

ESTIMATES COMMITTEE – Tuesday 22 June 2004

The Estimates Committee of the Northern Territory Legislative Assembly convened at 8.30am.

**Mr CHAIRMAN:** Good morning. I declare open this meeting of the Estimates Committee of the Legislative Assembly of the Northern Territory, and extend a welcome to everyone present. I intend to make some preliminary comments of a formal nature, and to outline the basic procedures for the conduct of these public hearings.

I table a copy of the resolution of the Legislative Assembly dated 18 May 2004, which refers to this committee, a schedule of the Appropriation Bill 2004-05, and related budget documents.

The role of the committee is to now examine and report on the estimates of proposed expenditure contained in that bill. This order effectively uses the current Public Accounts Committee as members of the Estimates Committee. I would also like to report that at the first meeting of the Estimates Committee on Friday, 21 May 2004, the member for Karama, Ms Delia Lawrie, was appointed as Deputy Chair of the committee in accordance with paragraph 8 of the Terms of Reference. I also advise that representatives of the media are present and are able to report and re-broadcast proceedings of this hearing in accordance with the resolution of the committee.

I will now proceed to give a brief outline of the conduct of the procedures for these hearings. In accordance with the resolution of the Assembly, particulars of proposed expenditure contained in the Appropriation Bill will be considered on an Output by Output, followed by Output Group by Output Group basis. In accordance with the resolution of the Estimates Committee, the order of consideration will be in accordance with the Schedule of ministers' appearances, which has been published to members. Over the next three days of public hearings, 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 that it varies somewhat from the Schedule to the Appropriation Bill and the listing of agencies in Budget Paper No 3. Where a minister will be available for questioning on Output Groups that sit within other portfolios, these have been clearly identified in the schedule and I will be reinforcing the fact that questions regarding those Output Groups need to be addressed at the time the minister is appearing before the committee.

I propose to invite shadow ministers to ask their questions first, followed by members of the committee, independent members and finally local members, bearing in mind that the Orders of Parliament of 18 May set out the composition of the committee.

Procedures for dealing with Questions on Notice are contained in the Estimates Committee Information Manual 2004, copies of which are available at the back of this room.

I will take this opportunity to reinforce the importance of the process I will be adopting when a question is taken on notice. When a minister or the Speaker indicates that they are unable to answer a particular question during the committee process or they will provide an answer at a later time, I will immediately request the member who raised the matter to clearly and concisely restate the question. This will allow agency officers who are present to note salient points or topics at the same time as the question is being relayed to the minister. This process will also assist Hansard and committee secretariat staff when they come to processing the formal question for the Chairman's signature. I will then ask the minister or the Speaker if they accept the question taken on notice. If it is accepted, I will immediately allocate a portfolio-specific number that will clearly identify the question. Agency officers and ministerial staff should take note of the question number and ensure it is clearly identified in any response tabled by the minister during the public hearing process or at some later date.

As mentioned, the Estimates Committee will be conducted in line with the Assembly's resolution of 18

May 2004. The resolution does not provide a facility for answers to questions that have not been asked during the hearing to be tabled *en masse*. As is always the case, opposition and Independent MLAs have at their disposal the facility to lodge Written Questions on Notice through the Assembly pursuant to Standing Orders.

It is proposed that there will only be a half hour for meal breaks over the period of the public hearings. We will be breaking between 1300 and 1330 for lunch and from 1800 to 1830 for dinner on the three days of these public hearings. In the unlikely event of questioning in relation to a portfolio finishing before the allocated time, the next minister will not commence earlier than the scheduled time.

Witnesses should be aware that evidence given to the committee is protected by parliamentary privilege. However, I remind witnesses that the giving of false or misleading evidence to the committee may constitute a Contempt of the Legislative Assembly pursuant to the *Legislative Assembly (Powers and Privileges) Act*. Officers should also be aware that they are not required to comment on matters of policy.

For the purposes of the official recording of *Hansard*, I request that ministers introduce officials who are accompanying them at these hearings and that where a minister may refer a question to an officer, officers clearly identify themselves at that time for the *Hansard* record.

I take this opportunity to thank staff from the Legislative Assembly and the committee secretariat staff who have worked tirelessly behind the scenes to make sure the operation of the whole Estimates Committee process can be delivered in an effective and efficient manner.

#### **SPEAKER'S PORTFOLIO**

**Mr CHAIRMAN:** The committee will proceed with consideration of the estimates of proposed expenditure for the Department of the Legislative Assembly in accordance with the schedule. I welcome Madam Speaker and invite her to introduce the officials accompanying her and, if she wishes, to make an opening statement on behalf of the Department of the Legislative Assembly.

**Madam SPEAKER:** Thank you, Mr Chairman and thank you members. I am sure these people are familiar to you: the Clerk of the Assembly, Ian McNeill, the Chief Financial Officer, Rex Schoolmeester, and the Director of Corporate Services, Vicki Long. I am pleased to be first cab off the rank, and I would like to make a brief opening statement, if I may.

Overall, I am pleased to report our departmental outcome for 2003-04 was achieved within budget in that the outcome states:

*The Legislative Assembly and its Committees meet their objectives and members are able to perform their duties effectively and efficiently.*

I suppose it goes without saying that the department's key clients, members, can attest to this, despite a number of hurdles along the way. I believe this is a good result, however throughout the year, a number of adjustments to funding arrangements were necessary. In the main, this included in 2003-04:

- the inclusion of \$1.6m in our accounts, for the first time, of DCIS service charges. Approximately \$1.1m of this amount relates to property management for electorate offices, with the remaining \$500 000 being other services, such as accounts payable and salaries;
- an increase of \$380 000 in R&M expenditure as a result of not being able to capitalize projects transferred from DIPE. That is, instead of these small items being recognized as an asset and depreciated over a number of years, this amount had to be recorded as an expense for this particular financial year;
- as well, there was an additional \$383 000 to meet RTD and associated costs as determined by the

Remuneration Tribunal;

- an additional \$15 000 for the transfer of Lots 7474 and 3940 from DIPE to the Legislative Assembly for ongoing management as additional car parking. Members are aware that we have taken over the lots adjacent to the Assembly building.

The differential between the department's discretionary and non-discretionary, and you have heard me say this many times, is now better recognized and provides better control over the provisions of the RTD. Essentially, it is now easier to define the boundaries for management decisions against the resources available. More importantly, it clearly identifies areas where additional funding might be sought as a result of variations to output. I remind members that the non-discretionary portion is over 50 per cent of our budget.

This department, because of the nature of its operation in supporting the parliament, has not been exempt or received special treatment for its discretionary operational expenditure by way of efficiency dividends. However, it must be appreciated that we are demand-driven by the parliament and respond accordingly. In particular, this is evident in the number of sitting hours of the Assembly, which, in the last two years, have exceeded the estimated target. It would appear now that 350 hours is the norm, and the agency will have some difficulty sustaining this in future. Additional funding for the extra hours, which are a key driver in our output costs, were sought for 2003-04, but this was not supported.

The department continues an active cost savings program through its Quality Management Group aimed principally at reducing ways and seeking ways to do things more efficiently. This has been partially successful, but since the first year of operation when some recurrent savings were identified and were used as an offset for that 2 per cent efficiency dividend, there are now limited options for further savings without a reduction in the level of service.

There have been challenges in the management of information technology and security. The cost for information technology for the department for 2003-04 is \$804 000, an increase of \$117 000 over 2002-03. The increase results largely from the IT upgrades to members' electorate offices, as members will be aware, which is a one-off cost of \$56 000, and increased IT support for the sittings. That increased IT support for sittings has now been reviewed to reduce costs whilst still ensuring that members have the level of technological support required during crucial sittings periods.

The upgrade to electorate offices, though, has been a major project to implement the VPN, or virtual private network, connection to the government wide area network to replace the old dial-up system. This project, which was part of a whole-of-government project, has encountered technical difficulties in implementing the VPN, resulting in an increase of \$12 000 in project costs, not to mention real issues in levels of service and connectivity for some members' offices. I certainly don't have to remind members about that.

The relevant service providers are working together to resolve the remaining issues within specific offices. This has been a complex project, involving major changes to IT configurations in electorate offices, along with the coordination of various services providers, and lessons have been learnt in terms of effective project management and planning.

With no major upgrade planned for 2004-05, the focus will be on settling down the IT environment and ensuring that members are provided with a fast and reliable service. Although the normal cost of ICT services has stabilised and now appears consistent, the level of service is frequently unsatisfactory in responding to the urgent needs of members and their electorate offices. The department has implemented a management regime to monitor responses to members' requests. This has been partially successful. However, it will need to persist with DCIS and the service providers to reach an acceptable outcome in the longer term.

A further development already begun is an outreach program whereby the DCIS IT director and manager will visit electorate offices to ascertain first hand the problems they are experiencing. I am

quite sure members out of Darwin will also appreciate that. The response of DCIS in providing an IT manager dedicated to the Legislative Assembly and resolution of the IT director position is appreciated and will be a key factor in resolving some of the ongoing IT problems.

Security has been an ongoing issue since the events of 2002 and when the additional security and screening was put in place. Despite meeting the cost in 2002-03, it is evident that this cannot be sustained. As such, a Cabinet submission was made seeking additional funding of approximately \$80 000 to cover the extra Chubb security guards and a proposal to establish a dedicated senior security manager at the AO8 level for the department. This submission was unsuccessful, and arrangements are now being reviewed to reduce costs. Options include: the Deputy Clerk taking on the additional duties of the senior security manager, but I would have to say that will have to be monitored in matters of workload for the Deputy Clerk; reduction in security staff during non-sitting periods to save \$90 000; and continuation of long-term plans through minor new works program to upgrade and introduce electronic surveillance and screening measures to offset Chubb security guards where possible.

A number of security projects were completed in 2003-04 in accordance with the policy outlined in the department's security plan and, I might add, Mr Chairman, they are the options we are considering at the moment.

In looking forward to 2004-05, the department will again be faced with the conduct of regional sittings in Alice Springs. It is anticipated the arrangements used on the last occasion will be used with similar expenditure. At this stage, \$150 000 will be set aside in the 2004-05 Appropriation to cover this activity. This will be an opportunity to profile the parliament, and it is intended to conduct an education program during the sittings. These programs contribute to the overall effort of the Parliamentary Liaison and Information Unit, and are part of the Discovering Democracy program. More recently, members would be aware of the Cockatoo Island book launch, which is now an integral part of the department's education program, along with other activities such as the Youth Parliament.

On 18 August 2004, Parliament House will celebrate its 10th year of operation, or perhaps to make the point, the 10th year of its planned 100 years of usage. I highlight the latter to the committee of the need to adequately fund the building's ongoing maintenance and support. I note that for 2004-05, our funding for repairs and maintenance has been reduced by \$200 000. This will impose some reductions on the amount of work conducted.

The estimate of repairs and maintenance, compiled each year by our agency in consultation with the Department of Infrastructure, Planning and Environment, has been fully funded in past years. However, the trend was reversed in 2002-03, when the DIPE estimate was \$1.26m and only \$939 000 or 74per cent was provided. In 2003-04, this trend continued, with a DIPE estimate of \$1.7m and only \$900 000 or 51per cent being provided, and in the 2004-05 year, the trend was even worse, with a DIPE estimate of some \$2.25m and only \$700 000 or 30per cent of the funding requested being provided.

As I highlighted last year, the reduction in R&M comes at a time when the equipment installed over 10 years ago often demands increased levels of maintenance. This is an area that will be monitored closely and, in due course, will need to be supported by a detailed asset management plan to accord with best practice standards in the maintenance of this particularly significant building. At this stage, the department has sought assistance and the advice from DIPE and other agencies in the development of this plan, which, in future, will dictate the resources required.

In order to assist members in assessing the finer details of expenditure, outcomes and targets, the department also has revised the Budget Portfolio Statement, which I tabled in the House last Thursday. This is the second edition of this document designed as a flow-on from Budget Paper No 3, and provides information down to the sub-output level. I commend the document to members. The Budget Portfolio Statement will be updated annually to provide a basis for the Estimates Committee. Thank you, Mr Chairman.

**Mr CHAIRMAN:** The committee will now proceed to consider the estimates of proposed expenditure contained in the Appropriation Bill 2004-05 as they relate to the Department to the Legislative Assembly. I call for questions on Output Group 1, Parliamentary Services, Output 1.1, Assembly Services.

**OUTPUT GROUP 1.0 – Parliamentary Services  
Output 1.1. – Assembly Services**

**Mr CHAIRMAN:** Are there any questions?

**Mr MILLS:** Yes, there are Mr Chairman. Madam Speaker, I would like to ask some general questions about the budget and many of the points you touched on in your opening address. Looking back at the budget before this one, there was an allocation of \$16.275m and it appears that you have exceeded your budget by \$778 000. I am excluding the DCIS free-of-charge service component, which gives me that figure. Could you detail, please, the key points that caused your budget to be exceeded by that amount?

**Madam SPEAKER:** There were additional allocations necessary to be made other than for DCIS, and the additional allocation, obviously, was \$383 000 for RTD associated costs. If you recall, there were costs such as mobile phones and what have you that came out of the RTD. There was an increase in allocation following the transfer of responsibilities for the two blocks of land I mentioned previously. There is the \$380 000 increase, which is R&M expenditure. These items would normally be taken up in our accounts as an asset and would be expensed over a period of time, the depreciation. However, because of their nature, they were so small, it was decided that they would be expensed in consultation with Treasury in the one year, so that is where that \$380 000 comes in. Basically, we had to have additional allocations in particular for those three areas.

**Mr MILLS:** Thank you. You made some comments in your opening address with regards to R&M, and the increased need for repairs and maintenance. I need to have greater understanding of what you were saying. It appears to me that the amount of resourcing you have to manage R&M is decreasing. Can you explain?

**Mr CHAIRMAN:** Just before you answer that one, Madam Speaker, Leader of Opposition, we are going through output by output. I note that 1.3 is Building Management Services, which I expect would cover R&M. This goes to the matter of relevance to the output that we are dealing with. For best processes, if we could stick to issues surrounding this output; in this case Assembly Services, then I am sure that question would fall under Output Group 1.3 when we get to it.

**Mr MILLS:** All right. Tell me a bit more about your IT comments, because members ...

**Madam Speaker:** In particular.

**Mr MILLS:** ... are very aware of the issues that we face in our electorate offices, and our service here in parliament with regards to IT.

**Madam SPEAKER:** We did a major IT upgrade, as you are probably aware, Leader of the Opposition, throughout the year. That was the VPN, as I mentioned earlier, and the Lotus Notes upgrade as well as Windows and members' laptop refresh. We had a series of upgrades and I believe they are nearly completed. However, if you are talking about some of the problems that we have encountered ...

**Mr MILLS:** I am talking about – you are calling it an upgrade, I can tell you that a lot of us do not see it as an upgrade, I am afraid.

**Madam SPEAKER:** I am fully aware of your problems. Let me assure you that I experience much the same problems as you. We are fully aware of the problems with OPI Trust and obviously the electorate officers are becoming very frustrated. I can see a number of members along here who

would probably say yes.

There is no planned upgrade for this year, but we have a new on-site IT Manager, Gail Farmer, and there is an IT Director now in DCIS who will be dedicated to the Assembly and Chief Ministers whose name is Karen Weston Downie. Because we have these two positions now specifically focussing on IT within the parliament and electorate offices, we are hoping to get them to go out into the suburbs and down the track so that they can listen first hand to members' complaints. We are hoping to be able to get a better service by that. It is a case of us working very closely with them to ensure that they understand and appreciate the problems that members are facing so we can perhaps provide members with a better and more efficient service.

**Mr MILLS:** You are hopeful that we are going to ...

**Madam SPEAKER:** Always hopeful, Leader of the Opposition, always hopeful. Ask me next year.

**Mr McNEILL:** Mr Chairman, it might be worth recounting some of the history since the whole-of-government outsource arrangements. Since the advent of the new arrangements for outsourcing IT services, we have confronted a range of issues that are very much reflected in the concerns that members have expressed about the level of service delivery both at the electorate office level and in Parliament House.

We were aware of some of those challenges at the time of the changeover in that before that time and immediately before the management of IT operations on our behalf by DCIS, we had developed, in conjunction with the Department of the Chief Minister, what was a fairly effective service delivery of IT regime, which was driven by the catalyst of us moving into this building in conjunction with the ministers' offices.

As our direct control and management of the delivery of those services diminished, it has changed our role to one of trying to adapt to being the people who manage the service providers through another agency. That is the major issue that we are addressing.

In the meantime, through the establishment of the IMAC Committee and, from time to time, close consultation at various levels at officer level, and from time to time me and the Secretary of DCIS, we have attempted to increase the level of dedication of services to members and officers in this building.

I admit that it has not necessarily been successful. However, as Madam Speaker mentioned in respect of the current arrangements, with new staff that have more time dedicated to us specifically as an agency, we anticipate that it may, in the short and intermediate terms, address some of those issues of service delivery.

Again, it is very much a product of us transferring from a regime under which we were in charge of our own destiny in large part - we trained our own staff; we managed our own staff - to one under which we are reliant upon, through another agency, service providers who are bound by whole-of-government and other contractual arrangements.

Effectively, it is an obvious downgrade in the level of service. Members maintain the reasonable expectation that we should deliver. The changes we have made in respect of getting back on staff, as much as we can under the current arrangements, those particular officers from DCIS and CSC, I trust will lead to some improvement in the delivery of service.

**Mr MILLS:** Thank you, Mr Clerk. Do I have it clear that there is, Madam Speaker, an increase in staff allocation to this area?

**Madam SPEAKER:** Not to us, but what the Clerk has indicated is that we have always had this on-site - Naoko was always our On-Site Manager. We have a replacement for her, Gail, and DCIS now

have identified this person who will work directly with our On-Site Manager.

**Mr MILLS:** Paid for by DCIS?

**Madam SPEAKER:** Clerk, it is DCIS operators?

**Mr McNEILL:** Yes. Vicki would have the precise detail, but in the immediate past, we had to share the resources of both the DCIS Director and our On-Site Manager with other agencies. They were not necessarily dedicated to this building or to members. They were shared amongst a range of other agencies and, as a consequence, the application of their services was fairly thinly spread.

That particular issue was talked through by myself and Sarah Butterworth and down the line officers in the two agencies. As a consequence, we have brokered what is the current arrangement. I don't know whether Vicki would like to expand on the quantum of the time we have devoted to our services, but it is a marked increase on what we have had to put up with in the past.

**Ms LONG:** Well, the DCIS IT Manager is now dedicated wholly to Legislative Assembly and sits in Parliament House full-time whereas previously that person was with us three days a week and two days in other agencies. So that is a marked difference. Also, the new IT Director is taking much more of a hands-on role to work closely with the IT Manager to the extent where she will be going out to electorate offices as well.

**Madam SPEAKER:** Could I just add that that deal has been brokered, because of the persistent need that members have identified, between the Clerk and the CEO of DCIS.

**Mr MILLS:** How is that going to be dealt with in terms of DCIS staff now being dedicated to the Legislative Assembly? Will the payment for that service ultimately come from Legislative Assembly? You have an entry there that says 'free service to Legislative Assembly', but it is a book entry. Will there be an entry against Legislative Assembly?

**Madam SPEAKER:** Are we paying for the actual officers, I think the question is.

**Ms LONG:** You would probably need to speak to the DCIS Minister on that, but in terms of whatever extra costs we incur, it would be a paper entry. We would be funded for that ...

**A member:** It is more, though, isn't it?

**Ms LONG:** ... the impact on DCIS.

**Dr LIM:** If I may ask the same question: a DCIS person ...

**Ms LAWRIE:** Mr Chairman, I have to say that the Leader of the Opposition ...

**Dr LIM:** No, no, listen! You are not the Chairman. Just hold your horses. I asked the Chairman whether I could add to this ...

**Mr CHAIRMAN:** Please, please. Have you finished that line of questioning?

**Mr MILLS:** I think it is ...

**Ms LAWRIE:** All questions on those output areas?

**Mr MILLS:** Oh, steady on! I just want to get some clarity on this.

**Madam SPEAKER:** We do not mind, Mr Chairman.

**Mr CHAIRMAN:** I would ask ...

**Mr MILLS:** Calm down.

**Mr CHAIRMAN:** Hold on.

**Mr MILLS:** This is a full and open ...

**Mr CHAIRMAN:** Please, the only thing I ask is that you direct your questions through the relevant minister.

**Dr LIM:** Through the Chair, if I can follow the same question.

**Mr CHAIRMAN:** As long as we keep to the output.

**Dr LIM:** Yes, that is what I am saying. DCIS has provided a dedicated officer to look after IT in the Legislative Assembly. Somebody has to pay for that salary. Is that salary charged to Legislative Assembly, or is DCIS paying for it and providing it free of charge to Legislative Assembly? Considering that you have suffered a significant cut to your budget; how do you fund that salary?

**Madam SPEAKER:** Our costs for IT are enormously high, anyway. If you look at our 2003-04 Budget, it was \$804 000, but whether this DCIS officer is paid by DCIS or not, I will have to take it on notice or does someone know? Rex.

**Mr SCHOOLMEESTER:** The cost is paid by DCIS and is reflected in the service charge that DCIS gives us, and that is also reflected by an increase in our revenue. So there will be an increase in the cost line of the DCIS free of service charge; there will be an increase in our revenue free of service charge.

**Mr MILLS:** Well, there is pressure, I would have to say ...

**Madam SPEAKER:** So it will not come out of our budget?

**Mr SCHOOLMEESTER:** No, in our budget, it will be budget-neutral.

**Mr WOOD:** Mr Chairman, just a point of clarification. I must admit I thought this IT would have come under of 1.3. I am not sure where we are at this stage. Are we talking whole of Legislative Assembly issues or are we talking specific?

**Mr CHAIRMAN:** No, we are dealing ...

**Dr LIM:** With staffing, aren't we?

**Mr DUNHAM:** Administrative operation and procedures.

**Mr WOOD:** Under what number?

**Mr CHAIRMAN:** Assembly Services.

**Ms LAWRIE:** 1.1.



**Mr WOOD:** I do not believe that was clear. The Leader of the Opposition wanted to talk about general discussion.

**Mr MILLS:** I commenced there, but I was corralled into ...

**Mr CHAIRMAN:** No, no ...

**Mr WOOD:** Mr Chairman, I do not think there was a clear break there to tell us that we had moved into 1.1, so we know where the questions are going.

**Mr CHAIRMAN:** Member for Nelson, I think there was. I stated that we were following process, going through output buy output.

**Mr WOOD:** I understand that, but the Leader of the Opposition said: 'Could I ask questions in general?' and I presumed that that was not following the order.

**Mr CHAIRMAN:** No, that was corrected.

**Mr WOOD:** Could you say where we are then, please?

**Mr CHAIRMAN:** We are at 1.1.

**Mr WOOD:** Thank you.

**Mr DUNHAM:** Assembly Services.

**Mr MILLS:** It is quite clear that there has been a reduction in this budget, and you have allocated \$150 000 for the Alice Springs sittings. Acknowledging that increased cost, how are you going to manage that when you have had a cut in your budget?

**Madam SPEAKER:** We had already allocated that amount to the Alice Springs sittings within our budget.

**Mr MILLS:** It is clear that there are pressures, as you have already indicated, on other areas like security, IT - I suspect there still are significant pressures there.

**Madam SPEAKER:** Yes, but obviously, when we are allocated our budget, we had to allocate to different areas, and we would need a particular amount for the Alice Springs sittings, and that is what we have done. It is based basically on what happened in the year before so we feel as though we should be able to manage within that line.

However, of course, at any time if we have any great difficulties or if something unforeseen happens, we will always have to go back cap in hand and seek additional funding, if that is possible, but at the moment we are basing our budget on what we have been allocated.

**Mr MILLS:** Do you think you might have to?

**Madam SPEAKER:** I do not know; it depends on what happens, I guess.

**Mr MILLS:** Well it appears that you are under pressure in some areas.

**Madam SPEAKER:** Yes, we do not deny that, Leader of the Opposition, and that is why we have said

it; to make you very aware that that is our difficulty. The good part is that for the non-discretionary part, there has been an agreement brokered with Treasury that if, for instance, we have 10 members go on overseas trips, which blows our budget, we can then go back to them because it is a non-discretionary cost that we have no control over, we have to allow members to travel, so this agreement has been brokered with Treasury so that we can recover that.

**Mr MILLS:** In terms of Assembly Services, you have nominated security as a significant concern. You have also nominated IT, and I suspect there are going to be increased costs there to get us through, if I may mention R&M, there are significant concerns there as well.

Are there any other areas that you believe are under distinct pressure in light of the fact that you now have less money? \$150 000 for Alice Springs is going to come out of it. You have nominated a couple of areas that are of concern, ultimately, deliver services to members and to run this Parliament. What other areas are there?

**Madam SPEAKER:** The major ones we have highlighted. It is a bit hard to predict what may occur, but at this moment, Clerk, we would say that they are our major concerns?

**Mr McNEILL:** There is also a linkage in respect of security issues. We have the longer term plan, building on the recommendations of the consultancy undertaken under the auspices of the Risk Management Unit last year and the follow-up consultations with the expert group that we convened, which included various stakeholders, including the Northern Territory Police. The extended program includes, in line with those recommendations, the implementation of upgraded electronic surveillance of the building and screening, in particular, at the main entrance.

The reduction of our allocation in respect of both the R&M program and minor new works clearly has a knock-on effect to the implementation of that program. We have already achieved some items under those heads in linkage with the implementation of the security recommendations.

In the works program, we bid for \$459 000 and were allocated \$350 000, and there was that reduction in the allocation for R&M, effectively, of \$200 000, from \$900 000 to \$700 000. Some those security-related items will, in turn, be delayed or deferred as a consequence of that cut.

**Mr MILLS:** An issue related to sitting hours: there has been an increase on what was budgeted by 56 hours, which is more than an 18 per cent increase. Explain the nature of that increase but, more importantly, why is it that you anticipate a decline in 2004-05? You budgeted for \$300 000. It went up to \$356 000, and it has gone back after the budget to \$350 000.

**Madam SPEAKER:** Where was that? What is happening is that sitting hours have increased from our base. It is not a large variation that we budgeted for. However, the sitting hours have slowly been increasing in this term, and I believe we might possibly have reached our peak of the number of hours that we will be sitting. As you are aware, every time we sit longer and longer, there is a flow-on cost of staffing, Hansard, security, power - you name it, it just flows on, and that is where our budget is affected right across the board by the number of hours we sit. We have dropped it by 600 000 ...

**Mr Schoolmeester:** Six hours.

**Madam SPEAKER:** Six hours. They confused me because sometimes it is figures and sometimes it is dollars. However, we think we are possibly at the peak of what could happen for hours.

**Mr MILLS:** Thank you, Madam Speaker. It appears that the average cost of sittings has decreased by 14 per cent or about \$700 per hour between what was budgeted for in 2003-04. What is the figure in this budget?

**Madam SPEAKER:** Average cost per sitting hour is \$4300, which is similar to what we estimated for this year. If the variable costs include such things as Hansard, the Tables Office, IT support, the additional printing, the production of books, additional building costs, increased security, all these

add-on costs mean that it is now at what we estimate is \$4300 per hour.

Basically, the additional comment here is the average cost of sitting hours is less than estimated because the fixed cost per sitting hour can be distributed over a greater number of actual sitting hours. What do you mean by that, Rex?

**Mr McNEILL:** The apparent reduction in the cost of sitting hours is a consequence of the fact that the baseline budget in this format was for 2002-03, during which year we sat 270-odd hours. There are fixed costs and ongoing costs as a consequence of sitting the extra time, such as casual Hansard employees and others that layer on top of the fixed costs for keeping the building operational for sittings. If we sit more hours, the cost per hour reduces. It sits there as a statistical indicator but, for me as a manager, it is not necessarily a good raw indicator of your performance or output. It is a statistic that is recorded. On the face, it could be misleading to the extent of the longer we sit, the less it costs.

**Madam SPEAKER:** And, Leader of the Opposition, may I suggest that if members' speeches were shorter, we would not have to sit so long.

**Mr MILLS:** I would just like to go back to the Alice Springs sittings. There was \$150 000, I understand, allocated in the last budget?

**Madam SPEAKER:** No. It was the year before we had the sittings, sorry.

**Mr MILLS:** So, it is only in the year that the sittings occur?

**Mr SCHOOLMEESTER:** In the 2003 budget, we allocated about \$150 000 towards sittings. In 2003-04, because we did not have the Alice Springs sittings and had the increase in sitting hours, we were able to absorb that money into our budget. This year, we have been required to take it back out and dedicate it to the Alice Springs sittings, which leaves us about \$150 000 short.

**Mr MILLS:** Short. So therefore, what Madam Speaker just said with regards to imploring us to utter fewer words, we are required to cut our time back in parliament so that we can actually operate down in Alice Springs next year?

**Madam SPEAKER:** That was a tongue in cheek remark to the Leader of the Opposition.

**Mr MILLS:** I take the point, though: it appears that the increased cost of sittings ...

**Madam SPEAKER:** Increased hours have increased our costs.

**Mr MILLS:** Increased hours, increased costs, have been able to be absorbed because we did not have Alice Springs sittings?

**Madam SPEAKER:** Yes, but I am sure you will agree with us that the Alice Springs sitting are very important.

**Mr MILLS:** I am not speaking against the Alice Springs sittings. The issue here is concern about the level of funding that you receive, where the money is coming from and services that are being cut back. It is clear from all that has been said that you are constantly looking at areas where you can cut back, even areas such as security. So that is a concern and obviously here we have pressure being brought to bear upon this parliament.

**Mr CHAIRMAN:** Is that a question, Leader of the Opposition?

**Mr MILLS:** Yes.

**Madam SPEAKER:** We are obviously always looking at ways we can be more efficient and to save costs. We have had some savings identified. For instance, some of our electricity costs went down last year, which was good. We have had some FBT savings. We are reviewing the grounds maintenance contract; we are looking at fuel cards and waste paper minimisation. So cost savings is now a regular feature of the management of the department. Obviously, these large savings won't make much difference to change the way we operate. We have to be ever more skilful in the way we operate. Yes, Leader of the Opposition, we would all like more money and not have to trim areas as much as we do, but as long as we can still provide a good service to members and to the parliament, then I feel we have accomplished what we have within the budget we had.

**Mr MILLS:** Would you be more concerned about the pressure brought to bear on the provision of security for this building?

**Madam SPEAKER:** Do you want to talk about security now?

**Mr CHAIRMAN:** Is that under Members and Client Services or Building Management?

**Madam SPEAKER:** Building Management.

**Mr CHAIRMAN:** We will hold it until then.

**Mr MILLS:** Okay. I will move to committees. What is the actual cost per committee?

**Madam SPEAKER:** In 2003-04, the PAC was \$234 000; Substance Abuse was \$245 000; Legal and Constitutional was \$179 000, and Environment was \$129 000.

**Mr MILLS:** Do you think this is sufficient or is more support needed?

**Madam SPEAKER:** We have an agreement with government that if any committee has an increase in reference or has to do a further job of work, we go back to the government for additional funding, and that has been an accepted practice for a few years. What we have in our budget today is our notional funding based on previous experience, but if there is need for additional funding, there has been an agreement that we would be able to put a case to the Chief Minister for additional funding.

**Mr MILLS:** Has the work of committees increased?

**Madam SPEAKER:** Some has. Public accounts, you might say, has. Substance abuse, maybe. I think they are still operating. Environment and Sustainable Development, I am not quite sure where they are at, and the Legal and Constitutional Affairs Committee still has work to be done. So far as I can see, that committees, in fact, seem very busy.

**Mr MILLS:** I note the environment has halved, more than halved.

**Madam SPEAKER:** It anticipated the final report for the EPA reference will be completed and presented to the Assembly at the 2004 sittings, October. They still have some more information gathering, and they have one remaining public hearing in Palmerston. That committee has received over 30 written submissions. The task remains to sift through that evidence and develop a report. Members of that committee will be well aware of where there at. Let's hope that the report will be presented to the parliament.

**Mr MILLS:** Mr Chairman, that finishes my questions on this output.

**Mr CHAIRMAN:** Are there any other questions?

**Dr LIM:** Yes. Madam Speaker, I refer you, still on Output 1.1, to page 47, and we spoke about this a bit earlier, DCIS services free of charge, and you have \$1.611m. Can you explain where that money is registered? Is it in your budget or is it in the DCIS budget? Where is it?

