is a list of every consultation meeting held ...

Mr ELFERINK: I spoke to you. I spoke to you about this very proposal and you supported it.

Ms WALKER: Can you table a list that might include Nhulunbuy Corporation Ltd Town Board? How about the Gove Community Advisory Committee? Did you consult with and meet with the East Arnhem Regional Council? Did you meet with the Gurrutu'mirri Mala leaders group at Yirrkala? I am asking you ...

Mr ELFERINK: I am telling you, I spoke to you as the local representative. You did not have a problem. Now, all of a sudden you have a problem ...

Ms WALKER: You are wrong!

Mr ELFERINK: Are you against this? Do you want me to pull those people out of there? Because this comes at great expense to government.

Ms WALKER: Minister, I have had no consultation until I found out ...

Mr ELFERINK: I spoke to you about it. You said you had no problem.

Ms WALKER: You did not, minister, you did not. You are wrong. You are wrong ...

Mr ELFERINK: I spoke to you about this.

Ms WALKER: ... and I will not use the 'L' word. You are wrong. You have never consulted with me; I refute that entirely.

Mr ELFERINK: I spoke to you about this.

Ms WALKER: The answer is 'no' you cannot table, you cannot produce, any list of community consultations ...

Mr ELFERINK: No. What I am going to do is tell everyone in Nhulunbuy I spoke to you and you said you had no problem with it. You welcomed it. You actually welcomed this proposal.

Ms WALKER: I welcomed a worker's camp that, as far as I knew, was at Gulkula, some 20 km ...

Mr ELFERINK: I spoke to you a few weeks ago about this, not last year.

Ms WALKER: No, this is wrong, minister.

Mr ELFERINK: You are full of it, lady. You are completely full of it. This is discriminatory ...

Ms WALKER: I beg your pardon! I ask, Madam Chair, that he withdraw. I find that highly offensive language.

Madam CHAIR: Minister, please withdraw that comment.

Mr ELFERINK: I withdraw that she is full of it. Madam Chair, I can tell you now I spoke to the member for Nhulunbuy about this ...

Ms WALKER: Minister, can you table the list of meetings that have been held?

Mr ELFERINK: ... I had a discussion with her here in Parliament House about it.

Ms WALKER: You are being most dishonest!

Mr ELFERINK: I had a discussion with her ...

Ms WALKER: I refute that entirely ...

Mr ELFERINK: Well ...

Ms WALKER: At no point in time did you talk to me about ...

Mr ELFERINK: Absolutely, I did.

Ms WALKER: ... a permanent Corrections facility, or anyone in the community ...

Mr ELFERINK: I can tell you everything we will do from now on will be correspondence only, because you are not to be trusted ...

Ms WALKER: ... set up in AOD. You are wrong.

Mr ELFERINK: You are not to be trusted. I spoke to you about this.

Ms WALKER: You did not speak to me.

Mr ELFERINK: I did. I spoke to you about this.

Ms WALKER: Thank you, Madam Chair. It is ...

Mr ELFERINK: I spoke to you about this. From now on, correspondence only. Thank you.

Ms WALKER: I have further questions. I will ask again, minister, can you provide a list of the dates and times that community consultation meetings were held in Nhulunbuy, which one would expect to include Nhulunbuy Corporation Town Board, the Gove Community Advisory Committee, the East Arnhem Regional Council, the Mala leaders group and, for good measure, a public meeting, let us say in the town hall.

Mr ELFERINK: I spoke to the local member.

Ms WALKER: If you only knew how ridiculous you sound, minister. Talking to me about the Gulkula camp does not constitute public consultation.

Mr ELFERINK: No, no, you are ...

Ms WALKER: So, my next question, minister ...

Mr ELFERINK: ... mixing two conversations up. I kept you informed every step of the way in what I am doing.

Ms WALKER: You have not, you are being incredibly dishonest ...

Mr ELFERINK: I am not being dishonest at all.

Ms WALKER: ... for someone who I thought - and had some respect for - as having some integrity, you have never had a meeting with me about your plans for the prisoners camp.

Mr ELFERINK: I have spoken to you on a number of occasions ...

Ms WALKER: You have not, minister.

Mr ELFERINK: ... a number of occasions about this.

Ms WALKER: You have not, minister, you have not! My next question, Madam Chair ...

Mr ELFERINK: I have. The only thing I can suggest is you, clearly, were not listening to what you were being told - you were being shrill or whatever it is you do ...

Mr GUNNER: A point of order, Madam Chair!

Ms WALKER: I ask you - Madam Chair, I do not ...

Mr ELFERINK: I have, on a number of occasions ...

Ms WALKER: ... accept ...

Mr ELFERINK: ... spoken to you about what is happening at Nhulunbuy ...

Madam CHAIR: Member for Fannie Bay, what is your point of order?

Mr ELFERINK: ... I have been very careful ...

Madam CHAIR: Minister!

Mr GUNNER: I ask for withdrawal of the word 'shrill'.

Madam CHAIR: Minister, will you withdraw that word?

Mr ELFERINK: God, for the sake of parliamentarians ...

Ms WALKER: Perhaps you could refer to your ...

Mr ELFERINK: The problem is you do not listen when you are spoken to sometimes - do you know that?

Madam CHAIR: Are there any further questions?

Mr ELFERINK: This is part of the challenge of dealing with you - that you do not actually ...