**Madam SPEAKER:** It is now shown in our budget. It is the work that DCIS that actually does for us as regards many of our contracts and our services. This is something that I have questioned quite a lot for explanation about it because if you look in your budget outline, you will see DCIS Property Services. You see, DCIS handles the electorate offices, all the associated lease arrangements and that sort of thing, and it is almost like a paper exercise for us because they do all that and, this year, it has been shown within our budget but in fact it stays with DCIS.

**Dr LIM:** So what you are saying is that your budget has been padded at the bottom line by \$1.6m?

**Madam SPEAKER:** Not so much padded; it is the real cost of what is ....

**Dr LIM:** Which you don't pay, but it is registered in your allocation.

**Madam SPEAKER:** It is shown within our allocation, but it is the real cost of what it costs the Legislative Assembly for all the property services that DCIS is providing. Rex, would you like to ...

**Mr SCHOOLMEESTER:** Yes. The DCIS free of service charge comes in as revenue and goes out as expenditure. On page 28 of the Budget Portfolio booklet, you can basically see the way we have allocated that across the agency. It is on the last page. We have allocated it to all areas.

**Dr LIM:** So then I would expect to see a contra entry in the DCIS books, wouldn't I?

**Madam SPEAKER:** You could ask the DCIS minister that.

**Dr LIM:** I am just asking: would you expect to see that in the DCIS books as a contra entry?

**Mr SCHOOLMEESTER:** Yes.

**Dr LIM:** Thank you.

**Mr CHAIRMAN:** Any other committee members?

**Mr DUNHAM:** Yes. I am a member of the Environment Committee, and when you said that you talk to government about additional and government will respect that and give you additional money for it. Who has advised you that the Environment Committee is going to have such a substantial reduction in its work? Is that government telling you that?

**Madam SPEAKER:** No, the information I received came from the committee. Clerk, is that right? The Environment Committee?

**Mr McNEILL:** Yes, Mr Chairman, the advice that led to the allocation, which is a notional allocation, by us as a department after we get the result of Budget Cabinet, was done on a formula that addresses the staffing requirements and divides out of the global allocation for committees according to the program that is identified at this time of the year, apportioned to each committee. That advice would have come to the Chief Finance Officer from the Committee Secretary.

**Mr DUNHAM:** So if the committee believed it had further work programs of the type and you were not advised, that now has to take a different route; that has to be seen as additional work ...

**Madam SPEAKER:** It is a new reference.

**Mr McNEILL:** Yes.

**Mr DUNHAM:** ... whereas in committee, we would see that as continuing with investigations.

**Mr McNEILL:** Yes.

**Mr DUNHAM:** There are four of us here from that committee. I am sure we would see that as a fairly substantial cut for work that is still on foot.

**Madam SPEAKER:** Well, if a new reference is made, then funding for that committee will have to be reviewed, but it is up to the committee to decide on that and put their case through to us to present to government.

**Mr DUNHAM:** I am actually not talking about a new reference; I am talking about completing a term of reference arguably could cost more than that and therefore it is incumbent on the committee to put that case to the parliament ...

**Madam SPEAKER:** Through the Clerk, it goes to government.

**Mr DUNHAM:** Okay.

**Dr LIM:** Mr Chairman, the Clerk is trying to signal for a chance to – have you not seen the Clerk?

**Mr CHAIRMAN:** Yes, I have seen the Clerk. Thank you for that. I am sure that the minister will look to the Clerk and see what input he has to this.

**Madam SPEAKER:** Clerk, would you like to add to that?

**Mr McNEILL:** Yes. Mr Chairman, after the Mini-Budget in 2001, and to address what had been an historical range of tensions between committees for resources, we put in place a mechanism for administering the financial support for committees, which, to date, has worked fairly effectively in that these notional allocations are made at the time of the publication of the budget by the Chief Finance Officer and endorsed by myself and Madam Speaker as the starting point for the operations of the committee system for the coming year.

In the event that any committee feels that it has not received adequate funding for its operational circumstances, depending on program agreed to by the committee, it is available to identify any shortcomings and requirement for resources to Madam Speaker who has taken the role of effectively coordinating and mediating with committee chairs the allocation of resources within the global committee budget.

In the event that the work of the Environment Committee in respect of extending, perhaps, its current reference on an Environmental Protection Agency was to present a case for additional and supplementation of funds, that is the due process and, in her turn, the Speaker has undertaken to represent those expressions of concern by committees, in the event that we are unable to fund it from within the committee allocation or the whole of the agency allocation, to the Chief Minister.

**Madam SPEAKER:** And this has happened in the past.

**Mr McNEILL:** In the past, we have found funds from within our own agency to top up the initial allocation. In fact, the Office of the Clerk has been quite generous from time to time in supporting the work of the Environment Committee at the moment, and the Legal and Constitutional Affairs

Committee in the past.

**Madam SPEAKER:** Rex.

**Mr SCHOOLMEESTER:** The one important thing to note from that is that the notional allocation was advised by the committee itself to us. That is one preliminary step that was in there ...

**Ms LAWRIE:** Committee Secretariat?

**Mr SCHOOLMEESTER:** Committee Secretary advised us of the notional allocation for the coming year of the requirement.

**Mr DUNHAM:** Okay. I will leave it there.

**Dr LIM:** Mr Chairman, still on Assembly Services, looking at the budget as a whole now, at the start of the financial year, you were given an allocation. How strongly do you feel that you need to stick to that allocation or is there great flexibility so that you can actually go cap in hand, as you have described just now, to government to say: 'Look, I need more money for Legislative Assembly', and what is that flexibility: 10per cent, 20per cent, 50per cent?

**Madam SPEAKER:** I do not think we have that sort of flexibility. Obviously, in any budget, you will monitor how you are going and if the changes have to occur, that is fine. However, to go to Cabinet for additional funding, we would have to have a very strong case and, perhaps, a special occurrence for us to do that.

**Dr LIM:** So, what you are saying is that you really need to stick to your budget allocation at the start of the financial year fairly tightly, and try to ensure that you stay within that budget for the 12 months?

**Madam SPEAKER:** Well, I would hope that our officers would try to do that, and Rex might like to make a comment, because that is the way you operate.

**Mr SCHOOLMEESTER:** What happens at the start of the year is that the allocation has been split across all business units. Business units meet monthly to discuss the budget. What we have done is that they are operating on a reduced budget, and each business unit manager has to work within that budget and identify if the costs start to move or if he cannot cope within it. Then it is considered within a whole-of-agency context. As well as that, we look at the efforts we are making in the cost savings area. If an area is blowing out, we allocate to meet that shortfall.

**Dr LIM:** And you stick within your global figure, obviously?

**Mr SCHOOLMEESTER:** We start off, yes, sticking within the global figure and seeing how we can match it at this stage.

**Dr LIM:** Thank you.

**Mr CHAIRMAN:** Any there any other questions?

**Mr WOOD:** I just need a point of clarification. I was going to ask a question on IT, but ...

**Dr LIM:** 1.3.

**Mr WOOD:** Hang on. ... as related to electorate offices. I presume that comes in at Output 1.2?

**Dr LIM:** 1.2.

**Mr CHAIRMAN:** Consensus seems to be Output 1.2, member for Nelson.

**Ms LAWRIE:** Members and Client Services.

**Mr CHAIRMAN:** There being no further questions, that concludes consideration of Output 1.1.

**Output 1.2 – Members and Client Services**

**Mr CHAIRMAN:** The committee will now consider Output 1.2, Members and Client Services. Leader of the Opposition, are there any questions?

**Mr MILLS:** Yes. Madam Speaker, on page 49 of the budget it says:

*Average administrative cost per member for support to members and electorate offices...\$24 000.*

Can you inform me what this figure means, and how you arrived at that figure?

**Madam SPEAKER:** \$24 000. The increase, again, \$8000 resulted from inclusion of the DCIS service free of charge for other services including accounts payable, accounts receivable, assets and taxes, etcetera; \$1300 resulted from an increase in costs from Corporate Services.

**Mr MILLS:** Does that total \$24 000?

**Madam SPEAKER:** Rex would like to expand on that if he could, Mr Chairman.

**Mr SCHOOLMEESTER:** On page 28 of the Budget Portfolio Statement there is an output distribution model or matrix for our agency. Basically, what happens is that Corporate Services costs and the DCIS costs are allocated across the various outputs.

If you were to add up the Member and Client Services, the allocation from the Office of the Clerk, the allocation from Corporate Services, the DCIS free of service charges, and divide by the number of electorate offices, it calculates to \$24 000. It is our best guess of the allocation of our Corporate Services costs and the agency's allocations to the various outputs.

**Mr MILLS:** Madam Speaker, can you break down the actual cost to the Legislative Assembly of each member's electorate office.

**Madam SPEAKER:** I do not think we have that on hand. Can I take that on notice and get back to you? Do you want to make a comment?

**Mr McNEILL:** We used to keep a database that identified those figures specific to each electorate office but, presently, it would require breaking down ...

**Madam SPEAKER:** Vicki, can you do it?

**Ms LONG:** In our chart of accounts, we have codes for each electorate office and so, as expenses are made, they are allocated across those electorate offices. However, we do not have those figures with us in here at the moment, so we would need to take that on notice.

**Mr SCHOOLMEESTER:** In that question, could we just look at the direct costs? Otherwise, we would have to allocate the Corporate Services cost to each electorate office.

**Mr MILLS:** Direct costs would be fine.



**Mr CHAIRMAN:** Now, it did start off as a question on notice. It seemed to get answered a bit. Are you ...

**Mr MILLS:** No, it is still a question on notice.

**Mr CHAIRMAN:** All right. Well, to assist Hansard and ensure the minister is fully aware of the question, would the Leader of the Opposition please restate the question?

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**Question on Notice**

**Mr MILLS:** Madam Speaker, could you please break down the actual cost to the Legislative Assembly for each member's electorate office?

**Madam SPEAKER:** So, you want the direct cost for each office?

**Mr MILLS:** The direct cost for each office, yes.

**Mr CHAIRMAN:** Minister, do you accept that as a question taken on notice?

**Madam SPEAKER:** Yes.

**Mr CHAIRMAN:** That being the case I allocate number 1.1 to the question.

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**Mr MILLS:** That is fine for me, thank you.

**Dr LIM:** I have a couple of questions, Mr Chairman, if I may.

**Mr CHAIRMAN:** Member for Greatorex.

**Dr LIM:** Madam Speaker, Roll Data, my favourite subject, is an electronic database used to maintain electoral rolls for members of the Assembly. The two parties, the government and the opposition, have picked up their own party-specific electoral roll. Are any members still using Roll Data, and if they are, what is the cost of maintenance of the database now and for how many members? Could you provide the list of members?

**Madam SPEAKER:** The Independent members are still using Roll Data. For the cost of Roll Data, I will pass to Vicki.

**Ms LONG:** We have a contract for non-mainframe support under which Roll Data sits. As you said, the two major parties have their own systems. We have looked at other systems throughout Australia and there are, in fact, no other systems that are independently developed that we could utilise for Independent members, so we need to provide Roll Data for those two members.

In the latest iteration of the contract, we have moved from a fixed cost to a user pays cost and that has minimised the cost for that. In terms of the actual figures, I would need to take that on notice as well.

**Dr LIM:** If you would take it on notice, that would be fine. Do you want me to re-word it?

**Mr CHAIRMAN:** Yes, please, in a moment.

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**Question on Notice**

**Mr CHAIRMAN:** To assist Hansard and to ensure the minister is fully aware of the question, would the member for Greateorex please restate the question?

**Dr LIM:** Are there any members still using Roll Data and if there are, what is the cost of maintenance of the database and how many members? Could you provide a list of members?

**Mr CHAIRMAN:** Minister, do you accept that as a question taken on notice?

**Madam SPEAKER:** I do.

**Mr CHAIRMAN:** That being the case, I allocate number 1.2 to the question.

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**Dr LIM:** Is it still cost effective to maintain Roll Data?

**Madam SPEAKER:** We still have to provide that information for all members as we have in the past. Just because we have two Independent members does not mean to say that we still should not be providing that service to them. Whether it is cost effective or not is something that I won't know until I see the figures. Ms Long would like to comment.

**Ms LONG:** It is a service we are obliged to provide to those members and we are doing it in the most cost effective way possible.

**Dr LIM:** My next question, still relating to Members' and Client Services: a couple of years ago, a member of a committee undertook independent legal advice without prior consent of the committee but at a cost to the committee in a matter then under investigation by that committee. I am asking, Madam Speaker, are you able to tell me what costs have been incurred by which members of the Legislative Assembly seeking legal or any other professional advice for matters pertaining to work related to the Assembly, paid for by the Assembly in the last 12 months?

**Madam SPEAKER:** I am aware of a couple of approaches by members to seek legal advice. I do not have that itemised in my papers as far as I know. It is not itemised per member, but there were a couple of occasions when members did seek legal advice.

**Dr LIM:** If you are prepared to take it on notice, I would like to put it on notice.

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#### **Question on Notice**

**Mr CHAIRMAN:** To assist Hansard and to ensure that the minister is full aware of the question, would the member for Greateorex please restate the question?

**Dr LIM:** A couple of years ago a member of the committee undertook independent legal advice without prior consent of the committee but at a cost to the committee on a matter then under investigation by the committee. Are you able to tell me what costs have been incurred, by which members of the Legislative Assembly seeking legal or any other professional advice for matters pertaining to work related to the Assembly and paid for by the Assembly in the last 12 months?

**Mr CHAIRMAN:** Minister, do you accept that as a question on notice?

**Madam SPEAKER:** Yes, I do.

**Mr CHAIRMAN:** That being the case, I allocate number 1.3 to the question.

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**Mr CHAIRMAN:** Member for Greateorex, do you wish to ...

**Dr LIM:** No, that is fine, thank you.

**Mr CHAIRMAN:** Are there any other questions?

**Ms LAWRIE:** Yes. Madam Speaker, could you provide a breakdown of expenditure occasioned by members of the opposition exercising their entitlement contained in the Remuneration Tribunal Determination to travel within and outside the Territory as Shadow Ministers? Can this breakdown include destinations, dates and costs incurred for this travel?

**Madam SPEAKER:** No, I cannot, Mr Chairman. The allocation to the Leader of the Opposition is a bulk amount and it is at his discretion how he uses it for his shadow ministers. He does not require my approval to do that at all.

**Ms LAWRIE:** All right. I table a copy of a media release regarding the member for Macdonnell's demand that a helicopter fly spare tyres to him. That is from the *Sunday Territorian*. The article appeared on the fourth of the fourth this year. What was the cost of this exercise to taxpayers, and have helicopters been used in similar instances during the year?

**Madam SPEAKER:** Yes, the Legislative Assembly did pay for it. The exact cost I was told, but I do not have it. Do you recall it?

**Mr McNEILL:** We would have to take that on notice.

**Madam SPEAKER:** We would have to get the exact cost for you, but please remember that it is our responsibility to ensure the safety of members no matter where they are, particularly those who travel in remote communities.

**Dr LIM:** And the property of the Assembly.

**Madam SPEAKER:** Yes.

**Mr McNEILL:** The circumstances were ...

**Madam SPEAKER:** The circumstances were a bit unusual.

**Mr CHAIRMAN:** So you will take that on notice?

**Madam SPEAKER:** Yes, we will take that on notice.

**Mr CHAIRMAN:** To assist Hansard and to ensure the minister is fully aware of the question, would the member for Karama please restate the question?

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#### **Question on Notice**

**Ms LAWRIE:** What was the cost to taxpayers of a helicopter flying spare tyres to the member for Macdonnell? Have helicopters been used in similar instances during the year?

**Mr CHAIRMAN:** Minister, do you accept that as question on notice?

**Madam SPEAKER:** I do.

**Mr CHAIRMAN:** That being the case, I will allocate 1.4 to the question.

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**Mr CHAIRMAN:** Any other questions?

**Mr WOOD:** Madam Speaker, my question is regarding IT for electorate officers and electorate offices. In the Member's Guide under 'Members Information Services Technology Entitlement,' it says:

*The electorate office computer system has been designed as a tool to assist members and electorate officers service the needs of the constituents in their electorates.*

For those of us outside Darwin who have to put up with all the problems associated with the server down, Internet speed, OPI trust upgrades, removal of some programmes, lack of flexibility in adding on programmes - for instance, if you want to put a printer on, you have to get a bloke to come out and approve an extra little \$99 printer on - problems with the XP upgrade, could you really say that client satisfaction is 95per cent?

**Madam SPEAKER:** Is that what is indicated in the book?

**Mr WOOD:** Yes.

**Madam SPEAKER:** I would say that client satisfaction, even from the member for Braitling's office, would probably be less than 95per cent. We all know we are having difficulties with the service that we are being provided. We really have listened and we hope that we have addressed it in such a manner that we will get better service, but all I can say to members is that if you really have a problem, please notify Vicki Long, Director of Corporate Services, as well as the IT person and that way, the message is getting through not just to the IT person responsible but also to the broader Assembly service that we are trying to provide for you. I do apologise to the member for Nelson if he has experienced such great discomfort with his computer services, but you are not alone. That is all I can say. Vicki Long would like to add her condolences as well.

**Ms LONG:** I just wanted to outline some of the issues that are outstanding from the VPN project to put some context to that. The VPN project was designed to increase speed and increase reliability for access for members from their offices. I do believe that there are a number of offices that have experienced increased speed and are happy with it. There are some outstanding issues. All the installations have been completed in all electorate offices, but there are ongoing problems. Some of these problems are intermittent, which makes it very difficult to resolve, but in a couple of offices, they are pretty well constant.

One of the major issues was compatibility between the port replicator, which is the new buzz-word for docking stations and the OPI trust reader, the OPI trust being the key mechanism to connect with the government WAN. That issue has now been resolved with the upgrade of all the port replicators, so that one has been resolved.

The other major issues are with the OPI trust connection, which has a tendency to drop out in some electorate offices, and part of the outreach program with the IT Director and the IT manager is going and speaking to members and electorate officers about their specific issues. Part of that process will also be looking at the history of the problems. It may be that, for some officers, for whatever reason, one particular configuration may result in a specific solution for that office, and that is what is being looked at to resolve that problem.

The other outstanding issue is a compatibility problem with the current Telstra modem and the OPI trust product, and that is also being addressed. Again, it is the role of the agency and DCIS to ensure that dialogue between the different service providers happens, and that is another challenge that we

have.

I wanted to outline those particular issues that are outstanding and, as the Speaker said, the focus in the coming year will be to resolve those outstanding issues. There are no more upgrades planned; the focus will be on what we have and getting that right.

**Mr WOOD:** Thank you. Could I perhaps have a clarification on where the roles of the Legislative Assembly and DCIS begins and ends, and where does the role of the IT provider begin and end, as relating to who is responsible for problems associated, for instance, with the upgrade? I will give you an example: you mentioned the docking station. I have a computer out there to which I could not attach my keyboard because it used to be attached to the docking station and would not attach to the laptop because it has a different plug. So I got a system that was not tested before it came out to my office. Is that the IT provider's job or is that DCIS' job? Who is to pay for those problems?

**Madam SPEAKER:** Can I say I had better not answer this because I have strong feelings about it. Mr Clerk, would you like to answer it?

**Mr McNEILL:** Subject to any clarification from Vicki, in the broad, DCIS, through the Director who is dedicated to our agency, manage the provision of the various services provided by the service providers who are, in the case of your desktop services, CSC. In our turn, I see our role, as well as obviously being responsible for the funding and administration of the funding of the allocation we get to provide those services, to communicate, and to, in our turn, through DCIS, manage the provision of those services at the appropriate level.

I guess, because of the extended equation now in the provision of service from us to the member, it is incumbent on us to manage the DCIS and the CSC provision of services through DCIS as best we can. The specific non-delivery of appropriate bit of hardware I suspect would sit with the service provider, but in turn, the responsibility for managing that delivery of service is a DCIS problem and, in our turn, it is our responsibility to make sure that they are both delivering the goods. That does not necessarily give you any comfort.

**Madam SPEAKER:** No. We pay the bills, but I would urge members to seek further advice on this from the DCIS minister.

**Mr WOOD:** I might leave my questions for DCIS.

**Mr CHAIRMAN:** Are there any further questions? That concludes consideration of Output 1.2.

### **Output 1.3 - Building Management Services**

**Mr CHAIRMAN:** The Committee will now consider Output 1.3, Building Management Services. Are there any questions?

**Mr MILLS:** Madam Speaker, this may well be taken on notice, but I will read the question to you. You may have the answer there. How many functions were held in Parliament House in 2003-04? How many of these were paid for? How many were private or non-government and Legislative Assembly functions? How many government functions were held? What was the cost to the Legislative Assembly of government functions and who paid for them? How much money was raised by the Legislative Assembly through the holding of functions, and do the charges for these functions fully cover the cost of the functions? Does the Assembly make a profit out of the holding of functions, or any functions?

**Madam SPEAKER:** We wish!

**Mr CHAIRMAN:** Is that one question, Leader of the Opposition?

**Mr MILLS:** I thought I would outline the whole thing ...

**Madam SPEAKER:** No, that is fine.

**Mr MILLS:** ... so that you can determine your response to that.

**Madam SPEAKER:** Look, I cannot give you answers to all that because I do not have a breakdown. However, let me just say that the total number of function hours for 2003-04 was 1509 hours, and the total hours for next year is estimated at 1445. However, the hours constitute the total hours of bookings made through the booking management system to utilise all function areas including administrative meetings, seminars, conferences, committee meetings, Assembly. That figure is used to assess the level of the overall departmental support provided and it is the key cost driver for the costs related to Building Management. Therefore, that figure of 1509 hours is in total.

You asked for a breakdown of many of the other functions, and I cannot give that to you, but I can give you proportions of functions hosted: by the Speaker, 13 hours; by the Chief Minister, 91 hours; and by ministers in total, 187.50 hours. I can give you the breakdown of the ministers, but I cannot give you the breakdown of all the other functions. We do not have that with us, so can we take the rest of that question on notice?

**Mr MILLS:** Yes. I appreciate that.

**Mr CHAIRMAN:** All right. This will be quite interesting.

**Mr MILLS:** It will be.

**Mr CHAIRMAN:** To assist Hansard and ensure the minister is fully aware of the question; would the Leader of the Opposition please restate the parts of that question that he wishes the minister to take on notice?

**Mr MILLS:** There were elements of my question that had been covered. How about I submit the original question and you can provide details of the unanswered parts?

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#### **Question on Notice**

**Mr CHAIRMAN:** Would you please restate the question?

**Mr MILLS:** I will do the whole question ...

**Madam SPEAKER:** Yes, do the whole lot.

**Mr MILLS:** How many functions were held in Parliament House in 2003-04? How many of these were paid for? How many were private or non-government and Legislative Assembly functions? How many government functions were held? What was the cost to the Legislative Assembly of the government functions and who paid for them? How much money was raised by the Legislative Assembly through the holding of functions? Do the charges for these functions fully cover the cost of the functions? Does the Assembly make a profit out of the holding of these functions?

**Mr CHAIRMAN:** Minister, do you accept that as a question taken on notice?

**Madam SPEAKER:** I do, Mr Chairman.

**Mr CHAIRMAN:** That being the case, I allocate number 1.5 to the question.

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**Mr MILLS:** Madam Speaker, how many people visited the Legislative Assembly during 2003-04?

**Madam SPEAKER:** That is a very good question because I was just talking to the security people. Yesterday, we had an enormous number of visitors come into the House; it was extraordinary. However, I do not have the figures with me, but it prompted me to say to myself I should be keeping a check on that because, for some reason yesterday, there was a huge number that came through. Can we take that on notice as well?

**Mr MILLS:** Yes, take it on notice. I also want comparison with previous years.

**Madam SPEAKER:** Yes.

#### Question on Notice

**Mr CHAIRMAN:** Leader of the Opposition, to assist the Hansard and to ensure that the minister is fully aware of the question, will you please restate the question?

**Mr MILLS:** How many people visited the Assembly during 2003-04 and how does this compare with previous year?

**Madam SPEAKER:** Are you talking about the Assembly or Parliament House?

**Mr MILLS:** Parliament House.

**Mr CHAIRMAN:** Minister, do you accept that as a question taken on notice?

**Madam SPEAKER:** Yes, I do, and I presume we have those figures.

**Mr CHAIRMAN:** That being the case, I will allocate number 1.6 to the question.

**Mr MILLS:** A related question: how many school groups have visited the Assembly during sittings and at other times during 2003-04? How does that compare with previous years?

**Madam SPEAKER:** The education program results for 2003-04: there were 220 minor information education programs, consisting of approximately 180 school tours. There were also 30 community and official tours, and 10 public sector induction programs and seminars for electorate officers.

**Mr MILLS:** I asked if you could provide figures in comparison with previous years to see how the trend goes.

**Madam SPEAKER:** May we take that on notice?

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#### Question on Notice

**Mr CHAIRMAN:** To assist Hansard, and to ensure that the minister is fully aware of the question, could the Leader of the Opposition please restate the question?

**Mr MILLS:** Madam Speaker, the number of school groups that visited the Assembly in 2003-04 and how that compares with the previous year.

**Mr CHAIRMAN:** Minister, do you accept that as the question taken on notice?

**Madam SPEAKER:** Thank you, Mr Chairman, yes.

**Mr CHAIRMAN:** In that case, I allocate number 1.7 to the question.

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**Mr MILLS:** Madam Speaker, I was interested to learn the number of hours that this parliament has been used for functions: 13 hours for yourself, 91 for the Chief Minister and 187.5 for ministers. Could you please provide those figures for the preceding year?

**Madam SPEAKER:** Haven't we taken that on notice?

**Mr MILLS:** No.

**Madam SPEAKER:** For 2002-03, the number of functions was 59 for the Chief Minister, two for the Speaker and 109 for ministers.

**Mr MILLS:** So the workload is increasing extraordinarily.

**Madam SPEAKER:** Sorry, that was the number of functions; that was not the hours. Let me give you the hours. The hours for the Chief Minister were 99.5 compared to 91 this year; the hours for the Speaker were 5.5 compared to 13 last year; and that makes it 180 in total for the ministers.

**Mr CHAIRMAN:** Have you finished your questions?

**Mr MILLS:** I have.

**Mr CHAIRMAN:** Are there any further questions?

**Dr LIM:** Yes, Mr Chairman. Madam Speaker, we spoke earlier about the cut that you suffered in your allocation by something more than \$0.5m and the bulk of it is coming from reduced building management services. The building is now 10 years old, as we said. Would you not be concerned that building management would increase rather than decrease with the age of the building?

**Madam SPEAKER:** I thought I made that fairly clear that as time goes on, now that we are 10 years old, I do see that there may be need for additional maintenance and upgrades in building management.

**Dr LIM:** What do you do to then to try to prevent the loss of \$626 000 in your allocation for building management services?

**Madam SPEAKER:** Take off that \$380 000, which is DCIS non-cash free of charge item and what do we have left?

**Dr LIM:** You still have \$350 000 outstanding that you have lost in building maintenance, considering it is 10 years old and you think that more maintenance is going to be required.

**Madam SPEAKER:** I cannot but agree with you. That is our dilemma: we are just going to have to be very good managers.

**Dr LIM:** I mean, considering that the government is awash with GST revenue, this would be a time



when you should be asking for a preservation of the allocation to ensure that you have adequate funding.

**Madam SPEAKER:** Are we talking about repairs and maintenance?

**Dr LIM:** No, we are talking about building management.

**Madam SPEAKER:** One of the difficulties, as I have said in the past, is that myself or the Clerk do not get to go into Cabinet meetings to put our case. We believe that if we could mount a stronger case and explain to Cabinet why we need these funds, we would perhaps be a little bit more successful. That is one of our dilemmas. While we are continuing to maintain a good service, it is not seen as a high priority that we should be getting additional funding, but our fear is that we will get to the stage where something will happen because of the lack of maintenance and we have to try to do the best of what we have. Do you wish to speak, Mr Clerk?

**Mr McNEILL:** Only to say that the outcome of repairs and maintenance allocation for this year appears to be, as I understand it, an across the board reduction for most government agencies. In our particular case, the BAMS, Building Asset Management Systems, report indicated that there were approximately \$2m worth of building-related repairs and maintenance items, and while we wouldn't expect to get the full quantum, we only have 30per cent.

The judgement call as to whether the BAMS system is efficient or not is obviously one that's been taken in other parts, but it is a matter of some concern because of the linkage, as I mentioned, between some of those issues, not with just maintaining the building in its best and most effective condition, but also the intrinsic linkages now with the requirement to upgrade a lot of the security-based systems that are built into the building and need upgrading.

In the event, it is available and is probably fair to communicate in this environment the examination of these issues that has been undertaken by the House Committee and Madam Speaker, which, across the parties, may lead to some intervention by Madam Speaker on behalf of that committee.

**Dr LIM:** Well, it is probably very short-sighted that for building management services, you have suffered such a huge cut. As I said, the government is awash with GST revenue. Now is the best time to make your case.

Considering that the electronic cabling token ring system for the building is now almost obsolete, and we know that it is almost obsolete, and that maintenance of that particular item is getting increasingly more expensive and intensive, did you attempt to retain the same budget for this coming financial year to re-cable the building? I mean, if you had saved or held on to your \$300 000, plus perhaps a bit more from government, you could re-cable this whole building and, in fact, improve your IT services and not have the extra expense of having to maintain the Token Ring System.

**Madam SPEAKER:** Member for Grealorex, it is not that we have not tried in budget submissions to get the funding we require. I think we have talked about the drop we have had consistently over the past few years in repairs and maintenance. We also rely on the BAM system that estimates for us exactly how much we will require, and we tend to rely on that system to go to government and say this is how much BAMS says we need to keep this building going. However, unfortunately this year, we only received 30per cent of what we actually indicated.

Can I also raise my concern that we actually have to pay the 18.5per cent cost to DIPE for our repairs and maintenance, and I find that rather extraordinary. Let me give you an example: if we need a new photocopier and DIPE organises the purchase of that and sends us the invoice, we pay 18.5per cent. If they order a chiller, which is \$150 000, they charge us 18.5per cent of that, so it is not just paying a set fee for a service; it is a proportion. I would imagine the amount of paperwork required to purchase a chiller would be not much more than you would for a photocopier, but the 18.5per cent of \$150 000 is far greater than 18.5per cent of \$6000. That is something that I intend to raise with the minister

because it certainly has taken a large amount out of our budget. This year alone, it is estimated that it will take \$103 000; for 2004-05 it is \$110 000, that is even worse for the agency. So you can understand that we obviously have concerns about our budget. We will do as well as we can, but if there is anything that occurs that we have to go back to Treasury, then we will have to do it. We have no choice.

**Dr LIM:** I just find it curious that some departments have had huge blow-outs in their budgets, and here you are suffering a significant cut to your budget, especially in terms of very significant infrastructure.

**Madam SPEAKER:** I have to say, with governments in the past, it has never been a high vote catching priority, the maintenance of Parliament House. It is as simple as that. I would imagine that ministers have stronger cases than we perhaps have for funding.

**Dr LIM:** Except that it makes our work more efficient, therefore we can service the community better.

**Madam SPEAKER:** Yes, yes I agree with everything you are saying.

**Mr CHAIRMAN:** Just before we go on, member for Drysdale, some of the questions are starting to - I believe they could be slightly more succinct. If we can try and stop ourselves from getting in to a statement-type question rather than a direct question, it would be much appreciated.

**Mr DUNHAM:** It is a similar theme: you actually do have a minister in Cabinet representing you, and that is the minister for DCIS and, as I understand it, all of the buildings are under the BAMS system and all of them take their repairs and maintenance credentials independently accessed by DCIS. From what I understood the Clerk to say, this actually cuts right across the board so, over the last three years, your shortfall in building maintenance is, by my calculation, over \$2m and you have only got \$700 000 this year, so that is a pretty big R&M shortfall. In your understanding, is this indicative of the shortfall across government, or do you think the parliament has been singled out?

**Madam SPEAKER:** I cannot answer that. I would not imagine we have been singled out. Can I say, it is DIPE not DCIS, and the \$700 000 we have got, remember, in fact, only is \$589 000 by the time we take off the DIPE cost. However, you would probably need to ask other departments whether they are being treated in the same way, because I am only concerned with this and it would be inappropriate for me to comment.

**Mr DUNHAM:** Right. So you do not know. Is that what you are saying?

**Madam SPEAKER:** No.

**Mr DUNHAM:** Okay. The second part of the question is: given you have such a shortfall - \$300 000 two years ago, \$800 000 last year and now something like \$1.5m is your shortfall in R&M - how can you be so confident that the performance measures and targets are being met? If you are saying that a cut of that magnitude will still leave all of those quality, quantity, timeliness and cost indicators intact, with the exception of repairs and maintenance per square metre, how can that be so? Surely, there must be an impact on these parameters?

**Madam SPEAKER:** Yes, I am quite sure that failure to fully fund our R&M is likely to increase the deterioration rate of the building and certainly members' electorate offices. It is a point we have been making consistently over the last few days, and I just hope that government has listened.

**Mr DUNHAM:** You think you might have to review these parameters as a result of the shortfall?

**Mr SCHOOLMEESTER:** Targets are an indicative level of what we are trying to achieve. The actual reporting against those targets will be where you will actually see whether we were able to meet them

or change allocations or do whatever is required to get the closest result in terms of those targets. The targets are an indicator of what we would like to be doing; they are not actually an indicator of what ...

**Madam SPEAKER:** What we will do.

**Mr SCHOOLMEESTER:** ... we will do.

**Mr DUNHAM:** Can we get your report against those targets for last year?

**Mr SCHOOLMEESTER:** Yes, it is in our annual report. Do you want the annual report? It was actually in our report last year, the targets were reported against.

**Mr DUNHAM:** No, sorry, for the current financial year, for the purpose of this building. For 2003-04, we can wait for your annual report in three or four months time to tell us how you reported against those targets.

**Mr SCHOOLMEESTER:** Yes.

**Mr DUNHAM:** Okay.

**Mr WOOD:** I have a couple of questions, but I want to follow on from that one because I do not quite understand. In Budget Paper No 3 at page 50, under Building and Management Services, it says 'Quality...' - and I think this is what the member for Drysdale was talking about - 'Maintenance levels in accordance with approved standards' and it comes under 2003-04. Wouldn't one get the impression that that is what you actually achieved?

**Mr DUNHAM:** Target.

**Mr WOOD:** That you reached 100per cent of adequate maintenance levels. Couldn't one, if reading that, say that the money that you were allocated for maintenance was therefore correct? I am not arguing that it was or was not correct but ...

**Madam SPEAKER:** Perhaps you could also read it another way and say that with what we had, we did well.

**Mr WOOD:** But wouldn't it then be that 80per cent would be a truer figure or 70per cent?

**Mr DUNHAM:** It is a target.

**Madam SPEAKER:** Well, that has been equated against what we had and what we did rather than what we could have done if we had the extra money. Rex wants to make a comment.

**Mr SCHOOLMEESTER:** In our Budget Portfolio Statement, there are a number of performance measures against quality and quantity against which we will be reporting in our annual report. Once again, these are estimates:

*Maintenance programs to agreed job standards.....95per cent*  
*Availability of building electromechanical systems.....99per cent*  
*Appropriate response and action taken with security incidents...100per cent*

The Budget Portfolio Statement was meant to detail at a lower level what is expected from those sort of standards and so when we report in our annual report, through the Budget Portfolio Statement as an indication of what we trying to achieve, you should see the results. As items become less and less,

you should see those results change.

**Mr WOOD:** A question on security, Madam Speaker. What recommendations were made by the consultant who did a security report on the building some time ago, and how much action was taken on those recommendations?

**Madam SPEAKER:** The security report that we have is quite extensive and, obviously, we were not able to implement all the recommendations of that report. In our minor new works, we have detailed a number of the things that we have done, but that is an ongoing project. We are talking about some of the cameras around the perimeter, identification tags and spots within the building that we have had to install security. All I can suggest to you is that I let you have a look at the security report if you would like to come in sometime. It is fairly extensive.

**Mr WOOD:** Thank you, Madam Speaker. Do you see any concerns still with the security of the building considering that your funding requests have not been totally fulfilled?

**Madam SPEAKER:** Personally, I am not in favour of any reduction in our security measures at the moment. We did make a Cabinet submission to maintain the level of scanning and monitoring that we have at the moment after the Bali bombings, and they were funded from our operational budget, but it is impossible for us to continue funding them within the budget that we have without additional funding.

The Cabinet submission, unfortunately, was unsuccessful so I have gone back to the House Committee and said that we can not maintain our current level of security within our budget and there are some options that we talked about. The House Committee decided last Thursday to write to the Chief Minister to request the additional funding be supplied.

In the medium and longer terms, our options for security are basically to have the *status quo*, and that is what was endorsed by the House Committee, but we may have to reduce some of the scanning out the front, if we do not get additional funding, to sitting days only, and the security guard we implemented at the Chamber door from 6pm onwards is no longer there.

I am not in favour of reducing the front of house scanning at all. I believe we should maintain that, and not just do it over sitting days, because for safety for members and staff working in this building, it is important that it continue. It is not, to me, a desirable option, but I am pleased to say the House Committee has agreed to write to the Chief Minister to request additional funding.

I want to assure members that we will endeavour as best we can to make sure that what we have in place at the moment will ensure their safety at all times, but it is a question of rationalising and how we can look at security. In the meantime, we will be taking whatever measures we can through our minor new works and repairs and maintenance programs, but it is a concern of mine.

**Mr WOOD:** Madam Speaker, do you think, therefore, there should be a similar line in the Building Management Services Performance Measures that deals with security and gives a percentage of client satisfaction or satisfaction according to recommendations from the security consultant?

**Madam SPEAKER:** It is something that we can certainly think about including. At the moment, the response we are getting to security issues, to my mind, has been very positive, has been good. Now and again we find hiccups that we are not aware of until something occurs. For the most part, we are providing a secure environment and it is something that the general public as well as members appreciate, knowing that we are addressing that in light of what is occurring worldwide.

**Mr WOOD:** There was talk about trying to upgrade the sound system in the Assembly Chamber, which, as some members would know, picking up what other people are saying, which is sometimes not a bad thing, but there are times when you would like to hear what they are saying and yet it is very difficult. It was noted that where visitors sit, there are speakers and you can actually hear better there.

Has there been any allowance for an upgrade of the sound system within the Chamber?

**Madam SPEAKER:** So you are talking about members within the Chamber better hearing what is going on?

**Mr WOOD:** Whether it is a speaker system within the desk; I do not know, but the sound system is difficult.

**Madam SPEAKER:** Well, it is true. When you are sitting in the Speaker's Chair, you often do not hear what is going on with members at the back. I do not think we have addressed that, Clerk, have we? No. You are right. Perhaps we should all sit up in the glass gallery.

**Mr WOOD:** A last questions relating to revenue: what revenue does the Legislative Assembly receive, and where does that revenue come from?

**Madam SPEAKER:** We don't receive a lot of revenue. You might notice that it is a very small amount. This year, we estimate \$34 000, and that is broken up. From DCIS, we get \$5000 for a trainee; our functions so far this year have only grossed us \$2 000; rental revenue, which includes revenue from Speaker's Corner as well as the media, which rents space upstairs, is \$13 000; Hansard revenue, people purchasing from Hansard, is \$2000. I am not sure what recoverable work is ...

**Mr SCHOOLMEESTER:** Recoverable work is where we do some work for the Chief Minister office, changing power points or doing work on Level 5, and we recover some money for that.

**Madam SPEAKER:** That is \$4000; profit on disposal of assets – I am not sure whether you would call it profit - \$2000; and mobile phone recoveries from members \$6000. So, to date, it is \$34 000. You can see it is a fairly small amount.

**Mr WOOD:** Is the rent on the café in accordance with, you might say, general standards of renting in the CBD?

**Madam SPEAKER:** I would say that is commercial-in-confidence, isn't it, our lease with the Speaker's Corner café?

**Mr WOOD:** I can ask in general terms.

**Madam SPEAKER:** It is a very generous lease that we provide to Speaker's Corner café mainly because we do not have another service within Parliament House to provide members or visitors with refreshments, as do some other Parliament Houses, which have their own dining rooms. We don't have that, so it is a fairly generous lease to Speaker's Corner café, but we based it on the fact that we actually need a service within the House, and if we went to full commercial leasing we probably would not attract anyone.

**Mr WOOD:** Thank you.

**Mr CHAIRMAN:** Are there any other questions? That concludes consideration of this output group. Are there any other non-output specific budget-related questions? On behalf of the committee, I thank officers from the Department of the Legislative Assembly for attending today.

**Madam SPEAKER:** I thank members for their questions. If we had notice of them in advance, we could have prepared the answers.

**Dr LIM:** We are not allowed to submit written questions, you see.

**NORTHERN TERRITORY TREASURY**

**Mr CHAIRMAN:** I welcome the Treasurer and invite him to introduce the officials accompanying him and, if he wishes, to make an opening statement.

**Mr STIRLING:** Mr Chairman, thank you for your welcome. I have with me on my right the Under Treasurer of the Northern Territory, Jennifer Prince, and further to the right, Mr Andrew Smith. On my left is Deputy Under Treasurer, Finance and Corporate, Mr Graham Symons and further left Ms Jodie Kirkman. I will introduce other Treasury witnesses and ask them to come forward to the table as individual output areas are dealt with.

This is the third accrual budget presented by the government, with agency information disaggregated by output classification. The presentation of financial information in the budget papers is very largely consistent with the approach taken in the last two budgets to facilitate comparison. However, we have continued the process of refining the presentation and content to enhance transparency and usability of the information.

Budget Paper No 2 tends to be the budget paper that Treasurers use in analysing and comparing budgets, and so it is more technical in financial content than the other books. The scope of this book was significantly expanded last year and the same broadened scope has been retained in this year's presentation. It is an important book because, as well as including the consolidated financial statements, it has an overview of the fiscal strategy underlying the budget, an analysis of the government's current financial position and outlook, and includes chapters on the Northern Territory economy, the budget initiatives, Northern Territory own source revenue, Commonwealth revenue and commercial issues impacting on government finances. The financial information in Budget Paper No 2 is presented according to the rules of uniform presentation framework for government financial statistics. It is in a consolidated form so as to eliminate any double counting which would otherwise arise from transactions between agencies.

Budget Paper No 3 presents the budget disaggregated by agency for all agencies subject to the *Financial Management Act*. A number of agencies have continued to refine their output groupings and the associated performance information, and I expect this process to continue for several years with this information becoming progressively better in reflecting agencies performances. Treasury will be working with agencies again during the year to improve this aspect of the budget presentation for next year.

In the 2004-05 budget, DCIS charges have been included in general agency budgets for the first time. This has been done to meet accounting standards, and will facilitate cost comparisons at agency or output level with other jurisdictions. No other jurisdiction has a central corporate services agency, and agency budgets in those jurisdictions have reflected their full corporate services costs.

Each agency shows a DCIS charge as a cost and has a corresponding revenue item so that there is no overall impact on the consolidated government finances. DCIS will still receive appropriation to meet the costs of providing these services. The charging is notional and so no cash will actually change hands. DCIS have been reporting notional charge costs to agencies for some time, but the costs have not been included in their budgets until now.

The presentation of information in Budget Paper No 4 has been improved this year. Summarised information on repairs and maintenance is now included, as well as capital grants, capital works and minor new works. This provides a more comprehensive picture of infrastructure projects funded by government for the public, and also provides better information for the construction industry. This level of information is also provided for each agency.

As Treasurer, I will address a number of issues from a whole-of-government perspective. These include: financial and accounting policy matters as apply in the 2004-05 budget; the *Fiscal Integrity and Transparency Act* including financial statements for the general government and non-financial public sector; the fiscal strategy parameters used in developing the budget, both financial and economic; whole-of-government financial issues; employee superannuation liabilities; Territory

revenue paid into the Central Holding Authority including taxes, royalties and GST revenue; revenue measures in the 2004-05 Budget; community service obligations and dividends policy; procurement policy; and the overall infrastructure program.

As shareholding minister for Power and Water, I will address issues that arise in the budget papers and Appropriation Bill in relation to Power and Water, specifically interest, dividends, and tax equivalent payments made by Power and Water, and infrastructure grants including indigenous essential services grants and CSO funding received by Power and Water. Any operational or policy questions that do not relate to the above should be directed to the Power and Water representatives who will appear before the Government Owned Corporations Scrutiny Committee on Friday 25 June.

Mr Chairman, I will be happy to answer any questions from the committee relating to my responsibilities for the Appropriation Bill and the budget papers.

**Mr CHAIRMAN:** Thank you, Treasurer. The committee will proceed to consider the estimates of proposed expenditure contained in the Appropriation Bill 2004-05 they relate to Treasury.

#### **OUTPUT GROUP 00.01 – Whole-of-Government Questions – Budget and Fiscal**

**Mr CHAIRMAN:** I call for questions on Output Group 1, Territory Revenue, Output 1.1, Territory Revenue.

**Mr MILLS:** Mr Chairman, we have that first output, 00.01, which is Whole-of Government Questions - Budget and Fiscal Strategies. I would be seeking, as we have done in previous times, to contain most of my questions to that area because it is the broad economic issues and budget fiscal strategies that flow right through those other outputs.

**Mr CHAIRMAN:** Yes.

**Mr STIRLING:** Sure.

**Mr MILLS:** As we did last time, Mr Chairman, I commenced with general questions, but very quickly was directed to be locked into specific output groups. What is your intention?

**Mr CHAIRMAN:** No, the output there is Whole-of-Government Questions – Budget and Fiscal Strategies.

**Mr MILLS:** So if I talk about tax, for example, will you be making me then ...

**Mr CHAIRMAN:** No one makes you; it is a matter of process, Leader of the Opposition, so we have continuity in questioning for the other members and to keep the agencies fully across where the discussion is going. Now, it is Whole-of-Government Questions – Budget and Fiscal. I leave it up to the minister to question relevance and then will put a ruling on that. Is that fair enough?

**Mr MILLS:** It sounds all right at this stage.

Treasurer I didn't hear reference to the change in fiscal strategy, which indicates very clearly, at this late stage of your administration, an admission that the economy under your charge has led the Territory to significant economic decline: two years of zero growth, population decline, labour force reduction. It is too late, I would say, for you now to change your fiscal strategy. Could you please explain what prompted you, at this late stage of your administration, to change fiscal strategy?

**Mr STIRLING:** Let me say at the outset, Mr Chairman, at least we have one. At least we have a fiscal strategy. We were on track and we are on track for 2004-05, as we outlined as far back as the November 2001 Mini-Budget, and I will go to some of that detail.

Let me just remind the committee of what the lack of any fiscal strategy meant to the Territory and to tax payers prior to us being elected in August 2001. For example, the budget, as put into the parliament for 2000-01 financial year predicted a surplus of \$1m. The outcome: deficit \$275m. Go back and have a look at the figures. That is what the lack of a fiscal strategy meant. You had no idea what you were going to do.

In 2001-02, the budget predicted a deficit of \$12m. We were elected in August and within days, within days of being formed as a Cabinet ...

**Mr MILLS:** A point of order, Mr Chairman.

**Mr STIRLING:** ...Cabinet ministers met with the Under Treasurer and were told that the budget position was 'unsustainable', that the deficit ...

**Mr MILLS:** A point of order, Mr Chairman!

**Mr STIRLING:** ...was on track between \$126 and \$139m - six weeks after you blokes had said a \$12m deficit!

**Mr CHAIRMAN:** One moment, please, Treasurer.

**Mr STIRLING:** That's what a lack of a fiscal strategy meant. You had no idea!

**Mr CHAIRMAN:** The Leader of the Opposition has a point of order.

**Mr MILLS:** To commence this process, Treasurer ...

**Mr Dunham:** You haven't mentioned the budget black hole yet.

**Mr CHAIRMAN:** There is a point of order.

**Mr MILLS:** It goes to the relevance of the response. We are talking about this budget and this ...

**Mr CHAIRMAN:** Leader of the Opposition ...

**Mr STIRLING:** Yes, we are talking about fiscal strategy and what it is. You blokes don't even know of what one is.

**Mr CHAIRMAN:** You asked the question. The Treasurer is answering the question.

**Mr Dunham:** No, he is not. He is resorting to personal abuse.

**Mr STIRLING:** As far back as November 2001 when we were confronted with the deceit of the 2001-02 budget outcome, as put down six weeks earlier in parliament predicting a \$12m deficit, confronted with the reality it is going to be between \$126 and \$139m. Now that is what we were confronted with on election.

We went about that November Mini-Budget with the framed deficit of \$126m. It came in at minus \$83m. In 2002-03, we framed the budget around a deficit of \$95m and we came in at plus \$9m. In 2003-04, we predicted a deficit of \$24m, we are on track for a plus \$34m. In 2004-05, and this was all laid down in November 2001 when we said we would achieve a balance to the budget, and that is the way that it will pan out at the moment.



In 2005-06, originally we forecast a modest surplus. We are now looking at a deficit of \$16m. Why is that so? That is a fair question. Why has the fiscal strategy changed? In March, we went to the Treasurer's conference and we learned that we would be losing \$48m on the Grants Commission's recommendations to the federal Treasurer, which were accepted. What were the reasons for the Grants Commission taking out \$48m of our base, not just this year, but it is minus \$48m all the way through to the next review? It is five times \$48m we lose out of our base. The Grants Commission made special reference to it in its report to the federal Treasurer, and the references that the Grants Commission made were along the lines that they could not adequately capture the real costs of depreciation of items in the Northern Territory compared with other jurisdictions and that there may be a case for a special look at the effect of depreciation in the Northern Territory.

The second element that they queried in terms of their own methodology and their inability to capture the disadvantage suffered by the Northern Territory was in relation to the level of debt charges that the Northern Territory faced, and I do not have to remind the committee or anyone else that on election to government, debt charge was such that we were paying around \$0.5m per day in interest on the debt that was left.

On the back of those findings in the Grants Commission report, we met with the federal Treasurer on the night before the Treasurers Conference in March and we raised these concerns. They were, in fact, concerns we were directed to by the way the Grants Commission had framed its report. Whilst we were not given solace and comfort on that occasion, we were invited to follow this through further with the Grants Commission and that is a body of work that is going forward.

There you go; there is \$48m straight out of what we would normally expect to get in Commonwealth revenue in the years forward. That meant a restructuring of the fiscal strategy. Whilst we are still on track for 2004-05 and will achieve a balanced outcome, we believe, in 2005-06, faced with that loss of Commonwealth revenue, we will have a modest deficit. At the moment, we are predicting \$16m, and for 2006-07, \$9m.

In relation to economic recovery and being somewhat slower than expected, that is why we have had record infrastructure spends year in, year out since we were elected; record infrastructure spends in order to re-build the construction industry, which was in tatters, which was almost non-existent on election to government in August 2001.

**Mr Dunham:** So you do not know what a fiscal strategy is either, do you?

**Mr CHAIRMAN:** Leader of the Opposition, do you have a question?

**Mr MILLS:** That was one question and a very long answer. Treasurer, you keep alluding to the \$46m that you have had taken from you. I put to you that is actually a reduction on the projected increase that you were to receive. Further to that, you may recall an interview you did on the steps of Parliament House, saying that the Northern Territory is going to receive an additional \$36m in GST revenue than was anticipated and you said, on 12 May, that because the 2004-05 Budget was off at the printer, it would not be factored into the budget.

**Mr STIRLING:** Of course it couldn't be.

**Mr MILLS:** Where has that \$36m been allocated, and why cannot you use some of that \$36m, for example, as you did last year, to put in \$10m to TIO to top up the MACA shortfall rather than to make Territorians pay? The point is: you said \$36m you have received is not in the budget papers. Where is it?

**Mr STIRLING:** There is a very clear answer to that: it is in the Central Holding Authority. We did not know ...

**Dr Lim:** Hollow log!

**Mr STIRLING:** ... that we would be receiving an additional \$36m in GST until the Federal Treasurer handed down his budget on the night of 18 May. If you think we can rewrite the budget between 11 May when we were told that, and our budget is scheduled to go in on 18 May, you have another think coming. It is already at the printer.

**Mr Mills:** You could rewrite your speech, and your rhetoric could be changed.

**Mr STIRLING:** It is already at the printer. Everything is on track. There may be a question about actual timing of when we do our budget in relation to the timing of the federal budget, but why can't we use - and here is the nub of the question - that \$36m, for example, to give to TIO so they do not have to raise MACA premiums? Fine.

This is the reality. We get that \$36m out of the grant from GST at the end of 2003-04. You would be a pretty brave person to predict that your going to get the \$36m or anything like it in 2004-05 because, whilst there has been pretty strong growth in the GST pool since the introduction of the GST until now, it is not expected that that growth will continue, in part because the housing boom across Australia is well and truly on the cool. That is where a lot of the GST growth was coming from. You have a one-off \$36m. You cannot put it in to a recurrent item like that.

This is what the actuaries were coming to in TIO: wages growth around 6per cent or 7per cent for the year. That has to be factored in to the MACA scheme because the benefits of MACA are tied very closely to wage rates out in the community. Therefore, if you are bound to increase MACA, you are bound to increase the contributions to it to keep it solvent and to keep it alive out there. If you want to use one-off revenues against ongoing expenditure, what happens? What happens when you do not get the one-off revenue the next year? You then have to cut services or go to a higher deficit in order to fund something that you have funded from a one-off the year before.

There is a fundamental lack of understanding of long-term budgetary planning by the Leader of the Opposition in that question. If you wanted to use it in a one-off fashion, sure, because you have it one-off; use it in a one-off fashion. However, if you try to build that in to any form of recurrent expenditure, what happens the next year when you do not get that increased revenue, is you have to find it elsewhere. The only way you can find it is to cut services or increase your deficit, and we are not of a mind to do either. We will not be caught out using one-off revenue, which we will not get next year, against ongoing items of expenditure, and MACA is an ongoing item.

**Mr MILLS:** Treasurer, you know quite well that the projected revenue flow from GST is said to increase next year and the year after. Your own budget papers forecast that. This strikes at your integrity. If you are asserting publicly and loudly that you have had a cut in GST revenue, and you are mute on the point that you have received \$36m ...

**Mr STIRLING:** I am not mute at all.

**Mr MILLS:** You are absolutely mute on it. It does not appear here, and you tell Territorians now that it has just been deposited in the bank. This strikes at your integrity, Treasurer, and you need to be very clear to Territorians that, in fact, you have received additional, which you have been quiet on.

**Mr STIRLING:** If you go to Budget Paper No 2, on the bottom of page 110, the surplus deficit is \$33.841m.

**Mr Dunham:** Oh, these are the things you were not going to run up.

**Mr STIRLING:** \$33.841m as a result of that \$36m, so it was changed.

**Mr MILLS:** I go back to initial question that was asked in regard to fiscal strategy.

**Mr STIRLING:** Well, let me go to the speech:

*The Commonwealth budget handed down last Tuesday included an increase in national goods and services tax, GST collections, of which the Territory's receives \$36m in 2003-04, and \$28m in 2004-05, estimated at this stage.*

Now, additional GST revenue means a surplus of \$34m for 2003-04. When we were finalising the Territory budget a week before that, 2003-04 was on target for a \$2m deficit consistent with the mid-year report when we reported that it would be possibly \$1m. So do not tell me we are mute about this. Budget speech, did not listen, did not read it. Did not listen when I handed it down in parliament? Did you read page 110 of Budget Paper No 2?

**Mr MILLS:** Every Territorian knows that you were referring to a huge loss from Peter Costello. Anyway ...

**Mr STIRLING:** \$48m was removed in March from the 2004-05 Budget and every budget forthcoming.

**Mr Dunham:** You predicted increases.

**Mr MILLS:** And you have projected increases. Anyway, the original question, Treasurer ...

**Mr STIRLING:** Not predicted. Not predicted.

**Mr Dunham:** Yes, it was!

**Mr STIRLING:** \$48m was removed and stays removed over the five year period until the next review.

**Mr Dunham:** Because you have lost population. You have lost population, goose!

**Mr STIRLING:** It is not estimated. It has nothing to do with population! It has nothing to do with population.

**Mr CHAIRMAN:** Order, please.

**Mr STIRLING:** It is the Grants Commission recommendations to the federal Treasurer ...

**Mr Dunham:** Yes.

**Dr Lim:** Because of population.

**Mr STIRLING:** ... and on the relativities around the states ...

**Mr Dunham:** You are crying poor!

**Mr STIRLING:** ... they took out \$48m; no estimate ...

**Mr Dunham:** You are crying poor.

**Mr STIRLING:** They took out \$48m!

**Mr CHAIRMAN:** Treasurer! Treasurer, I ask you to stop right there!

**Mr STIRLING:** Now, if you do not want to listen, get out of here!

**Mr Dunham:** It is in your papers!

**Mr CHAIRMAN:** Treasurer ...

**Mr STIRLING:** They took out \$48m this year, next year and the next three years after.

**Mr Dunham:** And it is still going up!

**Mr CHAIRMAN:** Okay, Treasurer! All right, stop right there, everyone! Now, I ask committee members to be aware that all parliamentarians are under scrutiny for their language and their name calling in this House. It has been all over the papers last week. Let us have none of that in this committee. Let us have a little bit of decorum and a little bit of order. The questions are to come through the Chair to the minister and the minister will direct traffic from that side to any relevant officer. Let us keep it that way and let us keep one question before the minister at all times.

**Mr MILLS:** Treasurer, did you expect there to be a cut? Did you expect this loss of GST revenue? Was it predicted in your budget?

**Mr STIRLING:** The \$48m?

**Mr MILLS:** Yes.

**Mr STIRLING:** Under Treasurer.

**Mr MILLS:** You knew there was going to be a review?

**Mr STIRLING:** Of course! We contributed to the review over a period of time.

**Mr MILLS:** Sure, sure.

**Ms PRINCE:** The Grants Commission does a major review of relativities every five years. It conducted the 2004 review and completed that process in February. All jurisdictions, interestingly, had been concerned that their relativities would be reviewed in the 2004 review, and in previous budgets we had indicated that was our expectation as well. The Grants Commission was producing what it called 'preliminary calculations' from about September 2003 through to its report in 2004. Those early indications in both September and December of that year were that our relativity was to increase. When the report was released in February 2004 and the reduction in the relativity was so significant, we were surprised, but, as I say, that was because of the very significant changes in advice that we received from the Grants Commission over the previous six months.

**Mr MILLS:** What did you forecast ...

**Mr CHAIRMAN:** Just for the purpose of Hansard, that was Under Treasurer, Jennifer Prince. Could officers please preface any response with their name and office for Hansard?

**Mr MILLS:** Sorry. Knowing that this review was to be conducted, what did you project the revenue loss to be, Treasurer?

**Mr STIRLING:** \$40m from 2002-03.

**Mr MILLS:** So you predicted there would be a \$40m? Did you have this also contained in the budget before that?

**Mr STIRLING:** Forward estimates?

**Mr MILLS:** Yes, forward estimates.

**Mr STIRLING:** From 2002-03 onwards. It is in the forward estimates.

**Mr MILLS:** My first question was fiscal strategy. What prompted you to make your change to fiscal strategy? Before you go back and revisit the past and assert that the previous government had no such fiscal strategy ...

**Mr STIRLING:** It is quite clear from the evidence!

**Mr MILLS:** There is a clearly stated fiscal strategy of previous regimes, previous governments. I am asking you to tell me what was it that prompted you to change your fiscal strategy at such a late stage of your administration? What was it?

**Mr STIRLING:** I have already explained this, Mr Chairman. The loss of \$48m coming out of the Relativities Reviews and going forward, the expectation that GST growth will not be what it has been in the formative years of the GST pool coming together.

We have had to rebuild the base in agencies over the past couple of years, most notably if I go to the police force, which was considerably run down, and the need to get extra police on to the streets is expenditure in excess of \$75m over three years, so that is a growing police base budget level as those extra police come on. The 100 extra teachers coming in this year is the final amount of our election commitment. Health has been, again, a considerably run down agency in terms of its ability to deliver services to the expectation of this government and the population. Over \$120m in the time of this government has gone in to the base. This is not one-off expenditure; this is considerably expanding the base in these agencies so that they go forward with some confidence.

Tourism, of course, we know, \$27.5m over three years. So these are large one-offs and, again, the tourism funding is recognition of an important industry sector to the Northern Territory that was doing it tough in the face of a range of external factors beyond our control and the need to really step up marketing. We didn't know at the time of the O'Sullivan Review what the expectation would be in terms of meeting the need to step up resources in the police force. It was only quantified after we received the report and worked through it; \$75m over three years.

Health has been one that is continually under review in order to get ...

**Mr Dunham:** Work out what's happening.

**Mr STIRLING:** ... the base up. Well, I wouldn't speak too much on this because you have a deceitful record in relation to health budgets ...

**Mr DUNHAM:** A point of order!

**Mr Mills:** \$50m blow out on your behalf.

**Mr Dunham** interjecting.

**Mr STIRLING:** ... trying to con Territorians that you were increasing the health budget when you

weren't. We are on the record. Go and have a look at the budget papers. You will see the \$120m plus that we have put in to health since we came to power.

So faced with that loss to Commonwealth revenues going forward, we had to look at where we were. We will still achieve. So 2001-02, 2002-03, 2003-04, 2004-05 are all consistent or better than the deficit strategy as outlined at the November 2001 Mini-Budget.

The change is going forward, 2005-06, where we are predicting a deficit of \$16m. I think originally it was a modest surplus of around \$6m. There is a long way between now and July 2006 and October-November 2006 when those figures will finally be known, but that is what we are predicating at the moment.

**Mr MILLS:** Treasurer, in Budget Paper No 2, you identify three reasons why you changed fiscal strategy. The first one is the most damning, and that is that, in your own speak: 'There were clear signs of recovery, however we didn't recover as quickly as first anticipated'.

**Mr STIRLING:** Yes. No secret there.

**Mr MILLS:** I want you to have a look at this. There are your estimates for growth and what you actually achieved, and we have in fact two years of zero growth. I put it to you that is the very reason why you had to do something quite drastically and change direction to implement the very policies that you have been called upon to implement by the Territory community, by the business community and by the opposition since you took office. The question is this: if you had implemented this strategy at the outset, would you have imposed the HIH levy, which you were implored not to do? Would you have implemented the HIH levy at the outset?

**Mr STIRLING:** Mr Chairman, he really wants to revisit the history here in terms of the deceit and the economic and fiscal mess that the Country Liberal Party left the Territory in. I thank God that we were elected in August 2001 because God only knows what the deficits would be now ...

**Mr Mills:** Oh, come on!

**Mr STIRLING:** ... if we hadn't been elected ...

**Mr Dunham** interjecting.

**Mr STIRLING:** Here was a government that said: 'A \$12m deficit we are going to have this year, okay, yes, sure'. Six weeks later, it is between \$126m and \$139m. That is an awful lot of expenditure in six weeks if your \$12m was accurate, you goose.

What about the year before? Let us go back to 2001. What was your fiscal strategy in 2000-01? You told Territorians a \$1m surplus.

**Members** interjecting.

**Mr STIRLING:** What did we get? A \$275m deficit. Go back and have a look at the figures. Where was your strategy? Your strategy all right, a fiscal strategy: the bigger deficit, the better, but do not tell Territorians what the deficit will be! You told them you would have a \$1m surplus when you put the budget in. Outcome? A \$275m deficit. What sort of a strategy was that, Leader of the Opposition?

**Mr Mills** interjecting.

**Mr STIRLING:** What sort of a strategy was that?

**Mr CHAIRMAN:** If you can all just hold it right there! Treasurer, I know you are a man of passion, and it comes through quite clearly. However, I would ask you not to be provoked and to treat members of the committee with due deference.

**Mr STIRLING:** Absolutely, Mr Chairman.

**Mr CHAIRMAN:** I also ask committee members to reciprocate.

**Dr LIM:** A point of order, Mr Chairman! You did remind members, including the minister, that we all under scrutiny and we should watch our words. The minister is the one who is throwing personal abuse, and I think that is ...

**Mr CHAIRMAN:** What is your point of order?

**Dr LIM:** The minister is throwing personal abuse, and I think you should pull him up.

**Mr CHAIRMAN:** All right. Once again, that whole interchange was the one of provocation on both sides of the fence. Let us score it as one each, and let us steer away from being personal and name calling, which is all too frequent.

**Mr DUNHAM:** I do not mind him calling me a goose; it is the deceit stuff. That is just rubbish.

**Mr CHAIRMAN:** Well, let us try and keep it directed at the Chair and to the whole of the committee, and not just get caught up on personalities.

**Mr MILLS:** Treasurer, would you be able to have a look at the Fiscal and Economic Strategy, Budget Paper No 2, at page 15?

**Mr STIRLING:** Yes, I have it in front of me.

**Mr MILLS:** You will see a graph, and unfortunately, members who are here observing today cannot see this. You have a graph that starts at the base line and goes up year by year, since this government was elected, showing the significant increase year by year of GST revenue. Treasurer, can you tell me what was the revenue in the last year of the CLP on that budget? I notice that it is not there. What would it have been?