Ms WALKER: You are looking very bad in this, minister.

Mr ELFERINK: You do not listen; this is part of the problem. I have, on a number of occasions, spoken to you about the things that we are doing out there.

Ms WALKER: You have not, minister. You have not.

Mr ELFERINK: And it is not ...

Ms WALKER: Madam Chair, could we move on to the next question, please?

Mr ELFERINK: Well, you keep saying I have not, but I have. I have spoken to you on a number of occasions. I have walked across the parliament floor on a number of occasions. I have even spoken to you outside the parliamentary Chamber about this ...

Madam CHAIR: Minister ...

Mr ELFERINK: ... but you are not a person who is a good listener. You are good at raging, at being angry, at being furious, but you do not listen.

Madam CHAIR: Minister, that is enough. Are there any further questions?

Ms WALKER: It is more than enough, Madam Chair. Okay, so, given that you cannot table any list of community meetings and that your CE is silent on this, can you please provide ...

Mr ELFERINK: Hang on. Do not drag him into this. He has not been asked a question - I have not referred a question to him.

Ms WALKER: I have had consultation with the CE. I sat down in two meetings with him last week.

Mr ELFERINK: So, you have been spoken to even more about this? So, you did know about everything?

Ms WALKER: No. After the decision. Stop bullying me, minister.

Mr ELFERINK: I am not bullying you, it is just that you do not listen when people talk to you because you are too busy being angry. I encourage you to just slow down and listen to people.

Ms WALKER: I have been accused by you of some dreadful things this evening. My next question is ...

Mr ELFERINK: What? Your failing to listen is what I am accusing you of?

Ms WALKER: My next question is, minister, will you please provide – it is hilarious, isn't it, member for Blain, absolutely hilarious? Minister, will you please provide full details of all investigations into all possible locations considered, including infrastructure reports, as to how \$2.4m could deliver a 50-bed facility? Can you table that report please?

Mr ELFERINK: Because the facility is already there.

Ms WALKER: Did you investigate, and will you table details of all investigations into all possible infrastructure that might be available to house this facility ...

Mr ELFERINK: What would you suggest we do, build something?

Ms WALKER: ... given that Rio Tinto has not approved this under planning arrangements at this stage?

Mr ELFERINK: So, what is your position on this? Are you against this?

Ms WALKER: It is not my job to sell your prison camp. However, I have defended it ...

Mr ELFERINK: Yes, but are you against this?

Ms WALKER: I am sure you have seen a copy of the petition that I have circulated, minister. The community ...

Mr ELFERINK: So, are you against this idea or do you support this idea?

Ms WALKER: The people of Nhulunbuy support an AOD facility and a prison facility, the work camp facility, but what they have also called for is consultation, which has been entirely absent in this process.

Mr ELFERINK: I have spoken to you. I have relied on you ...

Ms WALKER: Yes, but you know you have not spoken to me.

Mr ELFERINK: The problem is that, clearly, you do not listen when I speak to you.

Ms WALKER: Thank you, Madam Chair, I have no further questions of this very dishonest minister sitting in front of me who knows he has not consulted with me.

Mr ELFERINK: A point of order, Madam Chair! I ask that she withdraw that. I am not being dishonest. What I am simply doing is saying I have spoken to her about this, and I am astonished to sit here and listen to her deny she has been spoken to. So, one of two things is happening. She is either not being honest herself or, alternatively, she did not listen. I am prepared to give her the benefit of the doubt that she did not listen. I have been at great pains to communicate with the member for Nhulunbuy ...

Ms WALKER: Oh, you have not!

Mr ELFERINK: ... about what we are doing in this area, and she has been informed.

Ms WALKER: You have not.

Mr ELFERINK: I have. You just did not listen, that is the only thing I put it down to.

Ms WALKER: By lying, minister, you are lying.

Mr ELFERINK: Well, there you go Madam Chair, a point of order!

Mr BARRETT: A point of order, Madam Chair!

Ms WALKER: I withdraw, but I have it on the record.

Mr ELFERINK: Yes, but do you know something? You just do not listen. That is the problem. You are too busy being angry. Get over it. Listen to people.

Well, that was a productive use of time. I thank the commissioner and ...

Mr WOOD: Can I have some quiet. It has not been closed off.

Madam CHAIR: There is about 45 seconds..

Mr WOOD: I ask the minister why there is an extra \$2.3m for the mental health facility at the prison? I thought it was part of the original contract.

Mr ELFERINK: Are you talking about operational expenditure or capital expenditure?

Mr WOOD: I am presuming I read it in the budget. There was \$2.3m ...

Mr ELFERINK: I presume you are talking about operational expenditure.

Mr WOOD: Is that what it is?

Mr ELFERINK: I presume, because the contract for construction ...

Mr WOOD: It is finished, is it?

Mr ELFERINK: That is nailed down. As I said, it is frog's bottom contract in both directions. With the operational expenditure, we will make certain that system runs to produce the best outcome for the people in the Northern Territory.

Madam CHAIR: That completes consideration of outputs relating to Correctional Services. On behalf of the committee, I thank the officers who provided advice to the minister this evening. That concludes proceeding for today. The 2014 Estimates Committee public hearings will resume tomorrow morning Wednesday, 11 June 2014, at 11.30 am.

The committee suspended