**Mr STIRLING:** The ...

**Mr Dunham:** I know!

**Mr Mills:** You know, yes.

**Mr Dunham:** I think it would have been 1.29, and that is not even on that graph.

**Mr Mills:** Who is living in the past?

**Mr STIRLING:** What is your point?

**Mr MILLS:** The question was ...

**Mr Dunham:** If it is such an issue of comparison, why did you drop it off?

**Mr STIRLING:** The good point about this graph is that it shows, and you can see, 2003-04, 2004-05

...

**Mr Dunham:** GST is going through the roof.

**Mr STIRLING:** Not true, member for Drysdale. Have a look at the difference between 2003-04 and 2004-05. What sort of growth do you see there?

**Mr MILLS:** Mr Chairman ...

**Mr STIRLING:** What sort of growth? Less than 1 per cent. Not even showing on the graph.

**Members** interjecting.

**Mr STIRLING:** You are the ones saying it is going through the roof. Not true. You are pointing me to a graph that shows 2003-04 as level.

**Mr Dunham:** Okay. Put 2001-02 on the graph, and see how it looks.

**Mr MILLS:** That is the question, Treasurer: the last year of the CLP's budget, what was the funding? What would it have been?

**Mr STIRLING:** What relevance does it have to 2003-04, 2004-05?

**Mr MILLS:** Why then, Treasurer, in response to my first question, did you leap back to this period?

**Mr STIRLING:** Because you asked me about a fiscal strategy, something you blokes never had, or never followed.

**Mr MILLS:** Members who are observing this will know that the increases are significant from the very first year of the election of the Labor government and there is no reference on this graph to the levels of funding that a previous government enjoyed. So, what was it before you came to office?

**Mr STIRLING:** You tell me. I do not have the figures in front of me. You are dropping back into 2002-03.

**Mr Dunham:** 1.290. It would hardly make it onto your chart.

**Mr STIRLING:** I do not see the relevance to either 2003-04 or 2004-05. I simply referred to 2000-01, 2001-02 to underline the deceit that you put on the table in parliament compared to the actual outcomes, compared to ours, where we do achieve.

**Mr CHAIRMAN:** I remind members that the Leader of the Opposition has the floor for questions at this time as the Shadow Treasurer, so could we let him ask all questions and cut out the asides?

**Mr MILLS:** Obviously, it does not appear there because it does not even rate on that graph. There have been significant increases in GST revenue under this government. The question is: initially, why did you change your fiscal strategy? I put it to you that you have used this GST revenue in no way that stimulates the domestic economy. You have seen the population decline and the labour force shrink. We wonder what on earth has been going on with all this revenue that is coming in.

**Mr STIRLING:** Okay, okay. Have a look at 2002-03, the effect of having the GST in place in the Northern Territory: nett benefit to the Northern Territory is ...



**Mr Mills:** An additional \$1.5m.

**Mr STIRLING:** ... \$9.2m extra to the Northern Territory than we would have received without tax reform. In 2003-04, \$115.1m; in 2004-05, \$113.6m. Total benefit to the Northern Territory from the GST in 2002-03, 2003-04 and 2004-05 is \$237m.

**Mr Dunham:** Rubbish.

**Mr STIRLING:** It is \$237m that we have had.

**Mr Mills:** It does not relate to your graph.

**Dr Lim:** You get \$1.2bn extra, you mean.

**Mr Mills:** It does not relate to your graph.

**Mr STIRLING:** I went through rebuilding the base in agencies: \$120m plus extra into the health base, ongoing, every year. Police: \$75m over three years; Tourism: \$27.5m over three years.

**Mr Mills:** Yes, that is fine. Treasurer, this does not relate to the graph that is in your own budget book. Those figures do not match up.

**Mr STIRLING:** Education: 100 extra teachers. Where did it go? Where did it go?

**Mr Mills:** The figures do not match up.

**Dr Lim:** Have you seen this graph?

**Mr MILLS:** It does not match.

**Mr CHAIRMAN:** The Leader of the Opposition has the floor, member for Greateorex.

**Mr MILLS:** It does not match. Those figures you have just recounted there do not match the graph. You actually have more.

**Mr STIRLING:** You tell me where.

**Mr MILLS:** Okay. What is the current interest rate, Treasurer? If you had money in the bank, what would be the current interest rate?

**Mr STIRLING:** What interest rate? Which interest rate are you referring to?

**Mr MILLS:** I have money and put it in the bank, how much interest would I get?

**Mr STIRLING:** It depends what bank you go to.

**Mr MILLS:** The Commonwealth.

**Mr STIRLING:** What is the Commonwealth Bank interest? About 5.5 per cent.

**Mr MILLS:** Right. I thought it was a bit less than that. What is the role of the Central Holding Authority, Treasurer?

**Mr STIRLING:** Where is Mr Montague? He is not here. Who can tell us?

**Mr Dunham:** The big bank. The unders and overs tin. The hollow log.

**Mr STIRLING:** This is a great question.

**Mr Mills:** You do not know the answer, though.

**Mr STIRLING:** Jodie! Would you answer that question, please, Ms Kirkman?

**Ms KIRKMAN:** The role of the Central Holding Authority under the accrual framework is, essentially, the owner of agencies. It holds the equity for agencies. It holds whole-of-government liabilities that agencies cannot particularly own, like the superannuation liability and long service leave liability. It manages the cash at bank. It includes things like the Conditions of Service Reserve, so whole-of-government assets, that cannot be attributed to a particular asset.

Essentially, if you are talking about a commercial set of arrangements, it would be like a parent entity. It pays the output revenue to agencies so it basically funds agencies for their expenditure. Agencies are also funded by external or Commonwealth revenue. It pays the capital appropriation so most of Department of Infrastructure, Planning and Environment's appropriation it receives to complete its capital works program is funded by the Central Holding Authority.

**Mr MILLS:** Thank you. Treasurer, when Mr Costello gives you a call and says: 'Look, sorry. I know your budget papers are at the printer. Here is an extra \$36m. I am sorry, I should have let you know earlier'. Where would you put that \$36m?

**Mr STIRLING:** One-off.

**Mr MILLS:** Straight in ...

**Mr STIRLING:** Central Holding Authority. Where else do you think it would go?

**Mr MILLS:** Okay, so it sits there?

**Mr Dunham:** In the bank.

**Mr MILLS:** Okay. I notice in your budget papers in 2001-02, you earned just over \$9m interest. Then in the next budget, your interest earnings went up to \$12 000 000 859. A lot of money in the bank, hey?

**Mr STIRLING:** They are good over in Treasury. They are good in Treasury.

**Mr MILLS:** I am going to the next one, Treasurer. How is it that the next entry is an earning of \$30m interest? You have gone from \$9m interest in one budget, the next one to 12 and then this one, \$30m. Where is the money, I wonder. That is a huge amount of money sitting there. \$30m interest. That is a huge jump.

**Mr STIRLING:** We don't see a \$20 m anywhere.

**Ms KIRKMAN:** In Central Holding Authority.

**Mr STIRLING:** I will refer that to the Under Treasurer, Mr Chairman.

**Ms PRINCE:** The difference in the interest received in the Central Holding Authority compared with the previous years is the additional receipts on the Conditions of Service Reserve investments. As members will know, this year there has been an improvement in equity markets compared with the last two years and the Conditions of Service Reserve is invested largely in equities. What we are seeing is an improvement in those returns that we have not seen in past years. The Conditions of Service Reserve is part of one of the investments that the Central Holding Authority holds.

**Mr MILLS:** The quantum of the increase, though, surely is not just in the improvements in the equity market. There would have to be more money in there.

**Ms PRINCE:** The Conditions of Service Reserve holds in the order of \$150m, so what we are saying is the return on those funds - I do not have the final figures but, from memory, it is in the order of a \$10m to \$12m improvement through the year for that fund.

**Mr MILLS:** So the additional cash you received from GST, I presume, is sitting there? I know the rates are not lifting at the same quantum as you are earning interest. Therefore, you have cash sitting there that should be employed to further stimulate the economy.

**Mr STIRLING:** Mr Chairman, I do not know on what date that \$36m would have been received from the feds. Do we know when we got it?

**Ms PRINCE:** Early June when we get that.

**Mr STIRLING:** It was probably received quite recently. That is in Central Holding with Treasury and that is the right place for it. Now, we were not going to be stampeded from the date of the first knowledge of that increase in GST of \$36m, 11 May. We were not going to be stampeded into what is the best thing to spend \$36m on because it needs to be in the first place spent on one-off. It needs to go to areas of expenditure in the economy that will deliver a return. So it needs to be invested in strategic infrastructure, if you like. It will be. There are a number of areas, always when you put down a budget, in which you would like to do more, but you simply cannot.

The \$36m is there. It is now in the Central Holding. Government will be looking very closely at strategic investment in infrastructure so that it is one-off. It might be bridges or items of that nature, but capital items that will see a return so that it is strategic investment in to the Territory. As I said, we weren't going to be stampeded in the space of a couple of weeks as to what the best place for that sort of expenditure would be. Certainly, Cabinet and government will be considering this over the weeks ahead.

**Mr MILLS:** Going back, Treasurer, to your decision to change fiscal strategy significantly, you ...

**Mr STIRLING:** It is not that significant.

**Mr MILLS:** Sorry?

**Mr STIRLING:** It is not that significant. Go on.

**Mr MILLS:** It is significant. The only problem is that it is too late. We have the population departing the Territory.

**Mr STIRLING:** It never happened to you blokes.

**Mr MILLS:** We have zero growth year after year.

**Mr Dunham:** You have cash in the bank.

**Mr MILLS:** Yes, you have more in the bank, sitting there waiting for a strategic moment to be wheeled out, and then you tell us the reason you changed your fiscal strategy was because Mr Costello took \$48m from you and you were prompted into action and you had to change your strategy.

You have already said that you knew - you forecast a loss of \$40m. In fact, receiving an \$8m – because you had already forecast 40, and then you find - my God! – that you have lost 48, which is in fact eight on your own estimations. Is that what prompted you to change your fiscal strategy, the loss of eight?

**Mr STIRLING:** Mr Chairman, it is wonderful with hindsight, isn't it? You can sit back and look at the history. GST growth in the first few years of bringing the GST into fruition and the estimates, they have exceeded them. The GST growth has exceeded estimates that were put on it. It is not likely to occur into the future. The growth that we have seen in the GST pool to date is not going to be the way of the next two and three years. We look at the rate of growth. Have a look at 2003-04. Tell me what the difference is between 2003-04. Zilch. Zilch.

**Members** interjecting.

**Mr STIRLING:** From 2003-04 to 2004-05, there is no change. There is no change. Now, as I said, we have considerably redone the base in a number of key agencies: health: over \$120m; police: over \$75m; tourism: \$27.5m; DEET: 100 extra teachers and attendance officers; CDSCA: bought on a range of people. There are a number of significant alterations to the bottom line, the base line, in agencies of an ongoing nature. That is where a lot of that expenditure has gone. There is no question about that.

Looking forward, \$48m out of our base for five years is \$240m that we lose over that five year period ...

**Members** interjecting.

**Mr STIRLING:** Well, 48 times five makes \$240m to me. There will be a decrease in growth levels in the GST pool. We slightly altered the deficit reduction strategy. It has held for 2001-02, 2002-03, 2003-04, 2004-05. I would have thought that is not a bad fiscal strategy and deficit reduction strategy, to stay on track for that four years. It certainly would be met with far greater favour by the likes of Moodys and Access Economics than the sort of figures that you blokes put on the table and the outcomes you received.

So 2005-06, we were originally down for a modest surplus of around \$6m. We are predicting a deficit of 16.

**Mr MILLS:** The question was: it was \$8m that prompted you to change your fiscal strategy. That is clearly not the case, is it? It is the zero growth, it is the population decline and it is knowing that you have not managed the economy.

**Mr STIRLING:** Let us correct the population decline. The population has had three quarters of positive growth, albeit small, but three quarters of positive ...

**Dr Lim:** In Australia.

**Mr STIRLING:** In the Territory.

**Dr Lim:** Relative to Australia, you are going backwards.

**Mr STIRLING:** In the Territory, positive growth.

**Mr MILLS:** Is that 0.3?

**Mr STIRLING:** So you cannot say negative population growth. Okay, it is a very modest positive, but it is turning. It is a trend that we expect will continue to strengthen. So do not tell me we are losing population when the last three quarters have been positive growth.

**Mr MILLS:** Positive growth. That is 0.3?

**Mr STIRLING:** As I said, modest, but at least the trend has turned.

**Mr MILLS:** Do you know what the national average is? 1.2.

**Mr STIRLING:** Do not mislead the committee or anyone else by saying 'losing population'. The last three quarters have been positive.

**Mr MILLS:** In terms of migration, there are more people ..

**Mr STIRLING:** You blokes lost population every year except for the Defence build-up. Go and have a look at the figures.

**Mr MILLS:** There are more people leaving ...

**Mr Dunham:** Except for a little thing like Defence turning up.

**Mr STIRLING:** That turned the figures around for you for a couple of years.

**Mr Dunham:** Oh, they did! Right. Okay.

**Mr MILLS:** You had a loss in your labour force of 1400 over the last couple of years.

**Mr STIRLING:** Oh, it was 3000 six weeks ago. Make up your mind. I mean, we have had 11 months of reducing unemployment. It jumped the last time ABS put the figures out.

**Dr Lim:** And a reducing participation rate.

**Mr STIRLING:** I was pleased to see that. I will tell you why I was pleased to see a jump in unemployment rate: because it means more people are coming in to the labour market and looking for work because they have greater optimism about their opportunity and the prospects of getting a job. So whilst our growth numbers have been modestly increasing, the numbers of jobs in the local market have been showing a modest increase. The fact that we have a jump in unemployment in the last round of statistics from ABS is in fact a plus because it means more people coming into the labour market putting their hand up and looking for work, and those people will be picked up in the forthcoming months with those major projects coming on line.

**Mr MILLS:** Going back to employment, in your book on the economy at page 35, you can see since 2002 a loss of, I think, 1400 positions. I would say that is the effect of the formerly adopted fiscal strategy. At the same time, you have downplayed the effect of GST revenue in your own budget. You have already admitted that you have significant amounts of cash sitting there in reserve earning interest, and we wonder how that has been employed. What have you done with the GST revenue? How have you stimulated and grown our economy? I ask you to now to turn to the book on the NT Economy ...

**Mr STIRLING:** Well, let me just tell you what we have done.

**Mr MILLS:** ... at page 146. I am asking ...

**Mr STIRLING:** We have had a record ...

**Mr MILLS:** It is not the full question, Treasurer.

**Mr STIRLING:** We have had a record total infrastructure spend for the three full budgets of this government. A record infrastructure spend year on year because when we were elected to government in August 2001, there simply was not a construction industry. The remnants of it were sitting down in The Mall and the Galleria drinking their cappuccinos. That was the reality. They were driving their cappuccinos down there instead of their cement mixers, Mr Chairman. What we have done is put in record infrastructure spend year on year on year and, I might add, cashed them - 65per cent cash against it this year. What did you blokes have? In 2001-02, 51per cent cash against your infrastructure program. That is another reason we had to have a November 2001 Mini-Budget: to get more cash. It was no good having an infrastructure program: 'Oh, we are going to do this, this, this and this, but do not ask for any cash against it. You will not be able to do it, because there is only 51per cent of the entire program in cash'. What do we have this year, Mr Chairman? 65per cent of the entire program cashed up. \$427m in 2002-03, \$438m in 2003-04, \$441m in 2004-05. What we have been doing about stimulating the economy and getting the construction industry back? \$427m, \$438m, \$441m. That is what we have been doing.

**Mr MILLS:** We have a small population, Treasurer, and we have lost 1400 jobs. Fact! I ask you now to look at page 146 of the NT Economy book, and you will see that the number in the NT public sector has grown by over 2000 since 2001. Figures there will show that the public sector has increased in size; greater employment in the public sector. At the same time, you have lost 1400 jobs from the labour force. At the same time, you have, in the Commonwealth Public Service, 200 positions gone.. You had an enlargement of the public sector and, at the same time, 1400 jobs have gone. Where have those jobs been lost from?

**Mr STIRLING:** Well, going back with the shocks to the tourism industry, there is no doubt that there was job loss in the past out of the tourist ministry. Well, shock, horror! How did that happen? We are all aware of the external factors that impacted in the tourism industry: the external and international effects; the slow down and the loss of international visitation to the Northern Territory. The fact is that the tourism industry is more important to our economy, in scale, than any other economy in Australia. That is no shock. I do not like it, but it is a fact. It led us to pumping in – what? - \$27.5m to the tourism industry over three years, a massive boost for an agency of around \$30m or less than \$30m ...

**Mr Mills:** To which agency are you referring?

**Mr STIRLING:** Tourism. The Tourist Commission: \$27.5m into tourism for marketing to restore the lost ground in that industry. I would think that is where some of the jobs loss was, and we will see a restoration of that in droves as those marketing dollars find their mark and we rebuild as a tourism industry. We are well into the process of rebuilding the construction industry. As I said, what was left of it was on its knees when we were elected in August 2001.

**Mr MILLS:** So, going back to that: the public sector has grown by over 2000 ...

**Mr Dunham:** And you have lost 1400 jobs.

**Mr MILLS:** So, do some simple maths, Treasurer. You will probably get a closer idea of how many jobs have actually been lost from the private sector

**Mr STIRLING:** You have to be careful with quoting some of those public sector figures because ...

**Dr Lim:** What? You cannot rely on your books any more?

**Mr STIRLING:** ... whether they are full-time equivalents or whether they are bodies makes a considerable difference, how many of them are part-time and what would be the full-time equivalent. It is a good question, for the public sector, to ask the OCPE. The Commissioner for Public Employment well understands and can explain very clearly the difference between a full-time equivalent; how it is measured against actual bodies on the ground and all of those part-time jobs. It is no secret, though, that there would be growth in the public sector: 100 extra teachers, attendance officers, child protection officers ...

**Mr Mills:** I have added those and it comes nowhere near 2000.

**Mr STIRLING:** Well, let us have a look at it when we get to OCPE.

**Mr MILLS:** Would you not say, Treasurer, that the parameters you used for that figure, which is on page 146, would be much the same as the 1400 job losses?

**Mr STIRLING:** Sorry?

**Mr MILLS:** Let us just keep it in the domain of a discussion about fiscal strategy and how the economy is going. It is clearly presented here in your own papers: we have had the public sector grow by over 2000 and we have had the labour force shrink by 1400. In fact, it is more than that, but it is 1400 since 2002. Therefore, if you are going to say: 'We have to be careful about those figures' and, at the same time, you can assure us that you have a clear view of how things are going to turn around, your prediction abilities are flawed right across the board. You cannot predict population growth; you cannot predict the employment market; you cannot predict growth. In fact, you get it wrong on every account. This year, you are predicting – what? - 5.8per cent growth over two years of zero growth.

Seriously, Treasurer, we do not have a lot of confidence in your response to very important issues like that because this strikes right at the core of how our economy is being run. The damage here is, you have to assume, in the private sector and it is not just a short-term effect on those in the tourism industry. What figures do you have for the Territory Construction Association? How many skilled people have left the construction industry?

**Mr STIRLING:** Have you been out across the road there? Have you had a look at the plant across the bay? Have you seen the numbers of people on the ground? Do you have any understanding of what Alcan is probably going to unleash later in the year in terms of the size of that? Has anyone talked to you about the convention centre and the project there?

**Mr Mills:** Oh, will be, forecast, future, possible.

**Mr STIRLING:** Here you are saying: 'What are you doing about it?' You say: 'What have you done about it?' We came in, as I said, with a construction industry, what was left of it, that was sitting down having coffee. There were no jobs because you would not cash your miserable capital works program.

In November 2001, we boosted it. We boosted it at the November 2001 Mini-Budget. We produced a record infrastructure spend in 2002-03. We produced a record infrastructure 2003-04, and again in 2004-05. That is what we have been doing and we have been cashing it to unprecedented levels to make sure that those contractors out there are getting a fair share of the work. R&M and Minor New Works spread throughout the Territory so that all of the contractors in the Northern Territory get a crack at it. You blokes left it to die, left it to wither on the vine.

**Mr MILLS:** You may well say that, but it is clearly not working. You can assert all these things about the money that has gone in to this. All we have seen here is growth in the public sector and, clearly, the private sector has been reduced significantly, and your ability to forecast the future as evidenced by previous budgets is flawed. What confidence can we have in it?

**Mr STIRLING:** Did you see Mr Delaney in the paper the other week? I do not know that ...

**Mr Mills** interjecting.

**Mr STIRLING:** He has been around ...

**Mr Dunham:** Dwyn the economist. Oh, that is why you are getting the figures wrong. God, mate!

**Ms LAWRIE:** Mr Chairman, the member for Drysdale is again shouts and interjects.

**Mr Dunham:** He is making a joke. You have to enjoy a joke.

**Mr CHAIRMAN:** Members of the public ought to be able to hear Estimates ...

**Mr STIRLING:** The *Northern Territory News*, Mr Chairman, referred to him as something along the lines of he has been around a long time and would be a pretty reliable barometer of what's going on out there. Well, he was pretty convinced that things had turned around. I was out at those wonderful things, the V8 Supercars, and I had a number of business people come up and say: 'Yes, she's well on the way back. We're in a rebound stage'.

Now, you can talk doom and gloom all you like, you can talk down the Territory economy. Go and talk to the people. Go and talk to the people out at Casuarina. They are showing 8per cent growth each month, month to month. Go and have a talk to some of these people.

Look at our figures. We had 5per cent retail growth over the past financial year. Not good enough? Yes, sure. It can further strengthen, but it ain't the doom and gloom that you are trying to put here. 5per cent growth, retail across the board.

Now, we will continue to strengthen tourism. How much more could the Tourist Commission absorb than \$27.5m over three years? It is an agency whose total budget is about \$30m. I doubt that they could absorb much more and spend it effectively. Those marketing campaigns will result in a flow and a regeneration of tourism back into the Territory. The Mereenie Loop Road, \$10m this year; the Litchfield Loop Road, over the next couple of years, is going to be built. That is strategic infrastructure investment that is going to continue. It is part of a record infrastructure program overall; it is going to feed and increase tourism. International visitor numbers are forecast to increase by 23per cent in 2004-05 after recovery in growth estimated at 4.5per cent in 2003-04.

**Mr MILLS:** You can project into the future as you will, but it goes back to your change in fiscal strategy. Clearly, the major part of the labour force that has suffered is the private sector. If you are going to lose 1400, and at the same time you grow the public sector by over 2000, it is quite clear where the pain is being felt. Treasurer, if you recall the debates that we had about the imposition of the HIH levy, which had a significant effect on small business in the Northern Territory, you resisted the call of Territory businesses not to impose that and you argued in the Chamber that it wasn't a particularly heavy impost, it was only a small amount. You had little understanding of how that pain was felt by Territory businesses at that point in time. Then Territory families were hit with a \$90 motor vehicle registration levy on allegations that were unfounded.

I am saying to you that those decisions had a direct effect on people choosing to leave the Northern Territory for other states. It is those decisions that you have made. It is not looking at the tourism issues *per se*; it is the direct effect on Territory families and Territory businesses by way of the HIH



levy and the MVR impost.

**Mr STIRLING:** Mr Chairman, let us go back to when these decisions were made and the context of those decisions in November 2001. November 2001 was just a couple of months after we were confronted by the then Under Treasurer, Mr Ken Clarke, and told that the Territory budget was in an unsustainable position. Two or three weeks after the 18 August election, we were confronted with the reality that we were on track for a deficit of between \$126m and \$139m. What had happened with HIH at that stage? You blokes had given them a grant to be paid back, but you didn't actually say that. You said you gave them money, but you didn't say it was a grant that had to be paid back by the nominal insurer.

**Mr Dunham:** You're making it up.

**Mr STIRLING:** I am not making it up at all. This is the deceit that you blokes practice all the time. We converted that to a - not a grant, you wanted it paid back. We just gave it to them.

**Members** interjecting.

**Mr STIRLING:** We just gave it to them and we threw ...

**Mr Mills:** No you didn't. No you didn't.

**Mr STIRLING:** ... and we threw another \$6m at it.

**Mr Mills:** No, you didn't.

**Mr STIRLING:** We did. Go back and look at the facts. We converted what you blokes wanted paid back and said: 'No, keep that, nominal insurer, and here is another \$6m to get you over the hump while we work out what we are going to do'.

We were faced with the reality at that point, November 2001 – and the big unknown was the total liability of HIH? How would anyone know? At that stage, not all of the claims would have been in. We didn't know what was going to be long tail and complex and very expensive, but the estimates at that time were around \$50m to \$60m. Now what are you saying?

**Mr Mills:** It was reduced to \$20m at the time of the passage of the legislation.

**Mr CHAIRMAN:** Leader of the Opposition, let the Treasurer answer.

**Mr STIRLING:** If you are saying that here was a government faced with somewhere around a \$120m or \$140m deficit that it was going to absorb in one hit \$50m or \$60m worth of liabilities from a collapsed insurance company, I think not. I think not.

**Mr Mills:** It wasn't \$50m or \$60m. It wasn't.

**Mr STIRLING:** I can go back and show you their records. FOI them if you like. The estimates were around \$50m to \$60m. Subsequent to that, there was an \$11m re-insurance, fortuitously, that the nominal insurer was able to pick up so that knocked off \$11m. \$9m, of course, we had put in. The \$3m that you gave them that you wanted back, but we said: 'No, you don't have to pay that back', and the \$6m that we did give them and said: 'No, you don't have to pay that back'. There is \$20m for a start. We were still faced at that stage with the potential of up to \$40m.

It seemed to us the only way to work through this was a small levy, the lowest levy we could impose for a period of 11 to 12 or maybe 13 years. Hindsight is a wonderful thing. Sit there in November

2001. Government is faced with a deficit of between \$120m and \$140m and a bill for \$60m.

**Mr Mills:** You didn't listen.

**Mr STIRLING:** I don't think that that was within the capacity of government. I am sure it wasn't within the capacity of government to absorb. That was the reason for the HIH Levy and, similarly, for the rego levy. How were we going to work our way out of this deficit trap? It did not seem to ever worry you blokes, how big the deficit was or how much debt you were putting on for future generations.

I will agree with you to the extent that in the formative years of the Territory, at the point of self-government where the feds walked away, the infrastructure had to be in place. Mr Dunham's comments about schools, roads, hospitals and ports and things are legitimate to the extent that the expenditure went into that strategic infrastructure spend. However, not all of it did. I saw comments by the Federal President of the Liberal Party, Mr Stone, when he was Chief Minister and how everything he spent went into strategic infrastructure for the good of the Territory. Again, hindsight and history rewriting itself.

If it had all been spent that way, and I guess governments are not always going always spend it that way, but I think a lot more could have been directed that way than history tells us was the case. You have to look at these decisions in the context of the time: HIH Levy: \$60m; \$140m deficit on this.

**Mr Mills:** Oh, come on!

**Mr STIRLING:** That is what it was. FOI the documents. I will provide you with all the advice and the ministerial briefing notes and things that were sent up to me. We have seen that come down. In part, the \$11m re-insurance; in part, the \$9m we gave them. There is \$20m off it. In part, as obviously it becomes clearer over time, the trail of claims coming in, the number that have been selected out as long term, complex and potentially very expensive, so you start to get a better fix on where it is all heading. We still do not know, and no-one will know, until the final claim is wrapped up, what the final liability of that HIH position is or was.

**Mr MILLS:** Mr Chairman, I have just had the offer of the briefing notes on the HIH issue. Does that need to be recorded somewhere?

**Mr CHAIRMAN:** Yes, well it is recorded on *Hansard*. Where else do you want it recorded?

**Mr STIRLING:** Yes, I am happy to provide it. I will give you the one that says between \$50 and \$60m.

**Mr MILLS:** We will see. I recall, when you were in opposition, Treasurer, you railed against the then government with regard to superannuation. How much have you set aside this year to start meeting your superannuation liability?

**Mr STIRLING:** Government did give this question some serious consideration in preparation of the budget a year ago and what we might do in terms of funding superannuation, something not done by this government or, in fact, the previous government, ever. No decision has been made at this stage as to funding. Whilst it is a big number sitting there on the books, we all know that it is not due on any one day; it is a contingent liability and it is met on an emerging basis. The emerging figures run something like, for 2002-03, \$85m. That is picked up on an annual basis. The figure itself is \$1.3bn but, of course, not realised until the last person goes out of the scheme on an unknown date of exit.

It is still an open question for consideration. The Conditions of Service Reserve that the Under Treasurer referred to earlier, it may be that you could put that against it, but what do you do? You just park it there anyway, and it accrues on the \$85m this year, it would pay two years. Does it get you anywhere?

**Mr MILLS:** It was a fairly short question, Treasurer. You are basically saying no, you are not putting anything into it. You are not meeting the demands of that liability ...

**Mr Stirling:** Of course we are.

**Mr MILLS:** ... as you said you would.

**Mr STIRLING:** Of course we are. We are meeting them on an emerging basis, the same as your government did forever and a day. It is \$85m this year; it will be paid. \$90m next year; it will be paid.

**Mr MILLS:** From my recollection, the position you have adopted now is the very position you railed against whilst in opposition.

**Mr STIRLING:** I am wiser now.

**Mr Dunham:** That is debatable.

**Mr STIRLING:** No. I am Treasurer now.

**Mr Mills:** That is called hypocrisy.

**Mr STIRLING:** If we look, and the Under Treasurer points ...

**Mr Mills:** That is hypocrisy!

**Mr Dunham:** Not a bad defence, though ...

**Mr STIRLING:** It is not hypocrisy at all. Let me take you to page 10 ...

**Members** interjecting.

**Mr STIRLING:** No, this is important. Leader of the Opposition, I will try and instruct you here. On the Northern Territory nett debt plus employee liabilities in the non-financial public sector, and this picks up all of your super, long service, everything, for 2002-03, that figure of nett debt plus employee liability, as a percentage of revenue, which is a good measure of where it is tracking, was 131 per cent. In 2003-04, it is 118 per cent and jumped slightly in 2004-05 to 120 per cent. In 2005-06, 118 per cent; 2006-07, 115 per cent; 2007-08, 112 per cent. So it is tracking down and can be managed into the future.

Where would you get the money outside the Conditions of Service Reserve anyway? You simply have to park it. It cannot all be paid off. You cannot say: 'Here is \$500m off ...

**Mr Mills:** You can blind me with science, if you wish ...

**Mr STIRLING:** ... the liability' because it comes off in lots of \$80m, \$90m, \$100m, \$70m, whatever is the emerging liability for that year. It is a bit like ...

**Mr Mills:** That is fine. I have established that now you are standing in a very different position from where you once were. I find that ...

**Mr STIRLING:** Well, I always wondered, and I always questioned ...

**Mr Mills:** I find that ...

**Mr STIRLING:** Every Estimates Committee, I always questioned the ballooning employee liabilities figure and what government was doing about it and why it ought not be funded.

**Mr Mills:** And I do believe that, whilst you were in opposition, you made a commitment to that.

**Mr STIRLING:** Well, you go and find it and bring it back. Go and find it and bring it back.

**Mr Mills:** That is cute.

**Mr STIRLING:** Go and find it and bring it back.

**Mr Mills:** You will say whatever you like.

**Mr STIRLING:** I asked questions every Appropriation Bill about the superannuation, about the growth and what government was doing about funding it.

**Mr Mills:** I believe you are ...

**Mr STIRLING:** No question. I asked those questions.

**Mr MILLS:** Your leader has made a commitment. It is on the public record ...

**Mr Stirling:** Okay. Find it and bring it back.

**Mr Mills:** ... with regard to superannuation. Another failed ...

**Mr STIRLING:** As I said, it is still an open question and Treasury continued to provide advice about it ...

**Mr Mills:** ... promise, falsely raising the hopes ...

**Mr CHAIRMAN:** Is there a question there or is that a statement?

**Mr STIRLING:** What are the hopes here? Do people out there think they are not going to get paid?

**Mr Mills:** If you would do something ...

**Mr STIRLING:** Let me give everyone entitled to this and absolute unequivocal assurance, Mr Chairman, that they will be paid. They will be paid on an emerging basis ...

**Mr Mills:** That is not the point.

**Mr STIRLING:** ... whether it is funded or not into the future.

**Mr MILLS:** Treasurer, you might want to prepare for this. On page 11, paragraph 5, of the NT Economy Book you argue the distortionary effect of large offshore resource projects on broad economic indicators - you say that gross state product is not necessarily a good indicator of the state of the Territory economy.

**Mr STIRLING:** No.

**Mr MILLS:** Right? You suggest that consumption expenditure is a far more reliable indicator of the state of the NT economy. Why, then, are you using the gross state product forecast figure of 5.8per cent rather than the more moderate consumption growth rate of 2.8per cent?

**Mr STIRLING:** Whilst it is not the most accurate indicator, and no one believes that it is, of onshore activity, all governments use GSP; Standard & Poor's, Moodys, Access Economics all release a GSP indicator and it is something that, in the economic world, is a comparative across jurisdictions. You can take state final demand on its own, it is not all that accurate. You can take consumption, which is, in terms of the onshore economic activity, the most valid in terms of capturing the onshore. However, it is probably necessary to look and consider all three and where they might be going.

The expert on this is Mr Stubbin on my right. He can give us a really good explanation of the differences between them and just what they capture and what they don't and why GSP can be distorted. I can remember the former Treasurer, Mike Reed, talking about quite strong growth in GSP, which certainly wasn't being reflected in onshore economic activity because Laminaria-Corallina was still spiking up. Toward the end of his term as Treasurer, I would have thought Laminaria-Corallina had started to spike down and it continues to spike down on us, but such are the production levels that come out of projects like that against a relatively small economy, they can markedly distort it. I would like Mr Stubbin to give us some background on it.

**Mr STUBBIN:** I think the Treasurer has probably given the broad answer to the question. Perhaps just to add that this is a phenomenon that the Treasury has had for many, many years, being a small economy exposed to external projects. We have one of Australia's biggest external at our door step in the Timor Sea. We see that the importation of capital equipment for those undertakings in the Timor Sea greatly distort the reported headline figures for both GSP and state final demand at various times in different ways. At the end of the day, measures like consumption expenditure, you will see in the table that you referred to on page 10, are much more stable and have far less distortion than the other two figures.

The other thing I think you said was using GSP. The interesting thing would be to see how GSP is used in the budget. In reality, the effect on the economy is largely through our own source revenue, and our own source revenue would largely be looking at different indicators of dwellings, payroll, stamp duty on different transactions. It would not be looking at a figure of GSP to indicate whether our own source revenue would go up and down because, obviously, it would go up and down quite dramatically, given the significant fluctuations we see in that.

We look at smaller components of our economy as they relate to own tax sources. The GSP is something that is used at a national level, GDP, or for larger states and it has much more relevance. For the Territory, it is less reliable and has less relevance to our own budget.

**Mr MILLS:** Thank you. Treasurer, I agree with you that GSP is an unreliable indicator upon which to base projected growth. I agree with you that consumption would be a far more reliable indicator of how we are going to grow and project, and the 5.8per cent growth, which is determined by GSP, has been adopted as your own forecast albeit, on your own admission and the admission of the officer from Treasury, it is a very unreliable measure for forecasting growth in the Northern Territory economy.

Here we have the estimated growth and we have had estimations in decline, the dark being the actual achievement when there are two years of zero growth despite the estimates, and now we are expected to believe that 5.8per cent is what we can look forward to when you have just told us that 5.8per cent based on GSP is a very unreliable measure. What faith can we have?

**Mr STIRLING:** The distorting effect of Laminaria-Corallina over the outcome of 2003-04 serves to dampen what would have been strengthening economic activity onshore. Now you can say: 'Oh it's all doom and doom and negative'. The fact is there would have been economic activity growth onshore wiped out in the GSP by the distorting effect of Laminaria-Corallina.

There are a couple of things happening in 2004-05 that will turn that around to a reasonably strong GSP figure: Bayu-Undan Stage 2 coming on to wipe out and more probably more than negate the declining level coming out of Laminaria-Corallina; construction, we know, will strengthen throughout the year as Bechtel gets going, with an October-November start to Alcan, all things being equal, with the record infrastructure capital works program of our own, with strengthening retail, such as 5per cent over the last year; we are seeing 8per cent in major centres like Casuarina. There is nothing to suggest that they are going to dissipate and decline; in fact, they probably are modestly strengthened on those sorts of results. Tourism is rebounding and we expect it to rebound more strongly, so there are a number of healthy and positive trends out there.

You have to take out the negative or claw-back effect that Laminaria-Corallina has had on GSP over the past two financial years. That is negated - is it totally negated, Mr Stubbins - by Bayu-Undan Stage 2?

**Mr STUBBINS:** Yes, that is the reality.

**Mr STIRLING:** That is why there is a healthy GSP figure out there.

**Mr MILLS:** So your estimate is based on GSP?

**Mr STIRLING:** It is the GSP estimate based on what we see as strengthening onshore economic activity, construction, retail, tourism, everything going on around here plus Bayu-Undan Stage 2 more than wiping out, as I said, that negative drag that Laminaria-Corallina has had.

**Mr MILLS:** Yes, but nonetheless, that runs right across what you have already stated with regard to the unreliability of GSP as a mechanism to forecast economic growth. Yet you now want to adopt it.

**Mr STIRLING:** I did not invent GSP. It is an economic indicator used everywhere by all jurisdictions as a comparator across jurisdictions, across countries; dare I say.

**Mr MILLS:** Why have you chosen to adopt it in this budget? These are your estimates. Each of your estimates drop each time, then all of a sudden we are expected to believe that we are going to have 5.8per cent growth when you have already said the basis of this prediction is flawed. Territorians are looking forward to a brighter future and you are basing it on unsound predictions; you have already said that. The economist has already said that.

**Mr STIRLING:** No, no, no. Let me go back. The use of GSP, as I said; is standard, national and comes out of the National Accounting Principles. It is used as a comparative; everyone uses it: Standard and Poor's, Moodys, Access Economics. Let me go back if you think I do not have any faith in the 5.8per cent. Why do Treasury and myself have a view that GSP will grow by that sort of figure? Because the distorting effect of Laminaria-Corallina, in the first place, will be removed by production from Bayu-Undan Stage 2. Fact number one. Fact number two: economic onshore activity did grow and was buoyant toward the end of 2003-04 and, overall throughout 2003-04, would have produced a positive result but for the claw-back or drag-down effect of Laminaria-Corallina.

We are seeing the record infrastructure capital works spend again, so you will have construction activity, you have, all things being equal, Alcan coming on mid-way through this 2004-05 financial year, Bechtel growing and getting somewhere up toward its peak over this next financial reporting year period, retail sales growing quite strongly, and there is no reason to expect they will decline and dissipate, and tourism is rebounding strongly and will continue to rebound throughout 2004-05. I quoted the figure before of something in the 20per cent increase in international visitation. They are all positive indicators of an economy rebounding very strongly. If you take out the negative impact that Laminaria-Corallina has, as you must with Bayu-Undan Stage 2, you get a pretty rosy figure.

**Mr MILLS:** Did you only just discover Laminaria?

**Mr STIRLING:** No, I discovered it in about 1996-97 when the Treasurer used to put all manner of things at the foot of Laminaria-Corallina. Why did it rain yesterday? It was because Laminaria-Corallina production came down or went up, whatever the case was.

**Mr MILLS:** Treasurer, why did what you stated again and again not have any effect on ...

**Mr STIRLING:** Hold on! If you think 5.8per cent is optimistic, try BIS Shrapnel. They put us at 8.1per cent. BIS Shrapnel! No good? No? No credibility? Access Economics. No good? Access Economics put us at 6per cent. And we have – what? - 5.8per cent.

**Mr MILLS:** Treasurer, could you tell us what those agencies predicted last year at the same time?

**Mr STIRLING:** Agencies do not predict GSP. What, Access and BIS? I do not know.

**Mr MILLS:** They are saying it is going to be even greater than what you assert for the future. What did they predict at the same time last year?

**Mr STIRLING:** I do not know. What I would like to know, Mr Chairman, is what point the Leader of the Opposition is trying to make in relation to ...

**Mr Dunham:** Veracity is where we're going.

**Mr STIRLING:** Oh, veracity. Treasury, for 2003-04, forecast 3.4per cent, Access Economics 3.8per cent. I do not have BIS Shrapnel. We will know that in October-November.

**Mr MILLS:** Okay, but the point remains that was your estimate, 3.4per cent. You say BIS Shrapnel, is it?

**Mr STIRLING:** No, Access.

**Mr MILLS:** Access.

**Mr STIRLING:** Access gave us 3.8per cent, and revised upwards to 4.4per cent.

**Mr MILLS:** Treasurer, if you look at the little dark blue section, that is what you actually got.

**Mr Dunham:** It is guesswork, isn't it?

**Mr STIRLING:** It is not guesswork. You are concentrating an incredible amount of time on one economic activity indicator.

**Mr MILLS:** These are your estimates, your proposed estimate, and at the end of it, you determine ...

**Mr STIRLING:** Where did you get that from?

**Mr MILLS:** Your budget papers.

**Mr STIRLING:** It is an estimate, not an outcome.

**Mr MILLS:** We look at what you ...

**Mr STIRLING:** Hang on. How would you know, sitting here on 22 June? There are another eight days of this financial year. One, we are not even at the end of the financial year. This information will not be

known ...

**Dr Lim:** So you think all these are rubbery? All rubbery stuff.

**Mr STIRLING:** No!

**Mr Mills:** What – for another eight days?

**Mr STIRLING:** It would be nice if we knew it on the evening of 30 June when all the books closed off. When the mid-year report comes out in about November, that is when you know the final outcome of the financial year.

**Dr Lim:** Is that how you plan your budget? No wonder you cannot manage.

**Mr STIRLING:** Brink back Mr Reed, for God's sake, someone who understood how this worked. Do you think we wake up at midnight on 30 June and say: 'We have all those figures in; we're right now'?

**Mr CHAIRMAN:** I remind the shadow Treasurer and Leader of the Opposition, we have spent two and a half hours on this output. It has not got to any other member of the committee or any Independent or local MLAs to interrogate this output. I would like you to take consideration of others who may also wish to question the Treasurer.

**Mr MILLS:** Thank you, Mr Chairman. I will finish on this point: I started this by you, Treasurer, saying that GSP is an unreliable measure upon which to forecast and, in fact, you assert that the consumption expenditure is a far more reliable indicator of the state of the NT economy.

**Mr STIRLING:** Onshore.

**Mr MILLS:** Yes, that is the NT economy, the real economy. Why would you not therefore use the growth rate predicted for consumption of 2.8per cent? If you look, you can see this is your actual growth; 2.8per cent would be a far more modest, and I think, realistic projection.

**Mr STIRLING:** In your view.

**Mr MILLS:** It is in your view as well.

**Mr STIRLING:** No, in your view, more realistic; not mine.

**Mr MILLS:** In your view, it is a far more realistic - that is what you have said.

**Mr STIRLING:** Ask the question.

**Mr MILLS:** If you look at the results of your prediction and what has actually been achieved, 2.8per cent would give a far more realistic projection.

**Mr STIRLING:** In your view, not mine. You are measuring different things. No one ...

**Mr Mills:** From your budget paper.

**Mr STIRLING:** Of course, it is in the budget papers. Not one of these indicators – let us take gross state product, final state demand or consumption - in themselves are able to weigh up everything that is going on in the economy and give you a realistic, this is it, 100per cent encapsulated view. They are all indicators in their own right; some stronger and more robust than others. It depends what you are



trying to capture.

We have been through this at length, but if you take GSP, you have external factors in terms of the offshore activity that is able to swing figures markedly one way or the other because of the size of those projects. However, Mr Stubbin, did you give us the run through before on the definition of consumption and exactly what that captures compared with state final demand or GSP?

**Mr STUBBIN:** Well, state final demand is total consumption in the economy in addition to total investment in the economy. We know that in investment, particularly in offshore activities such as railways and gas pipelines, etcetera, can be quite volatile. Given that there is significant importation of equipment, and labour sometimes, to install that investment, then we see that money as going to the Territory economy. Consumption is the larger part of the state final demand and is a lot more stable.

**Mr MILLS:** Thank you. Treasurer, you keep talking about record infrastructure spending. Do the forward estimates show that infrastructure spending is going to decrease?

**Mr STIRLING:** Yes, I think they do. I think that is right. Going back to August 2001, or even before we were elected, we had a view of government, when it intervenes in the economy in such a way as to be a stabilising or moderating influence, and where there is a need for the biggest injection of capital when things are crook - if construction activity and general economic activity is robust and strong and you have major projects, and I expect over the next year or two we will have massive projects to the extent of \$2bn or \$3bn in the case of Alcan on top of this one here at \$1.6m, government ought not be competing with the private sector for scarce resources in contractors, manpower and all the rest.

That is not say that we do not run a capital works program of significance to the economy overall. However, you rein it back because you are not trying to pump prime or get the construction industry back up and running, as we have been trying to do since November 2001 and each successive budget.

It ought be no surprise that, in view of massive projects coming on stream, I believe we are reputed to have 10per cent of the scope of engineering work nationally captured inside the Northern Territory this year alone, in 2004-05. We still have a record infrastructure spend out there. It ought be no surprise if we bring the total infrastructure program back down to a more realistic levels, as were occurring before 2001.

You have to know, as part of your strategy, where you are going with all of these things. That is not to say they do not change over time, but that is the position at the moment. We know this one will be realised because it is well under way. However, in the event that Alcan did not eventuate, did not become a reality, there may be a need to look and say: 'We have to soak up. Government ought to be in there pushing its role a bit higher'. It is a counter-cyclical type approach, I suppose: if things are flat and crook you get in an bulk your capital works as much as you can; if you cannot get a contractor or tradesmen out there, you wind back a bit to a more normal level of capital works spending and do all those things that you still have to do. There will always be a capital works program because there are so many things government still has to do.

**Mr MILLS:** Okay, so it is forecast to drop. Treasurer, from five years leading up to June 2001, the Northern Territory had the highest rate of population growth. We currently have a rate of 0.3per cent and, as you know, the rate of population growth in the Northern Territory has a bearing upon GST share. If we were at least at the national average, which is 1.2per cent – well, if we are at 0.3per cent now, the difference between 1.2per cent and 0.3per cent, what revenue are we losing out on?

**Mr STIRLING:** Yes, I have your point; got your question. Just give us a minute, Mr Chairman.

**Mr MILLS:** Since 2001.

**Mr STIRLING:** I have a figure here. Is that for three years?

**Mr MILLS:** Yes, three years.

**Mr STIRLING:** Okay, that is pretty close then.

**Ms PRINCE:** That's right.

**Mr MILLS:** And the answer is?

**Mr STIRLING:** 18.5 here and around 60 here but if we times three that, we get 55.5, so somewhere between \$55m and \$60m.

**Mr MILLS:** Million? \$55m and \$60m?

**Mr STIRLING:** Yes.

**Ms PRINCE:** Close to \$20m for a year.

**Mr STIRLING:** Mr Chairman, can I just add on that that if we had confidence in the ABS base level of population that they credit us with, that would be - let me just go back. We have a real problem with the ABS census, the way it is conducted and the loss to the Territory in terms of revenue because they under-represent the true level of the population of the Northern Territory. They are not good at counting, particularly, remote rural indigenous communities.

This is an argument that the previous government ran for many years over the fact that the Northern Territory loses revenue every year. So, whilst the Leader of the Opposition can say: 'Yes, if you are up with the national average, you have this loss', but there is an ongoing loss because ABS do not have it right in the first place. Such was recognised by the Federal Treasurer, Mr Costello, last year and there is ongoing work between Northern Territory Treasury and the Australian Bureau of Statistics looking forward to the next census and how the process can be strengthened. We can have, hopefully, more confidence in the 2006 Census outcome than we had in the 2001 or previous governments had in the 1996, the 1991, the 1986 or any other census ever conducted in the Northern Territory.

**Mr MILLS:** Treasurer, I recall reading in the *Hansard* that you made the very same claim 12 months ago and you made the very same reference to Costello taking it on board and saying that he will get ABS to look in to it ...

**Mr STIRLING:** Yes.

**Mr MILLS:** I am also aware that ABS have been up here ...

**Mr STIRLING:** Yes.

**Mr MILLS:** ... from last year investigating such claims. Have you heard anything formal back from them to say: 'Yes, we have made a mistake and you have a lot more people than we predicted and we are wrong'?

**Mr STIRLING:** We don't expect that was ever going to be the outcome of our discussions and negotiations. What we were looking at, and this was made clear at the time I spoke with the federal Treasurer, was to get 2006 as accurate and robust as possible, and I hope that on one of his visits, you get to meet with the ABS Chief Statistician, Dennis Trewin. He has certainly met with Chief Minister and myself; he has met with Treasury, and I think it would be good for you to sit down and talk with him on one of his future visits. It is an ongoing body of work ...

**Mr Mills:** Do they accept that there are problems?

**Mr STIRLING:** It is all around trying to get the most accurate fix we can on the Northern Territory population for the 2006 Census. They do accept that there is a problem. Can I give you an example - I don't want to take the time of the committee, but just one example: I have a friend in Galiwinku who is widely related to range of Yolngu families at Galiwinku, as you are if you live and work in a community like that. She was one of the people employed by the ABS to undertake, along with others, a count of the Galiwinku population at Elcho Island. There was a lot of advertising in the lead up to that, you know, the song *Stand Up and Be Counted*. She, armed with the census papers, which are pretty voluminous, as you would know from filling it out, went to one of the families that she knows really well, a large extended family in that house, and she said she'd come to do the census and see how many people live here, in part to get the figure of how many people are living at Galiwinku. The old yelled loudly and got everyone outside where they stood in a straight line outside the house, and said: 'You! Stand up and be counted! We're here'.

They had taken the literal message, which is not surprising. She said: 'Hang on. There's a bit more to it. We have to sit down and go through these forms', and they are 14 and 16 page forms, right through of different families living in that house, and it became almost a nightmarish job for her. This is a family that she know well, is related to and visits on a daily basis. How much more difficult is it for others on the community? That was Galiwinku, a major town. How much more difficult in the homelands, how much more difficult when large numbers leave the community to travel to another one for ceremony, as they do? It is a highly mobile population. To try and capture them - I know it's not captured in the sense of 6 o'clock on one night as you and I are, or the urban areas; they allow a week or perhaps a bit more, but it is still very problematic.

The head of the ABS is aware of that. He is aware of, in part, a lack of resources that have gone into the job in the past, and a lack of cultural understanding and affinity with people in order to get information that is not a easy task for any householder. When you are semi-literate or innumerate and illiterate and English is your third or fourth language, it is a very difficult task indeed.

We are working with them to say: 'Is there anything that the Northern Territory government can do, and what is it, to strengthen this process?'. It is in everyone's interest to get an accurate fix on the base level. If the base level is not right, and it is not - what did they say at Wadeye? 500. You and I know there are 2500 people there, but the Wadeye figure came back at 500. That is what the ABS has.

**Mr STUBBIN:** I think it was about 1000.

**Mr STIRLING:** About 1000. Then they said: 'Yes, we'll correct that, if you say there are 2500 at Wadeye, but we are going to take that 1500 off somewhere else in the Territory'. So there wouldn't seem much point in trying to correct those anomalies because it is not going to increase what they have given as the global figure. There is a lot of work to be done there, and that is what we will continue to work with, but I encourage you, and next time I am speaking with them, I will see that they find their way to your door for a briefing on this because it is a problematic exercise.

**Mr MILLS:** Thank you. Treasurer, you have increased your tax take on Territorians in this budget.

**Mr STIRLING:** Where?

**Mr MILLS:** That is the case, isn't it?

**Mr STIRLING:** You tell me.

**Mr MILLS:** Payroll tax, gambling. Your tax receipts are, in fact, up, your projected tax receipts.

**Mr Dunham:** Page 207 will do it.

**Mr MILLS:** Yes, 207.

**Mr STIRLING:** Yes.

**Mr Dunham:** Taxation revenue, Budget Paper No 3.

**Mr STIRLING:** Yes, go on.

**Mr MILLS:** So, you accept that, that you have increased your tax take on Territorians in this budget?

**Mr STIRLING:** No, I do not accept that we have increased the tax take. We will receive more revenue, Mr Chairman. In fact, payroll tax, as you know, has been the subject of a most wonderful concession by this government because we are increasing the payroll tax threshold from \$600 000 to \$800 000 before they pay anything at all, and from 1 July next year it will, in fact, be \$1m. The increase there is because ...

**Mr Mills:** Nonetheless, you are increasing your tax table.

**Mr STIRLING:** No.

**Mr Mills:** You are. You are getting more ...

**Mr STIRLING:** We are getting increased revenue, and in part it will be because of increased economic activity, but in relation to payroll, where we are reducing the number of people who will be paying payroll tax, this last financial year had a number of ...

**Mr Mills:** Treasurer, you are also tightening up the grouping provisions, which will probably earn you more.

**Mr STIRLING:** ... rebates around payroll tax, which will not be there next year, all things being equal, so you have to take them out of the mix. They were payroll taxes that were paid back to companies, so that reduced the amount of payroll tax that was collected in 2003-04. That will not be there 2004-05, so notwithstanding that we have made quite massive changes to payroll structures and thresholds, there will be an increase in revenue.

In relation to gaming ...

**Mr Mills:** So you are going to get more tax.

**Mr STIRLING:** Well, do you or do you not, Leader of the Opposition, get a pay increase some time this year? Did you or did you not get a pay increase last year? Now, all things go up ...

**Mr Dunham:** So you can afford to pay more tax.

**Mr STIRLING:** Is not the price of milk and bread at Woolworths dearer today than it was two years ago? Surprise, surprise - well, hello! - it is.

**Mr Mills:** The cost of power has increased. It flows on into the community.

**Mr STIRLING:** Is there anything that has remained frozen? Yes, in fact, domestic and small business

power prices have not moved since we came to government. That is one thing that is frozen, has not moved.

**Mr MILLS:** We have seen the population drop, labour force shrink, and your tax rate increase.

**Mr STIRLING:** Population is growing.

**Mr MILLS:** Oh, babies!

**Mr STIRLING:** Greater economic activity ...

**Mr Mills:** Babies paying tax? Payroll tax?

**Mr STIRLING:** ... will produce greater revenue - not increased taxes, increased revenue received.

**Mr Mills:** Population in decline replaced by children ...

**Mr STIRLING:** In fact, reduce taxes. We have reduced a number of taxes, or eliminated a number of taxes, since we came to government.

**Mr Dunham:** So 337 is a smaller number than 335. That is a littler number.

**Mr Mills:** Gambling up.

**Mr STIRLING:** There is an expected increase in gambling taxes in 2003-04 and 2004-05, primarily the result of stronger growth in community gaming machine receipts. There will be a further increase in 2004-05, increased casino tax receipts. MGM's balance of accumulated tax credits relating to gaming machines run low and the tax rebate ceases from 1 July 2005.

**Mr Dunham:** This is all detail. Tax is up.

**Mr STIRLING:** The member for Drysdale will recall that at the time of the introduction of gaming machines into the community, it was necessary, of course, to get the agreement of both casinos, Lasseters and MGM, because they had exclusivity on gaming machines, and so they were given a percentage that went through the community gaming machines back to them to offset any loss of revenue they may have suffered. Lasseters finished last year, MGM's finishes this year.

**Mr MILLS:** A point of order, Mr Chairman! Can I go into detail on this at a later stage ...

**Mr CHAIRMAN:** You asked a question, Leader of the Opposition. The Treasurer is answering it.

**Mr MILLS:** What did I ask?

**Mr STIRLING:** About gaming.

**Mr MILLS:** No, I asked about the increase in the tax take.

**Mr CHAIRMAN:** No, the Treasurer is responding to your question.

**Mr MILLS:** I appreciate that.

**Mr CHAIRMAN:** We are here to interrogate the budget. You have asked a broad question. He is answering it to the best of his ability, so we will let him go.

**Mr STIRLING:** I go to payroll tax, then, for a small business with 20 staff and just how competitive the Northern Territory is. In New South Wales, with wages of \$800 000, that business will pay \$12 000; in Victoria that business would pay \$13 125; zero in Queensland; \$3000 in Western Australia; \$16 000 in South Australia ...

**Mr Mills:** Treasurer, I have read all that. I just want ...

**Mr STIRLING:** ... zero in Tasmania; zero in the ACT; and zero in the Northern Territory ...

**Mr Mills:** Treasurer, I have read all that, I just ...

**Mr STIRLING:** No, it is important to note ...

**Mr Mills:** I have read it.

**Mr STIRLING:** It is important to note, Mr Chairman ...

**Mr Mills:** And Territorians need to know that you are predicting an increase ...

**Mr STIRLING:** ... recurrent taxes for a small business ...

**Mr Mills:** ... in tax from Territorians ...

**Mr STIRLING:** ... with 20 staff, from 1 July 2004 ...

**Mr Mills:** ... based upon your own predictions ...

**Mr STIRLING:** It is just important ...

**Mr Mills:** ... forecast growth.

**Mr CHAIRMAN:** Leader of the Opposition, let him ...

**Mr STIRLING:** I want to put this on the record. You asked about taxes and payroll tax ...

**Mr Mills:** No, I asked have taxes increased. Has your tax take increased?

**Mr STIRLING:** Let me put it in context. Let me put payroll tax or, in fact total tax ...

**Mr Mills:** Yes. Yes, it has.

**Mr STIRLING:** ... total tax on a small business with 20 staff. In New South Wales, \$31 940 – let us call it \$32 000.

**Mr Mills:** In the Territory, has the tax take increased?

**Mr STIRLING:** ... Victoria, \$32 144 ...

**Mr CHAIRMAN:** Let him answer the question, please.

**Mr Mills:** He is not answering the question.

**Mr STIRLING:** ... Queensland, \$14 320.

**Mr Mills:** I did not ask about small business.

**Mr STIRLING:** Western Australia, \$11 444.

**Mr Mills:** I asked has the tax take increased.

**Mr STIRLING:** South Australia, \$25 774.

**Mr Mills:** The tax take has increased.

**Mr CHAIRMAN:** Leader of the Opposition!

**Mr STIRLING:** Tasmania, \$17 760, ACT, \$16 259, the lowest, \$11 000 ...

**Mr Mills:** What page are you up to?

**Mr STIRLING:** The Northern Territory, \$6834.

**Mr Mills:** And your tax take has increased. It is more now than last year.

**Mr STIRLING:** Let me tell you what you would do, and this is what the Leader of the Opposition ...

**Mr Mills:** I am asking you about your budget ...

**Mr STIRLING:** ... said, Mr Chairman ...

**Members** interjecting.

**Mr STIRLING:** This is what the Leader of the Opposition had to say about tax: the burden ...

**Mr Mills:** You can interrogate our budget next year.

**Mr STIRLING:** ... of taxation now falls on too few members of our community, those who have ...

**Mr Mills:** What a load of rot.

**Mr STIRLING:** Quote! Quote, Terry Mills, budget response, 19 May.

**Mr Mills:** No. You were going to go to land tax and that is nonsense, absolute nonsense.

**Mr STIRLING:** Those ...

**Mr CHAIRMAN:** Leader of the Opposition, let him answer the question.

**Mr STIRLING:** Those who have invested their ...

**Mr Mills:** This is nonsense. It has nothing to do with my question. It is a simple question.

**Mr STIRLING:** 'Those who have invested their time, labour and capital in our economy ...

**Mr Mills:** He is avoiding it.

**Mr STIRLING:** ... have had to carry the lion's share of the load. We must broaden the base of our economy so that all have the chance to participate, sharing both the rewards and the responsibilities'. When we go to ...

**Mr Mills:** That is by increasing the population.

**Mr STIRLING:** 'All' meaning everyone. Everyone.

**Mr Mills:** That is by increasing the population, economically active people choosing to come back to the Territory ...

**Mr STIRLING:** ... so that all have the chance to participate. Look out if ...

**Mr Mills:** Giving them a reason to come back.

**Mr STIRLING:** If you are lucky enough to be a punter out there not paying tax to the Northern Territory, look out if Mr Mills becomes Treasurer ...

**Mr Dunham:** So tax has gone up?

**Mr STIRLING:** ... because you will be hit ...

**Mr Dunham:** Yes, but that is speculative. We are talking about your papers.

**Mr STIRLING:** ... with taxation because he believes it falls on too few members of the community, and all have to contribute. We are winding taxation back on those who pay it now.

**Mr Mills:** How come you are increasing it? There is more in your budget.

**Mr STIRLING:** We are not introducing new taxes. We are not trying to tax all, as you would, so that all have the chance to participate, sharing both the rewards and the responsibility. Look out if you are not paying tax anywhere in the Northern Territory.

**Mr MILLS:** Mr Chairman, you told me a moment ago ...

**Mr STIRLING:** Under a CLP government, to quote Terry Mills, you are going to pay your way.

**Mr MILLS:** Mr Chairman, a point of order! You told me this is my ...

**Mr CHAIRMAN:** What is your point of order.

**Mr MILLS:** On your last direction, you told me this is my opportunity to scrutinise this budget.

**Mr CHAIRMAN:** That is right.

**Mr MILLS:** The question is simply: Treasurer, are you receiving more tax from Territorians in this budget than in last?



**Mr CHAIRMAN:** And there is a way ...

**Mr STIRLING:** The increase in total budgeted tax for 2004-05 compared with 2003-04 is estimated to be 0.1per cent compared with a 2.1per cent, 2.2per cent projected inflation.

**Mr Dunham:** So it is a plus, not a minus. It has gone up.

**Mr MILLS:** Thank you.

**Mr STIRLING:** In fact, CPI alone outstrips it by 2per cent - 0.1per cent.

**Mr Dunham:** It has gone up.

**Mr MILLS:** Thank you

**Mr CHAIRMAN:** Any more questions on that? Have you finished, Leader of the Opposition – yes?

**Mr STIRLING:** Well, that is a great win. It has gone up 0.1per cent in inflation. It ought to be up 2per cent, 2.5per cent.

**Mr Dunham:** Up is up; down is down.

**Mr CHAIRMAN:** Member for Nelson.

**Mr WOOD:** Mr Chairman, I think we drifted a bit into output 1.1. Anyway, I have a number of questions. One is: Treasurer, you spoke about the work force, and I agree with the opposition's figures that indicate we have lost jobs. We have gained 100 and we have picked up quite a few through the public service. You said that could relate to how many people are full-time or part-time employees.

Can you give us a total wages figure for both the public and private sectors, excluding the Defence Forces, and accounting for variation in wage movement so we can compare last year's total wage with this year's total wage to give us an idea of whether we have more people employed with an economic advantage? We do not have six part-time people equivalent to one full-time.

**Mr STIRLING:** Mr Chairman, I doubt that we would have that information for the private sector, but I will check for you. The point I was making – look, I am not denying that there has been growth in the public sector, not at all. I was cautioning against the use of those figures and what they represent. To be accurate, you have to bring the numbers to a full-time equivalent. So there might be lots more bodies, but if many of them are doing part-time work; they need to be brought back to a full-time equivalent so that we talk about a full-time job.

I want to seek advice as to whether it is possible to get total wages and salaries. Probably for the public sector, we can, but the private sector, I doubt it, but I will just check if we can get an answer on that.

**Mr STUBBIN:** Mr Chairman, I think the answer is: we cannot readily get that information. We will look into what we can get in terms of wages and, you are right, it is another way to look at the labour market and overcomes problems of part-time full-time, but it does embody wage growth, EBAs, etcetera, so it does introduce a different element. We will have a look to see whether we can extract that information.

**Mr STIRLING:** These are full-time equivalents that I quote here: police from 2003-04 to now, 2004-05, overall look to be up a 190; Health, 276; Education, 62; Community Development and Housing, 39;

and Tourist Commission, 39. They are whole-of-government staffing statistics. I would be much more comfortable with the Commissioner for Public Employment dealing in this area because he is responsible for putting the public sector staffing figures on the web every three months or whatever he posts them, so there will be variations between figures. I do not want to be caught up with: 'At 11 o'clock, you said this and now the commissioner is telling us this' because they may well be measuring different things at different points in time.

In answer to the question, yes, there are more public servants. Here is an indication of where they are, but let's ask the Commissioner for Public Employment.

**Mr WOOD:** Can I just say I was using the labour force statistics from the ABS for May, the trend figures. The trend figures show in 2001-04 we have gained probably 100 people. Now, if you take into account that the public service has employed about 2000 people and you take out the extra nurses, teachers and police, we are basically where we were in 2001. Doesn't that say that from the private sector, we have lost a fairly substantial number of people?

**Mr STIRLING:** I said earlier there was job loss in certainly the tourism and hospitality industry. That is disappointing, but no surprise to me because the industry turned down quite markedly in the face of those external factors. You need to be careful with comparisons here because whilst the commissioner can give us very accurate figures in terms of public employment, ABS cannot do that in respect of the labour market overall.

This is what used to annoy me a bit, and I used to do it myself in opposition, in terms of the numbers month to month, but we were showing, going back 18 months, growth November, December, January and February. It was not growth that I was seeing on the ground. This was in ABS monthly figures showing the labour market was growing quite strongly through November, December, January and February, and I was very cautious. In fact, it was not a story for the media because the media get excited when it is all crashing around you; they do not want to necessarily run a good news story.

I was very cautious about using that as a good news story because, one, my nose was not there in terms of economic buoyancy and growth. I did not think that was the case in late 2003 and it was unprecedented for the Northern Territory to be showing such strong job growth at a time of traditional turn down. You have lived in the Territory long enough to know things are slower around November, December, January, February and March and in April, you start to turn up. Of course, that year, no surprise to me, that in April and May, we started to see a downturn. I think it was just a question of the sampling and a particular part of the sample that was showing and pulling up this strong growth.

The sample changes one-eighth every month, so that at the end of a year, they have gone through a new sample so if you walked into the construction camp at Bechtel, you are going to get 100per cent employed, and if you walked down the street somewhere else in town, who knows? It is not going to be anywhere near 100per cent. So it is subject, in a small labour market, to massive swings and shuffles and has to be taken into account.

I was left there trying to defend: why are we losing jobs in May, June and July? That was what the ABS was telling us, but I don't believe we actually were. What I believe happened was that ABS had a crook sample late in 2003, which artificially inflated the number of people in the labour market out there and then, as the sample rounded back later into the year, in May and June, they were probably getting some more accurate or robust figures that were showing job loss, but that was because they had artificially inflated it six months earlier.

We have more accuracy and more robustness around ABS now, but that is now to say it won't change if they pick up a skewed sample somewhere in their collection. Mr Stubbin?

**Mr STUBBIN:** Mr Wood, I just wanted to help clarify the situation for you and perhaps for other members. You were quoting labour force figures from the Labour Force Survey publication the ABS produces and I just point out that they represent the status of individuals in the Territory; they don't represent jobs. So if you are a multiple job holder, if you have three jobs, you will show up once, but

there may well be three part-time jobs that you hold, for example.

The figures presented on page 146 of *Northern Territory Economy* where we have the figures of perhaps 2000-odd growth in public sector employment, Territory government employment, they are jobs, they are not the employment status of individuals. They don't represent 18 700 people necessarily; they may represent 18 700 jobs. You may have multiple contract holders who work for different agencies or even the same agency under different contracts simultaneously, adding up to those numbers. They are not compatible numbers to compare, so it does make it difficult to draw conclusions.

**Mr WOOD:** Except that it actually says it is a trend series. I would have thought trends are what you need to look at. Trends were mentioned before in other parts of the debate today in cases of population. This is an employment trend.

**Mr STUBBIN:** A trend of the employment status of the individuals, not the trend status of numbers of jobs.

**Mr STIRLING:** Yes. Mr Chairman, the trend itself is drawn from the monthly. If you get a series of crook monthlies, as I suspect they got in late 2003 through October, November, December, January, February and March, they form part of that trend. They might go back and revise, and they do, up to three and four months after the event in light of subsequent information they have, but the trend itself has to be a part of the product that they have month to month.

So if you have a distorted product, as I am suggesting they did have for a series of six or eight months, that, of course, forms part of the trend. Overall, and I would agree, we look for the trend, report it, not the original because the original could be wildly fluctuating month to month where the trend has at least smoothed out the past three months' revision and is hopefully a bit more accurate. Again, though, if the raw data is distorted, it will affect your trend to some extent.

**Mr WOOD:** I don't want to labour on it, but if you take the month of August in 2001, it was 97.6, that is in thousands, and if you take the last three months in 2004, that is May, April, March, going backwards, 97.7, 97.7 and 97.8, and then if you take February, 97.7, January 97.5. So the trend is fairly well established: there hasn't been much movement at all.

Minister, I know we are running out of time, but I have a couple of quick questions. One is on population. You went on about the ABS looking at remote communities for increases in population, and that is fair enough, but wouldn't it concern you that in the *Northern Territory Economy* on page 21, which deals with growth in population in urban areas, Palmerston certainly has an increase in population, Litchfield Shire comes second in increase in population, but Darwin city has decreased by 373 people over the seven year period. Surely that is a concern because a lot of our economic growth is coming from the city. If the city is declining in population, is that not sending a signal that we are losing older people from the community?

**Mr STIRLING:** It may be. I cannot draw that readily from what you say. I would like the city to be vibrant, everyone would; to have people in it. The fact is if they are older people, it would be common sense, in a way, that many people leaving the work force at the end of their working life in the Territory do retire interstate.

That is a negative for us. As we lose people, we lose their life savings and what they have contributed to the economy and what they have received from their life time work. Queensland seems to be the case in point here. They do have a lot of retirees from the southern states, but I believe they have retirees from us as well.

We know people are leaving. The Leader of Opposition has been fond of saying that they are all economically active contributors who are leaving and those people coming in who are increasing our population are babes and therefore not contributors in that economic sense. No one, unless you have

the inventory, the name of the family, what they are comprised of from the removalists, it is pretty much guess work. We know, in fact, that people have been coming into the Territory for work have picked it up; 60per cent-odd of the work force is Northern Territory, that means 40per cent of the 600 or 700 out there have come from elsewhere. This is the problem. Again, we go back to ABS as problematic in measuring the Territory's population.

The way they manage to pick up all of the Queensland people is by the retiree leaving the Northern Territory or Victoria and going to Queensland, changing their address for Medicare purposes. The ABS relies very heavily on that as a measure of interstate migration. Now, 27-year-old John Smith from Queensland, who comes and gets a job on the Bechtel site, has never been crook in his life. He has never had a day off work and is not even registered with Medicare, so he doesn't go and change his Medicare address. He is not lost to Queensland because if he was registered, he has not changed the address, and if he was not registered, he was not part of Queensland anyway, but he is not counted here in the Northern Territory.

Lots of our mobility factor or people coming into the Territory are young people seeking work. It might be backpackers through the tourism and hospitality industry or it might be construction workers, but they are not the people for whom the first thing on their mind is to change their Medicare address and they are not picked up and recorded as a growth factor to the Territory.

I am not being over-critical of ABS here. They are measures that suit New South Wales, Victoria and Queensland very well; they are not measures that suit the Northern Territory. They are able to measure the population of Victoria or New South Wales with far greater accuracy than they can the Northern Territory. They are accepting of that. They have to find ways and have to resource the job much better than they have in the past.

**Mr WOOD:** During my budget reply speech, I said it was impossible to meaningfully compare the Labor government's spending on consultancies compared with the former CLP government because of the change to accrual accounting in annual reports, and this is important because one of Labor's election promises was that it would cut back on the use of consultancies to save money. After that, you told ABC Radio news that you consider providing information on consultants that used to be provided in annual reports. Have you been able to provide that information yet?

**Mr STIRLING:** It is a good question. The point of accrual accounting ought not make, I would have thought, a difference as to the recording of that or the ability to find that information. I will just check with the Under Treasurer. In fact, it does have something to do with that and I might get the Under Treasurer to explain it, Mr Chairman.

**Ms PRINCE:** When we moved to the accrual framework, we did change the standard classifications that were used for all agencies. In fact, the Territory government is the only state government that has a standard chart of accounts that all agencies use. So we have much greater success in comparing information between agencies and over time.

We did, for other reasons, not for the reasons of comparability, alter the standard classification used for consultants. Mr Wood, if there is a particular set of information that you would like to see, agencies do keep information on consultants and that could be obtained for you. I guess I am just not quite sure of the particular problem that you are having comparing over time.

**Mr WOOD:** Once there is something in an annual report that you can compare with last year, it makes it a lot easy for people like myself to be able to come here and say: 'How come the fuel costs for DIPE have gone up by 500per cent?'. You try and pull it out of these books and you have got Buckley's. However, if I have the annual reports lined up and they say exactly what was spent that year - I know that is not accrual, but at least for the average Joe Blow, he can say: 'Look, the government spent \$1m on consultants, which is an increase of 50per cent on last year'. They are the sort of figures that I need, and a lot of other people would find them very helpful.

**Ms PRINCE:** The budget papers, under either the cash or the accrual system, have never gone down

to that level of detail, but annual reports have.

**Mr WOOD:** Annual reports have. That is what I am talking about. It has disappeared from the annual reports.

**Ms PRINCE:** Because of the change in the standard publications. We could look at those arrangements to see whether we could improve the reporting.

**Mr WOOD:** Or we just go back to what we used to have.

**Mr STIRLING:** Mr Chairman, now that we are well into accrual format of reporting, there probably is no reason why, going forward, every annual report would do that so that into the future you would be able to look at that, but you would not be able to do it this year.

**Mr WOOD:** Thank you. Oh, they might. There are a few months yet.

**Ms PRINCE:** It depends on how it is being reported. We will have a look at it.

**Mr WOOD:** Okay, thank you.

**Mr DUNHAM:** Treasurer, why would you have the logo 'Moving the Territory ahead - less tax' etcetera, when you have just admitted that taxation revenue is up by some millions? That is on page 287 of Budget Paper No 3. If you go to *Fiscal and Economic Outlook*, Budget Paper No 2 at page 8, you will see that Territorians are paying more tax. Given that taxation revenue per capita is up, and that taxation revenue is up, why would you use the phrase 'less tax', which is patently untrue?

**Mr STIRLING:** Mr Chairman, the phrase 'less tax' is because we have reduced taxes - in some cases abolished - over the years ...

**Mr Dunham:** But you have not.

**Mr STIRLING:** ... and reduced in the case of payroll tax. Can I say this again: revenue, year to year, for 2004-05, is expected to increase up 0.1per cent ...

**Mr Dunham:** Up, not down. Less means it has to go down. Right?.

**Mr STIRLING:** CPI is expected to be 2.1per cent, 2.2per cent. So all things being equal, if nothing else occurred, you would expect revenues to increase in the order of 2per cent or a bit more. In fact, they are going up 0.1per cent against CPI of 2.1per cent, 2.2per cent. That is, in part ...

**Mr Dunham:** My point is up is up, less is down. So why would you use a word like 'less' when you give us all a big filibustering answer meaning it is going up. Up is up ...

**Mr STIRLING:** Go to the federal government and see what their revenue take is ...

**Mr Dunham:** I do not care. Tax is up, isn't it?

**Mr STIRLING:** ... year on year and what the increase is.

**Mr Dunham:** Tax is up, isn't it? Your tax take is up.

**Mr STIRLING:** 0.1per cent against the CPI of 2.1per cent, Mr Chairman. 0.1per cent increase in revenue to the Northern Territory in 2004-05 compared to 2003-04 in a climate of over 2per cent CPI. All things being equal, you would expect revenue to grow 2per cent or better. Real value is down.

**Mr DUNHAM:** No. Tax is up.

**Mr CHAIRMAN:** Member for Drysdale, do you have any further questions?

**Mr DUNHAM:** Yes, I have another question. We have established that taxation revenue is up; per capita taxation is up, which, in my book, means tax is up. I do not know why you would say there is less tax.

Treasurer, you used the words in relation to one particular tax, payroll tax, and it is in *Hansard* of Tuesday 18 May, your Appropriation speech, you said:

*Over 1400 businesses will be better off, the biggest winners being locally-based Territory businesses with an average saving of \$20 500 per year.*

All one sentence. If 1400 businesses are better off and the average is 20 500, that equates to some \$28m. Can you please run through your maths on that? You are saying 1400 businesses are better off and you are saying the average by which Territory business is better off is 20 500. I cannot compute how you would get those figures.

**Mr STIRLING:** Yes, we will just check, Mr Chairman.

**Mr CHAIRMAN:** I take this opportunity to remind members and visitors to the Estimates Committee that we will be adjourning from 1pm to 1.30 pm for lunch, with a five minute meeting of the Estimates Committee straight after this.

**Mr DUNHAM:** You will not need a calculator; it comes to \$28m.

**Mr STIRLING:** I think it is all in one sentence, as the member for Drysdale suggested . 1400 businesses in total, but talking about the Territory, the local businesses being that 20 000 better off only represents about a quarter of those so you cannot say it ...

**Mr DUNHAM:** Oh, no. Well, you did, didn't you?

**Mr STIRLING:** ... as you extrapolated it.

**Mr DUNHAM:** You cannot say it, but you did, didn't you?

**Mr STIRLING:** No, I did not. I did not. I said 'local businesses.' Read it out to me again, and you will pick up ...

**Mr DUNHAM:** I will read it out to you again.

**Mr STIRLING:** Local businesses benefit ...

**Mr DUNHAM:** Let us do the sums.

**Mr STIRLING:** ... it does not say total businesses ...

**Mr DUNHAM:** 1400 businesses will be better off, comma.

**Mr STIRLING:** Yes. 1400 businesses will be better off.

**Mr DUNHAM:** The biggest winners being locally-based Territory businesses with an average saving of \$20 500 per year.

**Mr STIRLING:** Of that 1400, about a quarter are local. There is nothing wrong with that.

**Mr DUNHAM:** Right. So ...

**Mr STIRLING:** It is not inaccurate, it is not misleading.

**Mr DUNHAM:** So essentially, a quarter of them is how many?

**Mr STIRLING:** A quarter of 1400 is 350.

**Mr DUNHAM:** 350 multiplied by 20 000 and your stats are still out. Your numbers are way out. Well, \$28m is what you would take if it was 1400. A quarter of \$28m is what?

**Mr STIRLING:** No, you are misleading the committee, member for Drysdale.

**Mr DUNHAM:** No, I am just trying - they are your words. I am trying to work out the maths behind your words.

**Mr STIRLING:** You are saying 1400 by 20 000. I just said you are way wrong because it is the local businesses that benefit by a factor of around 20 000, not the total 1400, and I never said that. The fact is, and what people need to remember, Mr Chairman, is that the Country Liberal Party has a view ...

**Mr Dunham:** No, no, no. Let us stick to questions, now that you have answered that.

**Mr STIRLING:** ... that the burden of taxation falls on too few members of our community and all need to share both the rewards and the responsibility. So we have to be very careful here ...

**Mr Dunham** interjecting.

**Mr CHAIRMAN:** Let him finish his answer here please, member for Drysdale.

**Mr STIRLING:** The Country Liberal Party wants to broaden the tax base in case there is any poor punter out there that does not contribute as much as one cent to Territory coffers of the Territory government revenue, look out!

**Mr DUNHAM:** Okay. Now we get back to these businesses being better off by 20 500. Can you tell me whether you computed into that the fact they were paying more for their motor car registration, they are paying more for their water charges, fuel charges? Their insurance, I assume, would have gone up. You have talked about wages growth here; whether that has been factored in, so while you are being very careful to tell us that businesses are benefiting by 20 500, I wonder if you could tell us what that nets out at if you put in, particularly, the government charges. We know you put tax up in some areas. We know you put charges up and if you could tell us what that 20 500 turns to in the nett ...

**Mr STIRLING:** There is misleading information here, Mr Chairman. The member for Drysdale says he knows we have put taxes up. We have not; we have reduced taxes. There is no increase in taxes anywhere in the budget papers and he is misleading Territorians and the committee when he says car rego has gone up. In fact, car rego has not moved for a long time. It remains the lowest in the country by a long, long way. What has changed is the MACA component of putting a car on the road, and the MACA component was necessary to go up because it is the cost of the scheme. The scheme actuaries advise that in their view, wage movements of 6per cent or 7per cent over the forthcoming year would translate to 6per cent or 7per cent outgoings because the benefits paid out from MACA are closely tied to wages in the community. So if wages are going to jump in a financial year, outgoings under the MACA scheme are going to jump roughly accordingly.

We were advised that it needed to be around the 8per cent. That was the actuarial advice to TIO. We did two things. TIO had historically funded DTAL, the driver training and licensing program, and that was starting to run at over \$1m per year. We took that off TIO and broke the nexus with MACA and TIO and have placed it where it rightly belongs: in the Department of Employment, Education and Training because it is an educative training program. We took that away, over \$1m of outgoings from MACA and TIO, and were left then with consideration of the scheme having to remain solvent, it has to remain viable for the protection of Territorians, and that resulted in a 6per cent increase.

Now, it was based on actuarial advice that wage rates were going to move and, accordingly, outgoings would move. Last week in parliament, the member for Macdonnell repeatedly referred to the increase in registration. In fact, it is the lowest in Australia and hasn't moved in a long time. It is the MACA component that moved and even with that move, we remain about fourth in all of the jurisdictions. So you come from the bottom, you come from top, we are about the middle level of cost on those figures.

**Mr DUNHAM:** And the nett figure? They are \$20 000 better off, some of them, not all of them, and ...

**Mr STIRLING:** \$20 000 as a result of the tax changes, Mr Chairman. I stand by that. I stand by the fact that they are \$20 000 better off as a result of those changes.

**Mr Dunham:** You are conveniently ignoring the fact that you have hiked water, hiked power, hiked insurance.

**Mr CHAIRMAN:** All right, are there any more questions on that output? That concludes consideration of Output 00.01, Whole-of-Government Questions - Budget and Fiscal Strategies. We will break for lunch and when we come back at 1.30, we will be on to Output Group 1.0, Territory Revenue, Output 1.1, Territory Revenue.

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The Committee suspended.

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**Mr CHAIRMAN:** I call the Estimates Committee to order and welcome the Treasurer once more. If he would once again like to go through the people in attendance at the table with him, that would be appreciated.

**Mr STIRLING:** Thank you, Mr Chairman. Ms Jennifer Prince, Mr Andrew Smith, Mr Ivan Basei, Mr Graham Symons and Ms Kathleen Robinson.

**Mr CHAIRMAN:** Thank you, Treasurer.

#### **OUTPUT GROUP 1 - Territory Revenue**

##### **Output 1.1 - Territory Revenue**

**Mr CHAIRMAN:** The committee will proceed to consider the estimates of the proposed expenditure contained in the Appropriation Bill 2004-05 as they relate to Treasury. I call for questions on Output Group 1, Territory Revenue, Output 1.1, Territory Revenue. Leader of the Opposition, have you any questions?

**Mr MILLS:** I am fine, thank you.

**Mr CHAIRMAN:** Members of the committee, are there any questions? Member for Nelson.

**Mr WOOD:** Thank you Mr Chairman. Treasurer, on page 2 of the Budget Highlights in a breakaway



box entitled 'Low Taxes', the government boasts that it raises only 90per cent of the national average in total revenue collected. I can understand why you put this spin on a low taxing government, but isn't there a risk in this strategy, the risk being that the Commonwealth Grants Commission might penalise you and give you less Commonwealth money because you are not making a big enough effort to raise your own money? I think you referred to it in part of the population debates earlier, whatever that big name is. What is the word they use to work out how much money you earn?

**Mr STIRLING:** Grants Commission Relativities.

**Mr WOOD:** Relativities! Isn't that part of relativities? The question is ...

**Mr STIRLING:** Yes, I have the question.

**Mr CHAIRMAN:** Before you answer that, Treasurer, there is a procedural matter I must go through. The time is now 1.32 pm and for the purpose of the *Hansard* record I wish to advise that pursuant to section 12 of the Terms of Reference of the Estimates Committee, Madam Speaker has nominated the member for Nightcliff to replace the member for Millner. My apologies for missing that one. Treasurer, if you would now answer that question.

**Mr STIRLING:** Thanks, Mr Chairman. The Grants Commission make that assessment, member for Nelson, and they do not compensate, obviously, if you are below where they draw the line at 100per cent effort. You will see comparisons in some areas where we are higher than other states and lots of areas where the states are a lot higher than us, and in fact over the 100per cent line that the Grants Commission draws.

The more likely risk is that if that was to dip too low, in terms of your own effort, would be perhaps attacks from other state leaders around the Treasurers Conference where they say: 'You guys aren't even making an effort in your own jurisdiction and yet you put your hand out for Grants Commission revenue distribution'.

However, the Grants Commission take in to account a welter of information and statistics and ability to do certain things. That principle of horizontal fiscal equalisation comes down, if I can use an example such as to place a doctor or school teacher in Borroloola and provide a service compared to Parramatta Road in Sydney or Brunswick in Melbourne, there is a recognition of the distance, the population and a whole lot of factors that serve to disadvantage the Northern Territory and drive up the cost of delivering the service, in particular health and education come to mind. They weigh each of the states in terms of what is a fair thing so that the states and territories are able to provide something like an equivalent service.

So a whole range of factors are taken in to account. That is their assessment and it varies from year to year and across all jurisdictions so we do not lose money as a result from the Grants Commission. Obviously, if that was 100per cent, you would have more revenue coming in, so there is a cost to the Territory's own revenue, but not from the Grants Commission. They say: 'Okay, that's your level. That is what you pick up'. So be it.

**Mr WOOD:** Thank you. I have a few more questions. I will be as quick as I can. On page 70, Treasurer, of the *NT Economy*, it says that the mining royalties in the Territory are levied on a profit basis compared with a production basis. Why is that?

**Mr STIRLING:** We might go to Mr Smith here, but it is historic in its approach. There are pros and cons on whichever system you use, and there would be plenty who argue that the nett effect on a company is negligible irrespective of which way you go. There are good reasons why we do it here. In the past, there have been a lot of smaller mining operations in the Northern Territory that struggle against all of the input costs, and significant input costs both in exploration and to develop working mines, so the Territory allows a company to take all of that into account and only when it moves to actual profit - am I right here? Yes. – does the Territory seek to extract tax or a royalty.

In other jurisdictions, there are systems that go on tonnage produced or what goes out the door or on to the ship. That is what you are taxed on, no matter what stage the mine is at. It may have just opened, of course, and they are straight into it on the first shipment out. The Territory hasn't had that view. The effect of it would be that mines that may not be viable in another jurisdiction, because of that taxation regime, can get a start here and produce jobs and, obviously, whatever product is being mined without a Territory tax take on them until such time as they are well into profitability. Mr Smith might round that off or provide more detail. That is the general view.

**Mr SMITH:** That is right. Essentially, the Treasurer has hit on the key themes, although I will make an opening clarification, which is that we actually have a combination of both an *ad valorem* royalty system and a profit-based system in the Territory. The *ad valorem* system operates for our petroleum royalties, and we have one of the mines under a former Commonwealth Mining Lease that continues to operate on an *ad valorem* basis.

However, other than that, I think since about 1982, the Territory has operated a profit-based royalty under the *Mineral Royalty Act*, and, in essence, as the Treasurer mentioned, it picks up on the concept of 'economic rent', which is deemed to be the most economic, efficient basis for imposing a royalty system, and it does that having regard to the profitability of the operation at any point in time during the mine life.

Whereas an *ad valorem* based royalty will impact on the operation throughout the whole time it is producing and often at low points in the profitability of the operation, the profit-based system has regard to the fluctuations in profitability so that it can act to preserve the life of the mine a lot longer.

It also doesn't make it prohibitive for a mine to undertake large capital expense because under a profit-based system, that large capital expense will be taken into account in calculating the royalty. An *ad valorem* based royalty would have no regard to that and continue to impose a royalty on the sale or production value whereas the profit-based system will, and therefore might encourage the mine to undertake that capital expenditure.

**Mr WOOD:** And this does or does not apply to extractive mining?

**Mr SMITH:** Extractive mining is slightly different in that extracting mining is more a rental based system and in more quarriable-type materials.

**Mr WOOD:** Minister, the dividend paid to government from Power and Water in 2002-03 was \$20m and in 2003-04 was \$18.5m. Are both these figures 50per cent of the nett profit? The original estimate for the 2003-04 dividend was \$24m. Why, therefore, a \$5.5m drop?

**Mr STIRLING:** Thank you, Mr Chairman. Under Treasurer.

**Ms PRINCE:** Mr Wood, as you know, the standard dividend policy the government has in relation to its GBDs is 50per cent of nett after tax profit. In relation to the dividend from Power and Water paid in 2003-04, that is based on performance in 2002-03.

Power and Water has had accumulated tax losses, and when it was originally calculating the estimate, in the 2002-03 year, of amount that will be paid in 2003-04, the basis of its initial estimate was for a higher dividend because of the effect of taking into account the tax profits. What ultimately happened was that the actual result in respect of 2002-03 varied somewhat from the board's anticipated amount, but the board concluded that it would continue to pay the \$20m dividend that it had provided for in the 2003-03 year. Why does the estimate vary in the next year? It is simply related to updated assessment of its financial performance.

**Mr WOOD:** Thank you. Treasurer, on page 287 of Budget Paper No 3, taxation revenue, last year's predicted revenue from the Tax Equivalents Regime was \$10m. The 2003-04 estimate it is \$25m,

which is \$15m more than predicted. Where did the extra money come from?

**Mr STIRLING:** I refer that to the Under Treasurer, Mr Chairman.

**Ms PRINCE:** The reason is the tax equivalent payment made by Power and Water. I wonder whether I should go through the Tax Equivalent Regime for you.

As part of ensuring government businesses operate under competitive arrangements with private businesses, the states and territories agreed to introduce a Tax Equivalents Regime, which was applied to their government businesses. Power and Water is one of a couple of agencies in the Territory that have the Tax Equivalent Regime applied to it by the Australian Taxation Office, so they are subject to a tax regime that is similar to private businesses. The taxation revenue is not paid to the Commonwealth, however; it is paid to the Northern Territory, as it would be for any other state business enterprise that would pay the particular state. The tax equivalent amount paid to the Territory by Power and Water in 2003-04 is estimated to be \$25 000 086, and the estimate for 2004-05 is \$24.75m.

**Mr WOOD:** Through you, Mr Chairman, but it went from \$10m in the previous year.

**Ms PRINCE:** Oh, sorry.

**Mr WOOD:** The question is: why has it gone up such a large amount from \$10m to \$25m?

**Ms PRINCE:** Andrew will answer that.

**Mr SMITH:** Without trying to breach the secrecy arrangements associated with individual taxpayers, it is safe to say that the Power and Water Corporation had an accumulated tax loss balance because of the other companies in the Power and Water tax group, and that they are exhausting those tax losses faster than they initially expected. Consequently, they are expecting to pay tax in 2003-04, which they had not previously expected to do.

**Mr WOOD:** On the same page in relation to payroll tax, Treasury is predicting an increase in revenue of almost \$6m despite the government's payroll tax cut. Does that mean that despite a flat economy, you expect employment and wages to grow to generate that extra payroll revenue?

**Mr STIRLING:** Mr Chairman, I do not accept that it is a flat economy out there now. I believe it is rebounding and will continue to rebound strongly throughout 2004-05, which will result in greater economic activity, which will result in greater jobs, which will result in payroll tax revenue to the government.

The other reason for the increase was during 2003-04, and the member for Nelson might recall there was a situation where the government rebated a series of payroll tax that it had collected to a number of companies - the figure, Mr Smith, was ...?

**Mr SMITH:** Nearly \$1.2m.

**Mr STIRLING:** ... \$1.2m, which we would not reasonably expect to occur during 2004-05. The 2003-04 receipts would be lower than those taxes rebated. One-off refunds, in fact, were \$2.9m, and waivers of \$1.2m granted under the current Contractor Relief Package. In 2003-04, earlier than expected completion of the Alice to Darwin railway also peeled \$2.3m off that figure.

**Mr WOOD:** If you get the \$6m increase that you are expecting from payroll tax, would you say that is a good indicator of whether you have economic growth? If you do not get that next year, could it be argued that you do not have that growth?

**Mr STIRLING:** Well, it would be an indication. We are expecting both numbers of wages – and, of course, you get wages growth as well throughout a financial year - to produce that estimate. If it is not reached, why not? Well, you would have to assume that the numbers of jobs were not reached as predicted or the level of wages increase did not occur or that something untoward occurred.

**Mr WOOD:** Something to keep an eye on. On page 289 of Budget Paper No 3, we find the Commonwealth's Specific Purpose Grants to the Territory. It looks like the Territory is getting an extra \$4m for the Indigenous Education Strategic Initiatives program, up from \$8m to \$12m. However, last year's budget said that \$12m would be allocated in 2003-04. What happened to the extra \$4m from the Commonwealth? Did it come to the Territory? If so, what was it spent on? If it did not come to the Territory, why not?

**Mr STIRLING:** Mr Chairman, it is more specifically an education question. We are happy to take it on notice and hold it here until ...

**Mr WOOD:** It was under Grants and Subsidies revenue section of the budget. I can leave it until then if you wish.

**Mr STIRLING:** It is specific to education and they will answer it.

**Mr WOOD:** Just quickly, on page 300 of Budget Paper No 3, we find the Sale of Goods and Services Revenue. It says the Territory will earn \$700 000 from offshore petroleum rents in 2004-05. Will the Territory lose out on future similar income from the Greater Sunrise gas fields after the federal government's unitisation legislation removes the Northern Territory's powers in relation to those waters?

**Mr STIRLING:** Frankly, Mr Chairman, I have no idea, but I will ask Mr Smith, who will.

**Mr SMITH:** I assure you I have no idea either, but ...

**Mr WOOD:** Shall I leave it to the Chief Minister?

**Mr STIRLING:** DBIRD, perhaps. If you have Mr Caldwell stumped, mate, it is serious. Let us take it on notice for DBIRD.

**Mr WOOD:** All right. The last one I had was about aquaculture fingerlings, so I will leave that for DBIRD, too.

**Mr CHAIRMAN:** Are there any more questions on that output?

**Mr MILLS:** Yes, Mr Chairman. Treasurer, can you inform us of the current level of Territory debt?

**Mr STIRLING:** Yes, it is in the order of one thousand, seven hundred and - let me just check. Mr Chairman, we will get a precise figure. For the end of the financial year 2003-04, the forecast of the non-financial public sector debt level is \$1.681bn predicted at the end of 2004-05 to be \$1.717bn.

**Mr MILLS:** And current borrowings?

**Mr STIRLING:** Is that the total amount of loans that the Territory has out and paying back at the moment?

**Mr MILLS:** Correct.

**Mr STIRLING:** Then the answer is at 30 June 2004, \$1.992bn. At 2004-05, the estimate would be

\$2.012bn.

**A member:** What are you reading from?

**Mr STIRLING:** *Fiscal and Economic Outlook*, page 115, Budget Paper No 2.

**Mr MILLS:** Treasury borrowings as reported there, are they - no, they won't be. I was going to ask are they reflected in the debt, so it is separate? It is not carried or reflected in debt because the borrowings are larger in fact than the debt.

**Mr STIRLING:** Well, yes, it is a nett debt figure. Under Treasurer.

**Ms PRINCE:** Nett debt is calculated by looking at the Territory's gross borrowings and removing from that figure our financial assets so that the figure, as I understood the question you were asking, Mr Mills, of what the Territory's gross borrowings were; for 30 June 2004 for the non-financial public sector, they were estimated to be \$1.99bn. From that, you remove our financial assets to get to a nett debt figure of \$1.68bn.

**Mr MILLS:** I see. An indication of interest repayments?

**Mr STIRLING:** Yes, I have that. Daily? Weekly? Monthly?

**Mr MILLS:** You did not know the interest rate earlier.

**Mr STIRLING:** Well, it was over \$500 000 a day. I like those daily figures. We have them, Mr Montague. That is not the one. I will give you a little historic information here just to get it into context ...

**Mr Dunham:** Another little walk down memory lane?

**Mr STIRLING:** No, no it's very quick. All right, what do you want?

**Mr MILLS:** What are the current interest repayments?

**Mr STIRLING:** Throughout 2004-05, we expect it to be \$479 000 per day.

**Mr MILLS:** Say it again.

**Mr STIRLING:** \$479 000 per day. That's a lot of money, isn't it?

**Mr MILLS:** All right. Thank you. The last one is, and it might need to be taken on notice, those equivalent figures of Territory debt and Treasury borrowings going back five years. I am happy to take that ...

**Mr STIRLING:** It would not be difficult to provide. We don't have it here but ...

**Mr MILLS:** I understand that.

**Mr STIRLING:** We will get it to you.

**Mr MILLS:** Thank you.

**Mr CHAIRMAN:** Right. To assist Hansard and ensure the minister is fully aware of the question, would the Leader of the Opposition please repeat the question?

**Mr MILLS:** I am seeking the listing of the current Territory debt, current Treasury borrowings and interest repayments for this budget and for the last five budgets.

**Mr CHAIRMAN:** Minister, do you accept that as a question taken on notice?

**Mr STIRLING:** Absolutely.

**Mr CHAIRMAN:** That being the case, I allocate number 2.1 to the question. Please proceed.

**Mr DUNHAM:** Thank you. I was interested in your answer to a question from my colleague, the member for Nelson, about why your taxation revenues will go up. You said it was because the economy would be doing better, is that correct?

**Mr STIRLING:** Yes.

**Mr DUNHAM:** So last year, when you anticipated raising \$311m and you actually raised \$335m, an increase of \$24m, and the economy grew at 0.3, can you tell us why taxation revenue grew at about three times the rate of the growth of the economy? Sorry, not three, 30 times.

**Mr STIRLING:** Mr Chairman, here we go again. Let us go back to what that 0.3 is: it is GSP, Gross State Product. Now, we spent an hour this morning about how GSP is a less than accurate predictor of onshore economy. If we were to take out the down side, the claw-back or the drag-down effect of Laminaria-Corallina throughout 2003-04 and the effect it had ...

**Mr Dunham:** You don't need to go back there.

**Mr STIRLING:** No, I'm just saying ...

**Mr Dunham:** You've called it growth in your budget papers so we call it growth, all right?

**Mr STIRLING:** You asked the question - don't worry about it.

**Mr DUNHAM:** So you don't see any correlation?

**Mr STIRLING:** Mr Chairman, I will go on to explain. If we took away the claw-back effect of Laminaria-Corallina, the onshore activity was significantly stronger than 0.3 per cent. In addition, there were a number of significant one-off transactions throughout the year, and there always will be. Treasury can't predict what may or may not be sold throughout a year incurring revenue in the form of a stamp duty on sale of properties. There are a whole range of areas where it is simply not possible to predict. If you have quite significant one-off transactions, they have the effect of increasing the level of revenue.

Let us try and be as accurate and as honest as possible in front of the committee. If you want to refer to 0.3 growth, tell us what it is you are talking about. You are talking about GSP and we spent over an hour this morning in and around the robustness or lack of it or inadequacy of the GSP as a measure of onshore activity.

**Mr DUNHAM:** We call it 'Territory economic growth profile' because at page 92 of Budget Paper No 2, you call it 'Territory economic growth profile'. While we agree with you that it is highly inaccurate, particularly for last year, all I was trying to do was get a nexus between that growth profile or any

other – the Dwyn Delaney discussion down the store, whatever - we want you to tell us if you can why last year's growth was so low and your taxation receipts were so high.

What you are trying to say is that there were some one-offs there that we could not predict, but the fact is you had a \$24m windfall you didn't anticipate, and in this year's budget, you are giving \$6.7m back to business. They paid four times that last year. I would have thought, Minister, if you are going to talk about this as a business-friendly budget, you would also talk about providing some of those unanticipated, unknown, couldn't-guess-it Treasury windfalls back to the business sector by way at least of tax relief. That, at least, fits with your financial strategy.

**Mr STIRLING:** Mr Chairman, this is the economic theory that led the CLP into the wilderness of ever-burgeoning deficits. That is, capturing one-off revenue in one year and saying: 'Oh, we have to give all of this back. We have to recast this. This \$36m all has to go back to lower taxation thresholds and rates and give it all back to business'.

What happens the next financial year when you don't have significant one-offs and you don't have a \$36m increase? You are back in the position of saying: 'We will have to wind back services. That could be politically dangerous coming close to an election so we'd better not touch health. We won't dare go near education. We can't touch capital works; that will upset the construction industry. Gee. That's a bit hard. We won't go to services. We won't cut back our expenditure there. Oh, to hell with it: we'll go to a deficit. We will increase the deficit'.

Of course, the deficit gets worse the next year, because you have built it into your base, that it is always going back to business, and you are not getting this one-off. It is the mistake that the former government made in seeing significant one-off cash injections, saying: 'You beauty! Let's spend this, let's put this into recurrent', or whatever they did with it, but, of course, what that leads to is the widening of the crocodile jaws, revenue staying the same, but expenditure increasing apace.

**Mr Mills** interjecting.

**Mr STIRLING:** Well, perhaps the Leader of Opposition can one day explain to me and Territorians how you achieved a \$275m deficit in 2001-02. How you achieved on track for \$126m, \$139m deficit in 2001-02. We do not operate that way. We do not take unexpected or one-off revenue items and say: 'Beauty! Let us patch that into health and increase their base', because you have a real problem the next financial year and the one thereafter. In fact, you are compounding your problems and the only answer, I suggest, if you do not want to cut services, is to increase deficits.

You have a track record of that, and that is what you will do again, unless you have another answer by way of revenue, and I think you do based on the proposition of the Leader of the Opposition that the burden of taxation falls on too few members of the community and all will have to contribute. 'All' meaning everyone, and that is every Territorian that does not currently pay tax to the Northern Territory in any form or manner, will, under a Country Liberal Party government. That is how they will build their taxation base. Okay, if you want to do that, it is a policy position you have adopted and you have plenty of time to explain it to us and to all Territorians about how you are going to tax them. That is fine. We expect you to do it and we are going to call on you to do it.

**Mr DUNHAM:** Righto, good. Back to reality. Now, what you are saying is that next year, you anticipate the economy will grow. That is what you are telling us. What I am saying to you is if you do a back cast, the economy grew much quicker than you believed if this increase in tax revenue has a genuine nexus with the growth and the economy. I do not believe it does; I think it is just a tax grab.

If you look at the fact that you are saying this was just a one-off, it grew from \$279m in 2001-02, you expected it to grow a mere \$6m the next year and it grew to \$311m. It has now grown to \$335m and you are saying the economy will go swimmingly next year and it will grow again. This is not unanticipated revenue, Treasurer. This revenue has been rising very quickly. It comes from your sources. It is your tax that is doing this. You are trying to give us this cute answer that you have given \$6m to business. Have a look at the revenues you have hiked out of them over the last couple of

years. It is tens of millions you have taken out. You are trying to pretend it is one-off and you are trying to pretend that it is stuff that you cannot calculate. Now you are trying to tell us you can forecast it. I do not believe it; you cannot even back cast it.

**Mr STIRLING:** Mr Chairman, when we came in, along with the fiscal difficulties that we inherited, we did have a promise to the business world from the November 2001 Mini-Budget on, and that was \$3m each budget cycle to reduce the effect of payroll tax. The first two cuts to payroll tax were to the rate, and I think we cut it from 6.5per cent on coming into government. Here's a business-friendly government; they had a payroll tax rate at 6.5per cent. We reduced that to 6.2per cent.

This year, there was an expectation, knowledge, in fact, that we would be doing something about payroll tax because it was no secret that it was in the forward estimates and was, in fact, a commitment from this government that there would be a further \$3m reduction of payroll tax. There was representation made to us - to me, the business minister, the Chief Minister - that instead of the rate being reduced further, which we have done twice, reduced it from 6.5per cent to 6.2per cent, we ought to have a close look at the threshold at which it cuts in because bracket creep over the years had forced reasonably small companies with payroll levels of \$600 000 into the payroll tax net.

There was an expectation that we would increase it. We exceeded those expectations and the Chamber of Commerce was delighted. They did not expect that we would go in two steps from a \$600 000 to an \$800 000 threshold before you pay any payroll tax at all. Certainly, they did not expect that the following financial year, we would lift that threshold further to \$1m. The carping from the member from Drysdale stands in stark contrast to the feedback that I and other members of government have from the business world in and around what we have done about payroll tax.

**Mr DUNHAM:** Yes, you have handed back about \$4m and, on your estimates, you intend reaping \$5.8m. So it is not even budget-neutral, is it? You are going to take more out of payroll tax out of the community than you are going to give back in incentives. So do not give us this generosity argument when you know that the bottom line is that you are \$1.8m better off on this tax alone, this one tax. Is that correct?

**Mr STIRLING:** Mr Chairman, we well know how the CLP government treated revenue and the difference in the way that we treat it. You could take a punt. You could be a punter and say: 'Oh, reasonable level of expectation. Couple of big properties will hit the market. Oh, let us take a punt: \$20, \$30m'. What if they did not? What if they did not? What if you just said: 'Let us spend that \$20 or \$30m on the expectation that we will have unforeseen sales or activities out there' and you did not achieve it? Well, there is the start of your march back to ever-increasing deficits because you are \$20 or \$30m short.

I understand that is how you want to operate a budget. It is not how we do it. We now have the *Fiscal Integrity and Transparency Act* to avoid and make sure that the sorts of things you guys got up to cannot occur again. We want everyone to understand how it all works and that is what we are trying to do.

**Mr DUNHAM:** The fiscal strategy: you seemed to paint a gloomy picture about predictability with GST. You are reluctant to spend this burgeoning revenue stream that is coming out of taxation because you are saying it might be too optimistic and that things might get tricky next year. Why, then, is your fiscal strategy to increase spending and reduce taxes?

**Mr STIRLING:** Mr Chairman, if I can just go back, the member for Drysdale was on about this apparent big difference. I did explain it in part before. I will go back on it because he is trying to mislead the committee.

**Mr Dunham:** No, I am not.

**Mr STIRLING:** The 2003-04 base was artificially lower on payroll tax to the extent of \$4.1m because



of the one-off refunds and waivers, so that is not in the 2003-04 base for comparison. There is the \$4m that he was talking about.

**Mr Dunham:** No, not that one.

**Mr STIRLING:** They need to be added back in to 2003-04 before you project the revenue for 2004-05. That adjusted base is then inflated by the growth parameters for both employment and wages, totalling \$5.5m. The effect of that increased threshold is factored in to reflect the \$4m savings from that initiative. We do not expect to be having to rebate payroll tax at all in 2004-05, so there is \$4m of the difference that he was talking about, \$4.1m.

**Mr CHAIRMAN:** Are there any further questions on this output? That concludes consideration of Output 1.1.

#### **Output 1.2 – Tax-Related Subsidies**

**Mr CHAIRMAN:** The committee will now consider Output 1.2, Tax-Related Subsidies; Leader of the Opposition.

**Mr MILLS:** No questions.

**Mr CHAIRMAN:** Committee members? No. That concludes consideration of Output Group 1.

#### **OUTPUT GROUP 2.0 – Financial Management**

##### **Output 2.1 – Financial Management**

**Mr CHAIRMAN:** The committee will now move on to Output Group 2, Financial Management, Output 2.1, Financial Management.

**Mr MILLS:** I am happy if other members wish to ask questions. I have a question that I will come back to in a moment.

**Mr WOOD:** Treasurer, my first two questions relate to two departments, the first is DIPE. The nett operating surplus or deficit for DIPE in Budget Paper No 3 at page 247, Statement of Financial Performance, is a deficit of \$74m for the second year in a row, that is a 25per cent loss, and it is a greater loss by far than any other department. No other department has a loss of greater than \$18m or 5per cent. On page 249, we find the cash reserves are only \$11m so the losses will still look large. What is going on here? Why is the department running at such big losses compared with other departments and how will the situation be turned around?

**Mr STIRLING:** Mr Chairman, let me just have a quick look. Oh, good answer!

**Mr WOOD:** There are not supposed to be good answers.

**Mr STIRLING:** No, no, no, the Under Treasurer understands all this. I will ask the Under Treasurer to explain that. It is the way DIPE handles the big jobs and what they have to wear in the process, and the Under Treasurer will explain that. Now I understand.

**Ms PRINCE:** Mr Wood, as you know, DIPE undertakes the capital works program on behalf of all agencies and until assets are completed, when they are constructed and then transferred to agencies, all of the depreciation in respect of those whole-of-government assets are recorded in DIPE. There is a higher than ordinary level of depreciation accorded to DIPE for that reason.

As you know, because we have a cash appropriation, we do not provide funding for depreciation purposes and that is why there is the large gap, because there is a higher than average level of depreciation that is not funded by the cash appropriation.

**Mr WOOD:** Thank you. The other department I was going to talk about was DEET, your department, minister. In Budget Paper No 3 at page 102, Statement of Financial Performance, the operating cash deficit is \$17m or a 3per cent loss. I have been told that 1per cent to 2per cent is acceptable and more acceptable if there are some decent cash reserves, but DEET will be out of cash in 2004-05.

On page 104, it shows DEET will only have \$56 000 in cash at the end of the year. What does this mean for the future of the department? Will it be running at a greater loss next year? Why do you budget for a \$17m loss? Why don't you make the department find some savings?

**Mr STIRLING:** Under Treasurer.

**Ms PRINCE:** Mr Wood, it is not dissimilar to the explanation for DIPE. All of our agencies have a negative nett operating surplus for the same reason: the output revenue they receive is a cash-based amount and they do not receive cash for their non-cash requirements, essentially depreciation.

In the operating expense categories for DEET, their depreciation amount is \$17.276m for 2004-05, which is very close to that nett operating surplus.

**Mr WOOD:** Why such a low cash reserve, \$56 000, for such a big department?

**Ms PRINCE:** The cash reserves for agencies at any point in time really reflect the ebb and flow of revenue sources from the Central Holding Authority and revenue from other sources. DEET receives quite a lot of revenue from the Commonwealth through Specific Purpose Payments, and what we find with DEET is that, at the time the budget is being put together, there are a number of issues in relation to Specific Purpose Payments that have not yet been resolved. IESIP is one of those in particular. What we would see through the year is an increase in that level of cash as those Specific Purpose Payments are sorted through the Commonwealth.

**Mr WOOD:** One last question, Mr Chairman. Treasurer, in July last year, Treasury let a \$30 000 tender for a financial evaluation of electricity supply proposals for three Northern Territory government sites. What were these proposals and where are the sites?

**Mr STIRLING:** Thanks, Mr Chairman.

**Ms PRINCE:** Sorry, Mr Wood. Would you repeat that?

**Mr WOOD:** In July last year, Treasury let a \$30 000 tender for a financial evaluation of electricity supply proposals for three Northern Territory government sites. What were those proposals and where are the sites?

**Dr LIM:** Mr Chairman, wouldn't that come under ...

**Mr WOOD:** Treasury let it.

**Mr CHAIRMAN:** We will let the Treasurer have a look and see whether he believes this is best addressed to ...

**Mr STIRLING:** Bear with us, Mr Chairman.

**Mr CHAIRMAN:** It is obviously a very good question from the member for Nelson and will receive due consideration.

**Mr STIRLING:** Where does he get them from? Mr Chairman, we undertake to get back before the end of my time before the committee.

**Mr CHAIRMAN:** A very good outcome, so you are not going to take it on notice?

**Mr WOOD:** Yes. I have finished, Mr Chairman.

**Mr STIRLING:** We will get back as soon as we can and it will be before I finish today.

**Mr WOOD:** Okay.

**Mr CHAIRMAN:** Are there any other questions?

**Mr DUNHAM:** Mr Treasurer, the government adopted a number of recommendations to improve budget documentation and budgeting culture. Can you tell us how you are going with the progress on these, particularly the budgeting culture issue where it was recommended, and the government accepted this recommendation, that the government address the budgeting culture throughout all areas of the NT budget where funding levels approved in the annual budgets are substantially supplemented throughout the year. Has there been a program to address this problem?

**Mr STIRLING:** Mr Chairman, I do not accept that there is substantial supplementation throughout the year. The O'Sullivan Review and recommendations from that review did not drop in our lap at the end of the financial year for us to be able to say: 'Okay, this all fits nicely into our budget cycle', nor were we in a position, when we received those recommendations, to say: 'Oh, we can't do anything about it now. We are supplementing the budget in between budget cycles'.

The urgency of the repair job to the police force, and our commitment to the O'Sullivan Review and its outcomes, were such that it was necessary to commence work on that process of getting recruits through and building the numbers in the police force with immediate effect as soon as we could possibly do it. So there is an example of, as the member for Drysdale says, supplementation throughout the year.

Government, at any time, has a number of reviews of different activities and services. Child Protection Services in Health at one stage had a significant increase in recognition of the findings of a review. There are any number of things before government at any time that require a fix there and then. You can't say: 'I don't think we can do that now. Let's wait for next year's budget'. If it is September or October and you are a fair way from the next budget and you have to act on it, you do, a government does; government is bound to. Once it is confronted with information that it didn't have before, it would be negligent and it would be failing in its duty of care not to address significant recommendation such as the nature that I have just explained.

I don't accept that there is mid-year supplementation of budgets to allow agencies to get us across the line. What we did inherit, particularly in Health, was a culture that you blow it and you're back knocking on the door to get more money to get through. Part of the reason for that was that their base wasn't right. Their base was not right and the former minister for Health spent a long time going through that and coming back to Cabinet demonstrating where this was so. There has been a rebuilding of the Health base, as I said earlier this morning, to the extent of an extra \$120m from this government.

It would be great to say: 'Okay, that's the budget on 18 May. No one is to come back to Cabinet and ask for any more money under any circumstances because we are not going to do anything until May 18 ...' or whatever the budget date is '... next year'. That is not the way a government works, that is why government does have a contingency reserve, as every government, as the previous government before us had, to meet those unforeseen and important areas of responsibility. If government now is in receipt of information that it did not have before, once it has that information, it is duty bound to act.

**Mr DUNHAM:** That is a good answer because it takes me to the next set of recommendations, which also were accepted by government because it was fully understood that you would supplement during

the year, and they were, variously, the reconciliation of the current year's original allocation, that the original estimate should be included in the budget papers, which they are not, that the annotations of discussion within budget papers to explain that counting rationale, forecast parameters and risks associated with any specific proposals, and it was therefore asking for a reconciliation of what happened in the year in review, the year passed, and this is not available to us.

**Mr STIRLING:** Mr Chairman, the information, particularly in and around variations to a budget are such that we never used to get it at all. We never used to get any information in the budget papers, so significantly enhanced they are. We would spend much of the committee stage of the budget under the former government simply trying to find out why a particular agency was up or down several million from what was predicted because there was no explanation of variations in the budget at all.

We had one international economics organisation, and I think it might have been Moodys from New York, that said these were the best, most transparent budget papers they had ever seen. This fellow works in 31 countries all around the world, based in New York, head of Moodys; pretty strong, pretty sound reputation. He came in and told us that. I cannot remember who I was with at the time, but that is Moodys' analysis of our budget presentation: amongst the easiest to understand and the best presented he has ever seen out of 31 countries he works with around the world.

**Mr DUNHAM:** So, you are not going to fulfill that recommendation that you told parliament you would accept?

**Mr STIRLING:** Under Treasurer.

**Ms PRINCE:** Through the Chair, the Treasurer's Annual Financial Report provides information on the variations from the published budget to the final estimate for each agency.

**Mr DUNHAM:** But not the rationale.

**Mr CHAIRMAN:** Treasurer, there was a question put.

**Mr DUNHAM:** We are able to track numbers through tax, but not the rationale, is that correct?

**Mr STIRLING:** Mr Chairman, there are significant variations, and I am looking here, 1, 2, 3, 4. The reasons are given there at page 94 of the Treasurer's Annual Financial Report.

**Mr CHAIRMAN:** Are there any further questions?

**Mr MILLS:** Yes, Mr Chairman, to the Treasurer: there was an advertisement on 19 June to fill several positions in the Economic Services Division of Northern Territory Treasury. Treasurer, are these new or existing positions?

**Mr STIRLING:** Thank you, Mr Chairman, I will find out.

**Mr STUBBIN:** Some of them are new, some of are existing and the ads were placed last Saturday.

**Mr MILLS:** And how many positions are described?

**Mr STUBBIN:** We have described more positions than we have vacancies for. That is a technique we use to try the field, if you like. We did the same thing last year. Essentially, we take what people we can get at different levels and with different skills depending on what is available, and try to balance out our requirements in that way.

**Mr MILLS:** You have described it as a number of positions?

**Mr STUBBIN:** Yes, without being specific about how many.

**Mr MILLS:** Are you able to tell me how many positions you need filled?

**Mr STUBBIN:** No. We will see what comes in, and we will juggle some other issues we have about use of research funds or employing people. It is a mix and match of what comes our way in suitable applicants.

**Mr MILLS:** There has been a mechanism to assess your need. There is obviously a shortfall of some kind.

**Mr STUBBIN:** We have existing vacancies, vacancies arising and newly-approved monies to commit to employing people, plus we have new money to commit to research work that we might do with Charles Darwin University, for example. We have a choice of paying money to Charles Darwin University to have the work done or employing the people ourselves and doing the work internally. There are pros and cons to that, depending on the people who pop up as a result of the ad.

**Mr MILLS:** How many current vacancies are there?

**Mr STUBBIN:** I could not tell you.

**Mr MILLS:** The amount of money you have been allocated for this research work, do you know how much that is?

**Mr STUBBIN:** Yes. We have a couple of amounts of money for research work. One that we have not allocated yet is about \$150 000.

**Mr MILLS:** And that is what ...

**Mr STUBBIN:** That could form part of that, or we could choose to utilise it via the university.

**Mr DUNHAM:** They get them from the Bureau of Meteorology; weather forecasters, high degree of accuracy.

**Mr CHAIRMAN:** Are there any more questions on that output? All right, that concludes consideration of Output Group 2.0.

**OUTPUT GROUP 3.0 – Economic Services  
Output 3.1 – Economic Advice and Services**

**Mr CHAIRMAN:** I call for questions on Output Group 3.0, Economic Services, Output 3.1, Economic Advice and Services. Are there any questions, Leader of the Opposition?

**Mr MILLS:** No.

**Mr CHAIRMAN:** Committee members? There are no questions on Economic Advice and Services. That concludes consideration of output 3.1.

**Output 3.2 – Community Service Obligations**

**Mr CHAIRMAN:** The committee will now consider Output 3.2, Community Service Obligations. Leader of the Opposition, do you have any questions?

**Mr MILLS:** No, I am fine thank you.

**Mr CHAIRMAN:** Committee members?

**Mr DUNHAM:** I just want to know when you will make it more clear, the various component parts of CSO for the Power and Water Corporation. That is, what is universally grouped under uniform tariff has actually three or four component parts. I wonder if you are going to make that more transparent.

**Mr STIRLING:** I will just have a look at this, Mr Chairman. It may be broken down. I am checking. I agree with you that it ought to be, but it is not, we will. However, let us just check.

Mr Chairman, at pages 81-82 of Budget Paper No 2 under Community Service Obligations, it does give a run-down. If you go to the next page, under Power and Water at the top, Uniform Tariffs, it carves out the Tranche 4 electricity customers.

If you come down to Health and Community Services, it carves out the pensioner concession scheme. The other breakdown in terms of water and sewerage, those sorts of things, is included in the Uniform Tariff. There may be a case pull that apart, but those facts are there.

**Mr DUNHAM:** Pegging domestic, for instance, is what you call Uniform Tariffs, and they are totally different policies, totally different costings. I would have thought that Uniform Tariffs existed long before pegging of domestic electricity and you could have one and not the other, but they have been bundled in there together and they are very difficult to track and very difficult to disaggregate.

They are not? They might not be for you. I would like to see those components of the Power and Water CSO more transparent. That is all I am saying. They are not in these budget papers and I would like some explanation of the component parts.

**Mr STIRLING:** It seems to me, Mr Chairman, the breakdown is there. It is carved out; Tranche 4 from small business and domestics at the top there. It has the pensioner concession scheme. If there is a case around sewerage, we will look at that to further delineate exactly the level of CSO to a particular function, but it would seem pretty clear to me.

**Mr DUNHAM:** So you can tell me from page 82 what the ALP's promise to peg domestic electricity has cost? You can tell me from that page, can you?

**Mr STIRLING:** Not just to domestic, but to domestic and small business.

**Mr DUNHAM:** Can you tell me from what page?

**Mr STIRLING:** Thirty-nine. It is Uniform Tariff.

**Mr DUNHAM:** Is that what you think Uniform Tariff is? Your decision to peg electricity prices for domestic users, you call Uniform Tariff. Is that correct?

**Mr STIRLING:** Well, you go with your story. You tell me.

**Mr DUNHAM:** I do not know. Uniform Tariff, I would have thought, is the cost of subsidising those high generation cost places so that we all pay one tariff right across the Territory, whether your power is generated at 80 cents a kilowatt/hour or 10.

The pegging of domestic power is saying that price will not change. I would have thought they were two totally different policies. You promised one in the election, the other has been in place for a long time, and you cannot tell us what that promise has cost you because it is not disaggregated, is it? They are two different things.

**Mr STIRLING:** They still serve the purpose. We have not changed that policy. We inherited the policy of equalisation; there is no question there. We have frozen, and continued to freeze, throughout this term - we said small business and domestic - and that is the cost.

**Mr DUNHAM:** Okay, so if it only costs \$1m to peg domestic electricity for one year, over the next five years it will only cost you \$5m, is that what you are telling me?

**Mr STIRLING:** No, you are making it up.

**Mr DUNHAM:** Okay. It has gone up \$1m. So we are assuming it has cost the Power and Water Authority \$1m not to raise power prices for domestic consumers. How much will that promise cost next year?

**Mr STIRLING:** You are introducing a hypothetical here in terms of what the cost is, and I am not entering into a hypothetical argument.

**Mr DUNHAM:** I am trying to work out what your CSO means. Do you know why? You do not know what it costs because you cannot disaggregate it either. You have the same problem we have.

**Mr STIRLING:** The Under Treasurer draws my attention to the statement that the Utilities Commission values the electricity component of the CSO at \$62.39m. So there is the cost.

**Mr DUNHAM:** \$62.39m is the cost of that CSO?

**Mr STIRLING:** According to the Utilities Commission.

**Mr DUNHAM:** Okay. Now, still on page 82, can you point to that for me?

**Mr STIRLING:** No, it is not there.

**Mr DUNHAM:** So which page would I look to?

**Mr STIRLING:** At page 81.

**Mr DUNHAM:** So, on page 81, you are telling me there is a \$62.39m CSO going to the Power and Water Corporation that is not on there?

**Mr STIRLING:** I did not say that.

**Mr DUNHAM:** Well ...

**Mr STIRLING:** No, you are putting words into my mouth. I said ...

**Mr Dunham:** I am trying to ask for a transparent discussion.

**Mr STIRLING:** ... the Utilities Commission had valued the electricity component at \$62.39m.

**Mr DUNHAM:** Right.

**Mr STIRLING:** Of which \$35.41m is budget-funded in 2004-05.

**Mr DUNHAM:** Right. We can ask the Power and Water Corporation. There is a second line there, and that is Tranche 4 customers. You told the press and others that you were unable to provide any subsidy because it would invoke various national competition penalties and that your hands were tied and that the costs were going to go up.

Now we see you have dropped in \$6m, for which I am thankful. I am not criticising the policy decision, but can you recall the various statements you gave the media about how difficult it was for you to provide this money and how you would be penalised? Can you tell us what that level of penalty might be, if it exists?

**Mr STIRLING:** The member for Drysdale is going back to debate in and around this issue of the Tranche 4 customers. There was a question of: why don't you just walk away from this all together? That is, in fact, what Queensland tried to do when one of their tranches come up for deregulation and open to the market. They said: 'We are not going to do it'. The end result of that was a \$36m loss in competition policy payments to that jurisdiction.

We were not going to put ourselves in that sort of situation and say: 'No, we are not going to open this' or 'we are going to go back on opening this tranche to deregulation'. There was no question of turning back on competition policy. That is what happened to Queensland; we were not about to allow that to happen to us.

Subsequently, of course, it is costing in the order of \$8m, I think, this year to stage a move to cost recovery over a period of quite some years for Tranche 4. I think it is 15 years before full contestability ...

**Mr DUNHAM:** Good idea. Is there any penalty attached to that?

**Mr STIRLING:** .. prices - there are no penalties attached from the competition policy because we are not walking away from the principle of competition policy, of deregulation and we are moving, over a timeframe, towards cost recovery pricing in that tranche.

**Mr DUNHAM:** So when we called for you to assist, and you have assisted, we were actually right, weren't we, back in March? Another good CLP policy you have implemented and you should be congratulated for it, Minister.

**Mr CHAIRMAN:** Right, any further questions?

**Mr WOOD:** Just on that same point, Minister, where the Utilities Commission has valued the electricity component of the CSO at \$62.39m of which \$35.41m is budget-funded in 2004-05, why can't the whole thing be funded by the government?

**Mr STIRLING:** What that simply means is that the government would accept a lower rate of return from Power and Water than it would otherwise get. If you funded it up fully, then you would expect a higher rate of return at the end.

**Mr WOOD:** Would not that be simpler?

**Mr Dunham:** Now, that is a tricky question. Simple.

**Mr STIRLING:** Whilst you just get a higher level of dividend at the end, you really want the organisation to act as efficiently as it possibly can. It has to be able to withstand at some point, you would expect, competition in the market, so let it perform.

**Mr WOOD:** Yes, I understand that. I thought if they are supplying electricity to non-commercial areas, why not just fund them for that and let us disregard it as just that and work out the rest as you would



for a normal company. Sorry, Mr Chairman. That was a statement.

**Mr CHAIRMAN:** Are there any further questions on this output group? That concludes consideration of Output Group 3.

**OUTPUT GROUP 4 – Commercial Services**  
**Output 4.1 – Commercial Advice and Services**

**Mr CHAIRMAN:** The committee will now consider Output Group 4, Commercial Services, Output 4.1, Commercial Advice and Services. Leader of the Opposition.

**Mr MILLS:** In the interests of giving time to Racing and Gaming, I will pass.

**Dr LIM:** May I just ask a question on non-output specific ...

**Mr WOOD:** We are not there yet.

**Mr MILLS:** No, that is why I am letting it go.

**Mr WOOD:** I have a short question. There is an allocation of \$1.25m in the budget for incentive payments for the Alice Springs Convention Centre. Could you say what those incentives payments are for, and how long will the Territory government be paying these incentive payments? You will find it in Regional Highlights at page 8.

**Mr STIRLING:** Good question. I will ask the Under Treasurer, Mr Chairman.

**Ms PRINCE:** When the Territory agreed to contribute to the establishment of a convention centre in Alice Springs, part of the arrangement was to provide operational funding. It is certainly true that there are no convention centres across Australia that make operational profits. The operational assistance in relation to Alice Springs is related to the additional number of visitors that they attract into the convention centre and into the town associated with additional activity, and that is what the incentive arrangements are based on. They are paid after an assessment of their performance annually, and the convention centre has been exceeding their original estimates.

**Mr WOOD:** Through you, Mr Chairman, and that will continue but be judged annually?

**Ms PRINCE:** Yes. My memory is that it was a 10 year arrangement, but I will need to confirm that for you. We can. It is a maximum of \$5m, so the amount will be paid until the \$5m cap is reached.

**Mr WOOD:** Thank you.

**Mr CHAIRMAN:** Are there any further questions on that output? That concludes consideration of Output Group 4.

**OUTPUT GROUP 5.0 - Economic Regulation**  
**Output 5.1 – Economic Regulation**

**Mr CHAIRMAN:** I call for questions on Output Group 5, Economic Regulation, Output 5.1 - Economic Regulation.

**Mr MILLS:** I will pass, Mr Chairman.

**Mr CHAIRMAN:** Any other committee members with questions? That concludes consideration of Output Group 5.

**Non-Output Specific Budget Questions**

**Mr CHAIRMAN:** Are there any non-output specific budget-related questions?

**Mr MILLS:** Treasurer, how much did it cost to promote your budget?

**Mr STIRLING:** Mr Chairman, expenses for the communications campaign for Budget 2004 have not yet been finalised as some activities are continuing, however an estimate of expenses is: the printing of the books, \$140 000; the graphic design, \$10 000; the advertising, \$20 00; print advertising, \$20 000; media kits, \$51 000; newsletter, \$25 000; displays, \$7000; total there, \$273 000.

**Mr MILLS:** Treasurer, are you aware that some of the advertisements that were - I did not hear them

myself, but they have come to my attention - run on the public radio did not refer to it just as the Northern Territory budget, but the Martin Labor government budget?

**Ms Lawrie:** The question is?

**Mr MILLS:** I said are you aware. That is a question.

**Mr STIRLING:** No, I did not hear that, Mr Chairman.

**Mr MILLS:** Would you be able to provide the transcripts, the briefs or proofs that go to public broadcast agencies?

**Mr STIRLING:** I am sure we could.

**Mr CHAIRMAN:** Is that a question on notice?

**Mr MILLS:** Yes.

**Mr CHAIRMAN:** To assist Hansard and ensure the minister is fully aware of the question, would the Leader of the Opposition please restate the question?

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**Question on Notice**

**Mr MILLS:** I request a proof of the advertising brief that was provided to public commercial broadcast providers FOR promotion of the budget.

**Mr CHAIRMAN:** Minister, do you accept that as a question taken on notice?

**Mr STIRLING:** Yes.

**Mr CHAIRMAN:** That being the case, I allocate number 2.2 to the question.

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**Mr STIRLING:** \$273 000, Mr Chairman, stands in stark contrast to the \$30m advertising campaign being run by the federal government right now in advance of a federal election. We are in the wrong league.

**Mr CHAIRMAN:** Are there any other questions?

**Dr LIM:** I have a question. I believe it is in a non-output specific area. In reference to an ad like this, for instance, where it says: '... applications including resume addressing selection criteria should be sent to Recruitment Officer, NT Treasury', is Treasury now doing its own human resources management? Is Treasury doing its own corporate services finance management?

**Mr STIRLING:** I will ask the Under Treasurer.

**Dr LIM:** I see the shaking of the heads of your officers. Why would all these applications be sent to the Recruitment Officer, NT Treasury?

**Mr STIRLING:** Under Treasurer.

**Ms PRINCE:** Dr Lim, we usually receive the applications for specialist positions, as it is an

arrangement that we have with DCIS to simplify those processes.

**Dr LIM:** Then you process the applications and then?

**Ms PRINCE:** We would conduct the interviews, we would make the choice, and DCIS would finalise the paperwork on our behalf. I think that is a fairly standard procedure.

**Mr CHAIRMAN:** Any more questions?

**Mr WOOD:** I was just going to ask before we get off this whole section: were you able to find the answer to the consultancy question about the electricity supply proposals for three NT government sites?

**Ms PRINCE:** No, it is not on my list.

**Mr WOOD:** This is the government *Gazette*. Maybe the company might help: Potential Energy Pty Ltd, Adelaide, South Australia ...

**Ms PRINCE:** Oh, okay.

**Mr WOOD:** They had a Church of England - sorry, a Certificate of Exemption on the bottom there.

**Mr STIRLING:** Not one of those, surely.

**Ms PRINCE:** Mr Wood, I do know what that process was about. When we did have a competitor in the market, there was a process whereby a number of government sites came up for tender. The particular sites that you are talking about were aggregated in an attempt to actually get a competitor into the market. We did have a proposal from a competitor at that time, and we did commission a consultant to help us assess whether or not that proposal was reasonable.

**Mr WOOD:** Okay. Thank you.

**Mr CHAIRMAN:** Are there any further questions? I would like to make one point: it is my intention that where we roll into another area of responsibility, I will call for final questions before we wind up the portfolio given that officers will be relocating elsewhere. On behalf of the committee, I thank officers of Treasury for attending today.

### **RACING, GAMING AND LICENSING**

**Mr CHAIRMAN:** I now call for the minister to answers questions on Racing, Gaming and Licensing and any officers who may assist. The committee will proceed to review the estimates of the proposed expenditure contained in Appropriation Bill 2004-05 in relation to Racing, Gaming and Licensing. Minister, would you like to introduce any new members to the panel?

**Mr STIRLING:** Mr Chairman, on my far right is Mr Malcolm Richardson, Racing, Gaming and Licensing.

**Mr CHAIRMAN:** Thank you, minister.

### **OUTPUT GROUP 6.0 – Gambling, Liquor and Other Regulation**

#### **Output 6.1 - Gambling, Liquor and Other Regulation**

**Mr CHAIRMAN:** I call for questions on Output Group 6, Gambling, Liquor and Other Regulations, Output 6.1, Gambling, Liquor and Other Regulation; Leader of the Opposition.

**Mr MILLS:** Thank you, Mr Chairman. Just assessing your budget papers, Minister, I note that your

expectations for 2003-04 were exceeded by \$1.4m in gambling revenue and this year you expect to collect more again with a further increase of over \$1m. Gambling will bring over \$36m into the Northern Territory economy. Can you explain this increase?

**Mr STIRLING:** Yes, Mr Chairman. We should go to the casino tax first. There was the offset for the two casinos. Historically, we had to virtually buy the casinos out of their exclusivity arrangement with the community gaming machines. Lasseters dropped off some time ago; that would have meant that they were paying greater taxes; they no longer had that rebate from the community gaming machines. So there was an increase in revenue there. In this next year, MGM drops off. They had a 2003 and 2005 deal around that exclusivity.

The bookmakers tax is estimated annual growth, and I might point out that much of the revenue that goes through those corporate bookmakers is not Territory-based, but something that is fairly high volume and high bet-type punters accessing that who not located in the Territory. There is an estimated annual growth rate against bookmakers.

There is an estimated annual growth rate on community gaming machines and on wagering tax, there is an estimated annual growth rate there.

You look at the different aspects of each section that brings in this revenue and you have an estimate of what the growth will be.

**Mr MILLS:** So would you say that it is up in all those different component groups?

**Mr STIRLING:** Internet gaming revenue is expected to be lower than originally estimated and that will be case whilst the Australian dollar exchange rate remains where it is or higher.

**Mr MILLS:** Poker machines up?

**Mr STIRLING:** For community gaming machines, there is an estimated annual growth.

**Mr MILLS:** What amount?

**Mr STIRLING:** Specifically \$785 000 between 2003-04 and 2004-05.

**Mr MILLS:** An increase. Minister, can you give that to me again? You said a \$785 000 increase?

**Mr STIRLING:** Estimated increase between from 2003-04 to 2004-05.

**Mr MILLS:** Would you say Territorians are gambling more? Are they increasing in their habit of gambling?

**Mr STIRLING:** Someone is putting the money through those machines. You cannot say that about the bookmakers because I do not think very much of that corporate bookmaker tax is of Territory origin. No doubt some visitation, some tourism factors put dollars into the casinos, particularly if they stay there. Yes, there is some growth so somebody is punting more.

**Mr CHAIRMAN:** The time is now 2.56 and for the *Hansard* record, pursuant to section 12 of the Terms of Reference of the Estimates Committee, I wish to advise Madam Speaker has nominated the member for Daly to replace the member for Drysdale.

**Mr MILLS:** Thank you, Minister, so knowledge that there is an increase in gambling in our community, but in this budget, you have a decrease in regulation. Can you explain the line item that indicates a decrease in regulation provision?

**Mr STIRLING:** Yes. In relation to declines, just to finish off - before you asked did any go down and I said Internet gaming. Lotteries are expected to decline as well, so there are two categories that look like going backwards.

**Mr MILLS:** Okay.

**Mr CHAIRMAN:** Are there any further ...

**Mr STIRLING:** No, no. We are seeking an answer, Mr Chairman. Can I ask member for Blain to give us some detail there, exactly where you are going, what area?

**Mr MILLS:** Yes. My understanding is that the amount allocated to the regulation of gaming has decreased in this budget. In light of an increase in gaming in our community, particularly in pokies and races ...

**Mr STIRLING:** Yes, I have the question, but could you point us to where the decrease is?

**Mr MILLS:** Oh, well, can you assure me that it has not decreased? It looks to me that in 6.1, it has gone down.

**Mr STIRLING:** But 6.1 where?

**Mr MILLS:** In your output groups.

**Dr LIM:** If you look at the 2003-04 estimate ...

**Mr STIRLING:** Where are you looking?

**Dr LIM:** If you look at your budget papers, if you look at your estimate for 2003-04 for gaming, liquor and other regulation, it is now \$6.866m. That is the estimate. The budget for 2004-05 is \$6.803m, therefore a decrease of some \$63 000. So there is a decrease in operational allocation.

**Mr STIRLING:** The one-off in 2003-04 in those figures is the \$250 000 against the Alcohol Framework Review, which has been carried out but is still not with us. We expect it sometime past this month to come before us. That does not appear in 2004-05, that body of work. So take that out, if you like, and there is a nominal increase, isn't there, on the figures you gave me?

**Mr MILLS:** Okay, thank you. Treasurer, legislation currently before the House, if implemented, will increase the number of venues that would be able to apply for gaming machines. Can you indicate how many more could apply for gaming machines if this legislation were to pass?

**Mr STIRLING:** Mr Chairman, that would be pretty much guess work. We would have a figure on the potential category, if you like, and how many in that category.

**Mr MILLS:** Yes.

**Mr STIRLING:** We have further work to do before this is a done deal, if you like, in parliament, and I look forward to further meeting with you. Can I just point out something about competition policy here, and it is not a question of the Northern Territory government bowing down, if you like, before this almighty competition policy.

We have a situation at the moment where a licensed venue has to have a takeaway licence for alcohol in order to be able to put their hand up for gaming machines. Now, why that connection? I do

not know. That is historically how it was introduced and it has had, I believe, a moderating effect in the sense that a whole lot of venues that did not have takeaway licences simply could not apply for gaming machines. So it served as a dampener and, I think, was a healthy and positive factor.

The point is, and competition policy points to this and says there is no logic or rhyme nor reason, that it is manifestly anticompetitive for the venue down the road that might otherwise want and be able to utilise gaming machines, but they cannot because they do not have a takeaway licence.

You get into the situation where some venues, say, put up their hand and apply for a takeaway licence and want to go through that process not because they are interested in the takeaway licence *per se*, but as the necessary prerequisite in order to be able to put their hand up for gaming machines, which they in fact want. Now, it would seem to us that that is bad policy because the thing that drives antisocial behaviour and the abuse of alcohol in our towns and communities in the Northern Territory is not so much the inside-the-venue consumption of alcohol, which they are required by law to control; it is the sales from takeaway venues, where that is consumed and the untidiness and the antisocial behaviour that emanates from that.

In view of the considerable investment in the Alcohol Framework review that we are doing in order to try to get on top of this social menace, the last thing I would think that report will be saying is: 'You must have lots more takeaway licences'. I do not think they are going to be saying that at all, and that is not what we want to happen.

Let us go back and have a look at it. We are told that we are anti-competitive around this link and that there is no logic, so there has to be another way. Now, we broke that link, and there are a number of venues in that category. Mr Smith may have that figure, which is the nub of your question.

**Mr SMITH:** I do not have an accurate number in front of us, but we can certainly add that certainly for the meeting that we have forthcoming. If you want to raise that as a question on notice, then we can certainly provide a written response in response to it. At the moment, there are 35 hotels that have gaming machines ...

**Mr MILLS:** And they all have takeaway?

**Mr SMITH:** They will all have takeaway.

**Mr MILLS:** 35.

**Mr SMITH:** I suppose what you also need to bear in mind is that there is also a number of hotels currently with a takeaway liquor licence that have not the opportunity of having gaming machines. Off the top of my head, the number of hotels that could apply for gaming machines if the proposed amendments are enacted, I think, increases up to 78, but, as I say, that 78 includes existing hotels with a takeaway liquor licence that have not taken advantage of the opportunity to have gaming machines.

**Mr STIRLING:** You would only be guessing. Who would know whether they had an intent or wanted them? We know of one simply because of the fact that they want to get a takeaway licence in order to have gaming machines. That is a retrograde step in our view.

**Mr MILLS:** So if that is a concern that licence holders want to apply for takeaways, it appears logical that you are saying it is very difficult to control the granting of a takeaway licence.

**Mr STIRLING:** No, but that is not my call, Cabinet's call or the government's call. It is the province of the Commissioner of Licensing.

**Mr MILLS:** If we just look at the CBD, I counted roughly 12 liquor outlets. Each of those, I understand,

would be able to apply for up to 10 poker machines if this legislation were to pass and these applications were made and granted. That sees 120 additional poker machines in Mitchell Street. Yet you tell me that the takeaway issue is a problem that creates undue pressure on the Licensing Commission to manage, therefore, we need to go this way. Who will be the body, therefore, that arbitrates the same body?

**Mr STIRLING:** I do not want you to misunderstand what I was trying to say. I am not saying it creates undue pressure. What we would not want, though, is a plethora of takeaway licences out there in order to be able to put their hand up for gaming machines. It just does not make sense; we have enough problems around this now. I have some support for where you are coming from, do not worry about that. It is a matter of trying to get the process strong enough, I suppose, or robust enough, to protect the interests of the community.

You and I and staff are going to have further discussions along this point, and I hope we find a productive and agreeable outcome to it. You paint, also, the worst case in terms of 12 by 10.

**Mr MILLS:** Sure.

**Mr STIRLING:** Already we are trying to build in there that the Licensing Commission would have to have a view to the population it is serving, the density of the machines on the ground in that particular area, the proximity to schools, a whole range of other matters.

I believe there is room to explore how we might strengthen that process, and I am prepared to listen your views and see what we can accommodate. However, I hope you understand that there are strong arguments to break that link between the takeaway licence and the ability to apply for machines.

**Mr MILLS:** I would say, Minister, that there are also strong arguments within the community with regard to poker machines. It would be fitting if you are able to tell us what level of consultation has occurred on this issue in the wider community.

**Mr STIRLING:** I will defer to Mr Smith, Mr Chairman.

**Mr SMITH:** The consultation related around the NCP review of the gaming legislation. An issues report was prepared in 2002, if my memory serves me correctly, and a public consultation on the issues report was sought as part of that process. The gap ...

**Mr MILLS:** Excuse me. Is that specifically related to gaming?

**Mr SMITH:** Specifically related to gaming, yes. Yes, that is right. There was an issues report prepared in relation to NCP-related issues associated with the gaming legislation. That report was issued in around 2002. Public consultation and submissions were sought to that report, then a final report was prepared.

Within that final report was a recommendation that the current restriction that said only hotels with a takeaway liquor licence could apply for gaming machines was considered to be anti-competitive. Government took that recommendation and decided to remove that restriction, but caveat it with additional requirements on any additional applications made.

Sorry, just to go back to the point of your question, which was consultation: the government made its decision around about late September 2003. All people who made submissions to the NCP review issues report were advised of the outcomes. They were published on our Internet site. A bill relating to the relevant changes was introduced in May sittings, and the AHA and Clubs NT were consulted, and it is scheduled for debate in these sittings.

**Mr MILLS:** Minister, would it surprise you, therefore, that agencies such as Amity, Salvation Army, Relationships Australia, people who deal with problem gambling in our community, deal with the other side of it rather than the industry, which is there at one time; but these important community groups were largely not aware of the contents of this legislation?

**Mr STIRLING:** Mr Chairman, it would surprise me because I assume, from the answer of Mr Smith, that they would have been written to along the way. As the Under Treasurer explained, those who contributed to the first part of the exercise, the NCP review, ought to have been picked up. I do not know.

**Mr MILLS:** They are not aware that the implementation of a recommendation carried through this process presents legislation to the Northern Territory community and the parliament that could see a potential plethora or proliferation of gaming machines in our community and they were not aware of this.

**Mr STIRLING:** Mr Chairman, I agree that if you stood away from the process and let it go through, that is exactly what would happen: a proliferation. Government does not want to see that. It is clear that the Leader of the Opposition does not want to see that. I would think that the opposition and the government have a view, an agreement, as to what the outcome would be. It is a question of the process.

**Mr MILLS:** I would have thought the process to this point would certainly have those agencies actively involved at this point.

**Mr STIRLING:** I would have thought they were, but you are telling me something else. It seems to me that we are having this debate here when we ought to be having meaningful discussions outside this room with your staff and my staff to see if we can strengthen the process we have put down thus far to avoid what you warn about or what you would have as fact. I do not accept that that would necessarily be the case, but I want to make as sure, as sure as I can, that that is not the case. So I think if we have a mutually agreed position as to what the outcome should be, agreement on the process to get there ought not be too difficult.

**Mr MILLS:** I understand that we forgo about \$400 000 by not implementing one recommendation from NCP in regards to Sunday trading. How much would you expect to have to forgo if this component was not implemented?

**Mr STIRLING:** I will just check those figures, Mr Chairman. I think it might be bigger than that. It is \$400 000, Mr Chairman, on the question of Sunday trading. What it might be if we fail to move in sync with that on a permanent removal of competition policy payments would be the view of the council itself. They would make up that rule.

**Mr MILLS:** Thank you. My last question on this matter is: therefore, if this issue has not been adequately communicated to the wider community, will you delay the legislation?

**Mr STIRLING:** That is a tough question to put before me now. I would prefer, Mr Chairman, for us to have this discussion. You are as well informed about it as I am. What we do need are your ideas on the table to try to find what is viable, practical, what can be included and at least give that a try before we say: 'Let us not do it at all at the moment'.

I am certainly prepared, and I will be asking you to join with me in that process, at least have an exploration of this issue. I understood you agreed to that last week, that we would revisit it. We did hold off the legislation from that point of view, but I would appeal to you to give it a shot at least, and then we will address questions beyond that if we don't get an agreed outcome. I am not of a mind to give you an answer one way or another from here.

**Mr MILLS:** So we just have a couple of days before we ...



**Mr STIRLING:** I know, but we also have time tomorrow.

**Dr Lim:** You might, but we don't; we have work to do here.

**Mr STIRLING:** I know.

**Mr MILLS:** It is a very important issue.

**Mr STIRLING:** It is an important issue and we are keen to hear your views and try to find a way through it.

**Mr CHAIRMAN:** Are there any more questions? That concludes consideration of Output 6.1.

**Output 6.2 – Gambling-Related Grants**

**Mr CHAIRMAN:** We will move now to Output 6.2, Gambling Related Grants. Leader of the Opposition, any questions? Members of the committee, any questions? That concludes consideration of Output Group 6. Are there any other non-output specific budget related questions? No further questions?

**CENTRAL HOLDING AUTHORITY**

**Output 1.0 – Central Holding Authority Business Line**

**Mr CHAIRMAN:** The committee will proceed to consider the estimates of proposed expenditure in the Appropriation Bill of 2004-05 as they relates to the Central Holding Authority. I call for questions on Output Group 1.0, Central Holding Authority Business Line.

**Mr MILLS:** I am satisfied with my questions raised and answered this morning.

**Mr CHAIRMAN:** Members of the committee, member for Nelson?

**Mr WOOD:** One question. Treasurer, according to the statement of cash flow from the Central Holding Authority in Budget Paper No 3 at page 84, the capital appropriation for 2004-05 is \$130m, but according to Budget Paper No 4 at page 9, the cash spend on capital projects in 2004-05 will be \$182m. Can you tell me where the extra \$52m cash is coming from and where it is recorded in the budget?

**Mr STIRLING:** Under Treasurer.

**Ms PRINCE:** Mr Wood, the difference is capital works that will be funded by Housing Business Services and the Darwin Port Corporation. Those agencies are contributing some cash from their accumulated cash balances and there are some capital projects that will be funded via Commonwealth SPPs. Those funds are sitting in agency operating accounts and they will be transferred to DIPE.

**Mr CHAIRMAN:** Any further questions? That concludes consideration of the Central Holding Authority.

**NT TREASURY CORPORATION**

**Output 1.0 – NT Treasury Corporation Business Line**

**Mr CHAIRMAN:** We will now move to NT Treasury Corporation, Output Group 1, NT Treasury Corporation, Business Line. Leader of the Opposition.

**Mr MILLS:** I would like to leave some room for education.

**Mr CHAIRMAN:** Members of the committee? That concludes consideration of Output Group ...

**Mr STIRLING:** Mr Chairman, I put on record my thanks to the Treasury staff for their diligence and forthright nature of their responses. They have done a terrific job and I do appreciate their efforts.

**Mr CHAIRMAN:** On behalf of the committee, I thank officers from Treasury for attending today.

**Mr CHAIRMAN:** We will now move on to the Share Holding Minister.

**Mr STIRLING:** Oh! Power and Water; we're not quite finished.

**Dr Lim:** Time is precious!

**Ms Lawrie:** You are wasting time now. You are wasting time.

**SHARE HOLDING MINISTER, POWER AND WATER CORPORATION**

**Statement of Corporate Intent**

**Mr CHAIRMAN:** We have the Share Holding Minister. He is awfully keen to get his troops back to work, I should imagine. The committee will proceed to consider the estimates of proposed expenditure contained in the Appropriation Bill 2004-05 as they relate to the Share Holding Minister of the Power and Water Corporation. The minister will, as I understand it, be answering questions on policy relating to the 2004-05 Statement of Corporate Intent. Are there any questions?

**Mr MILLS:** The issues were covered earlier.

**Mr CHAIRMAN:** Committee members?

**Ms LAWRIE:** No.

**Mr CHAIRMAN:** All right. That concludes consideration of this output group. On behalf of the committee, I thank officers from Treasury for attending today. We will have a short break.

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The Committee suspended

**DEPARTMENT OF EMPLOYMENT, EDUCATION AND TRAINING**

**Madam ACTING CHAIRMAN:** I welcome the Minister for Employment, Education and Training, and invite him to introduce officials accompanying him as he makes an opening statement on the portfolio of Employment, Education and Training.

**Mr STIRLING:** Thank you, Madam Acting Chair. On my immediate right is the Chief Executive of Employment, Education and Training, Mr Peter Plummer. To his right is the Chief Financial Officer, Mr Trevor Saunders. On my left is Mr John Hassed, Assistant Secretary, Employment and Training Division.

**Madam ACTING CHAIRMAN:** Thank you. The committee will consider the estimates of proposed expenditure contained in the Appropriation Bill 2004-05 as they relate to Employment, Education and Training.

**OUTPUT GROUP 1.0 – Employment  
Output 1.1 – Employment Initiatives**

**Madam ACTING CHAIRMAN:** We will move to the agency of Education, Output Group 1.0, Employment, Output 1.1, Employment Initiatives. Are there any questions?

**Dr LIM:** Yes, Madam Acting Chair, I do have some questions. Thank you to your officers and staff who are here to help us out. My first question to the minister is: you came into government some three years ago with the promise of a Jobs Plan. You did not announce the Jobs Plan until earlier this year, two-and-a-half years late. I know that you underspent your budget on employment initiatives, if you refer to Budget Paper No 3 at page 94, by almost \$2m. In fact, your estimate for this financial year falls behind last year's estimate by some \$731 000. By anyone's reckoning, the figures demonstrate a failure of your government in creating employment, and in your Jobs Plan. Would you like to tell us what happened that caused you to underspend by such a significant amount?

**Mr STIRLING:** If you could direct us to exactly which figures you are referring to.

**Dr LIM:** Page 94 of Budget Paper No 3: Outputs and performance output costs under group/output Employment, Employment Initiatives. In last year's budget paper, 2003-04 ...

**Mr STIRLING:** Yes, we have it.

**Dr LIM:** Do you have it all now? In last year's budget papers, 2003-04, you budgeted for \$15m and now it has fallen \$14 000. You only spent, by the 2003-04 estimate, some \$13.145m, which is \$1.9m short. So you are underspent by nearly \$2m. That has to be an indication that the Jobs Plan has failed.

**Mr STIRLING:** Let me go to an overview of the Jobs Plan in the first instance, Madam Acting Chair. We put it out there and were open for business from November last year. There were 40 positions allowed for in what we were terming the traditional trades category because that was an area in which we wanted to give business an incentive to engage trainees and apprentices in and around that area. Now, that 40 were snapped up fairly quickly to the point where we extended it to 60 and, in fact, the 60 were used. Far from under-expenditure in that category of the Jobs Plan, it exceeded expectations.

Money was taken from other categories within that. There was the community government-local government \$4400 also for those trades areas, which was not fully utilised and wouldn't be fully utilised in 2003-04. There was the \$2200 traineeship business incentives; they were not fully utilised either. Therein lies part of the answer. I will check with the officers, but it was new in the sense that we put it out there in the market place and in one area of great concern to us, and that was the growth of traditional trades, it exceeded our expectations in the take-up rate, so quickly were they picked up. So it was an outstanding success in that category, exceeding our expectation. There was a less than fulsome take-up rate in a couple of the other categories. Mr Hassed can give us the full detail on that and Mr Saunders may be able to go to the nub of your question.

**Mr HASSED:** Dr Lim, with the employer incentive scheme, the monies that were injected in last financial year, amounts of that were carried over. For example, under the traditional trade incentive, the overall payment is \$7700. The initial payment up front is \$4400. What we have done there is, to ensure that the money was used appropriately, we will make the second payment at the end of the traineeship or apprenticeship. In this case these are traditional trades so, generally, they are up to four years. The second payment will take some time before it comes online. Under competency based training, though, people don't have to stick to that nominal duration; they can complete earlier if they have the skills and competencies in that period of time.

The same thing occurred with the \$4400 incentive for local councils. So there is always going to be a component of that funding carried across the financial year.

**Dr LIM:** Minister, addressing the response, do we then see this carry-over appearing in the next two

or three budgets and then see that you suddenly have more money than they really should have, or is it already committed in here?

**Mr STIRLING:** We wish!

**Dr LIM:** No, seriously. This is a very serious question.

**Mr STIRLING:** Yes. I defer to Mr Saunders.

**Mr SAUNDERS:** Dr Lim, the budget for 2003-04 was \$59.477m and the estimated actual is \$58.606m. That is a reduction of \$871 000. They are the figures you are quoting?

**Dr LIM:** No, I am not looking at page 91. I am looking at page 94.

**Mr SAUNDERS:** Yes, and page 75 of the previous budget paper.

**Dr LIM:** I do not have that. I have transcribed the figures into here already. It is on the ground here. If you look at page 94 of this year's Budget Paper No 3, in the estimate for 2003-04, you have a line, Employment Initiatives, 13 145.

**Mr SAUNDERS:** Yes.

**Dr LIM:** If you were to go back to last year's budget, it would have been 15 014. Okay? So that is an underspend of \$1.869.

**Mr SAUNDERS:** Dr Lim, John has covered the reasons for that generally. The employment and training programs run on a calendar year basis generally so the estimates that we have are for the first half of the year. It is quite common that there are carry-overs at the end of the financial year into the following financial year and that money is then spent in the second half of the calendar year. The programs themselves have not been reduced. They are calendar year programs.

**Dr LIM:** Thanks a lot for that. I said to the minister earlier I should really expect that these figures do not carry over for the next four years as a continuing program when, in fact, it has already been allocated for this year.

**Madam ACTING CHAIRMAN:** Any further questions?

**Dr LIM:** Yes, I do have a further question. My second question to the minister is about apprenticeship and trainees take-up. If you now go to page 96 of this year's Budget Paper No 3, in 2003-04, you budgetted for 2705 apprentices and trainees in training while your take-up, as you estimated for this, is 2400 so you have 305 fewer. That is your shortfall in take-up. Now you say that next year, you are going to have 2700. On what logical basis can you make that projection that you will pick up another 300? For two years, you have already been underestimating each time and suddenly you are going to pop it up.

**Mr STIRLING:** Madam Chair, I will ask Mr Hassed to explain how these figures work.

**Mr HASSED:** Dr Lim, what you have identified there are two different cohorts of numbers, if I could call it that. One is commencements. In a particular calendar or financial year, we will project the number of commencements. That is the number of new apprentices and trainees coming into the system. The other figure is the in-training numbers. There is always a substantial number or a number of trainees or apprentices that are already in the system, particularly apprentices in this case, so you are going to have two different figures always and your commencements are never going to match your in-training numbers because the in-training numbers will have those already in the system.

A number of the commencements come in and, over a period of time either complete, withdraw or there are cancellations. So in effect, there you have identified those two different sets of figures.

**Dr LIM:** So you are suggesting to me, through the minister, that each year you would budget for a 300 attrition rate?

**Mr HASSED:** No, no. Again, in-training figures are quite dynamic, but at any one time, they will always exceed the commencements of apprentices or trainees. What you have here, for example, is that we have seen apprentices and trainees in training, there has been 13per cent growth from 2200 at 31 December 2001 up to 2494 at 31 December 2003. If you have a look at the same timeframe for commencements, there has also been an 8per cent growth there from 2018 to 2196 at 31 December 2003.

What we are projecting over the coming 12 months is an intake of 2400, but at the present time, there are around 2700 in the system, in training, in the system. At present, we have experienced, in the first three months of this year, a record intake of apprentices and trainees. It is up by 18per cent on the same period of 2001.

**Dr LIM:** All right, still sticking to the Jobs Plan, minister, when you announced the Jobs Plan, you said you were going to spend \$160m in training and skills development. It is not disaggregated here. How much of the 160m has been allocated in 2004-05 for training?

**Mr HASSED:** This year, in terms of the funding that we will be providing under recurrent funding to train, support and prepare young people for VET programs, will be in the vicinity of \$38m.

In terms of the monies we use for user choice funding, which is the funding to train apprentices and trainees, overall, for the preparation again of young people for apprenticeships and traineeships, the training and support during the life of those particular training contracts, we are looking at around \$11.75m.

On top of that, we have other discrete programs that we will be providing training under. Our flexible response funded program, and our community response program, we are looking at around \$2.1m injected into this financial year. We are also looking at \$1.1m for the training for remote youth, focussed on 14 to 19 year old indigenous ...

**Dr LIM:** How much for the remote youth, sorry?

**Mr HASSED:** \$1.1m for training for remote youth. FRF, by the way, is predominantly also used for training in remote communities and such. Each year, we will be injecting around \$400 000 for pre-voc training. That is an initiative in which I have to say the Northern Territory is probably leading Australia in at present. To improve our completion rate in apprenticeships and traineeships, we like to prepare and give these young people a bit of a helping hand before they enter into a training contract. On top of that, we are also injecting in the vicinity of just over \$1m in scholarships.

**Dr LIM:** Scholarships for public sector trainees or higher ed bursaries? What are you talking about?

**Mr HASSED:** There is a mixture there: higher ed, teacher bursaries, in the vicinity of over four years, around \$4m. You are looking at about \$1.3m per year. I have not added those up, Dr Lim.

**Dr LIM:** Minister, would you say that although all this money has been spent, you still lost 1400 jobs in the last couple of years? How do you account for that?

**Mr STIRLING:** We did go to some lengths this morning in around the labour market and figures, and how robust and how accurate ABS may be at any time. I pointed to where I thought they were

seriously off the rails at the end of 2002 estimating a massive growth in the labour market which, in my view, simply was not occurring, and the subsequent job loss through the Dry Season of 2003 suggests to me that those jobs were not there in the first place.

We acknowledge that there was job loss, particularly in and around the tourism and hospitality industries as a result of those external factors that have been exhaustively explained in other forums. The fact is that we have worked hard as a government to overcome this. In terms of the record capital works budgets, total infrastructure budgets, there have been record spends in each year of government. There has also been what can only be described as a massive boost to tourism, an agency that is probably just around the \$29-\$30m mark in its own right as an agency. We have injected \$27.5m over three years to seriously boost marketing. I believe that marketing campaign will have an effect. There has been rebound in tourism, and we expect that to continue for 2004-05.

The strength of this plan means that government is on a much more strategic and forward-looking footing. Looking forward in view of major projects like Bechtel, much work and discussion has gone on between the department and the construction project out there for the LNG plant such that they have been able to provide estimates of their workforce profile, both numbers and what is going to be needed. DEET has been able to respond with, for example, the advanced welding courses to get people up to world-class welding standard in order to be able to win jobs on a project like that.

Looking a little further afield, all signs are very positive that the Alcan project will kick, with the 1000 km pipeline. There will be a massive need, again, for world-class pipe welders. The earlier the department can get that information, the earlier it can respond by either re-skilling those in the workforce and getting them up to the standard that is required for projects of this nature or, of course, picking up those coming through school or getting them into apprenticeships with some lead time before the jobs hit the ground. That has been the strength of the Jobs Plan.

The other part of that is a really big exercise in analysis of the labour market. They are only elements of the labour market overall where, later this year in September, we will have a pretty comprehensive view of the entire composition of the labour market and where it is headed in the Northern Territory. Notwithstanding what you say, I and government accept that there have been jobs lost; we would say most notably around tourism and hospitality, which we are working hard to rebuild.

Over 3000 applicants registered for employment at Bechtel, 63per cent or 363 of manual labour, and 55per cent or 112 people of non-manual on site is local content. That is not bad. I would have thought that was pretty good for Darwin. Overall, the project at this stage has 60per cent average local content in the current workforce of approximately 800.

In 2003, 25 local tradespeople upskilled in welding, and a further 23 trainees undertook Certificate II in General Construction for industry shortfalls. DEET put up \$400 000 for those programs and, in this year, over \$400 000 was provided to train and upskill indigenous Territorians for skill shortages associated with welding, construction and the hospitality industries.

There is a coming together, if you like, of the department and industry in terms of its needs and a more ready understanding and future forecasting than we had before.

**Dr LIM:** Okay. Let us move on.

**Madam ACTING CHAIRMAN:** Any further questions?

**Mr WOOD:** Yes, Madam Acting Chair. Minister, on the employment, and I do not want to hark back to what we went through before, but basically since 2001, there are 2000 extra jobs within the public sector. If you take out the 500 people for the fire service, the police and the nurses, you have about 1500 people. I know there was talk about whether that is the full-time jobs or not, but if you average that at, say, \$50 000 per job, that works out to about \$75m a year. Is that sustainable?

**Mr STIRLING:** You are going from a premise that I am not inclined to totally accept without knowing the nature of those figures. You could only verify that if they were full-time equivalents.

**Mr WOOD:** You know how they write down the staff numbers here?

**Mr STIRLING:** Yes, but again ...

**Mr WOOD:** Well, if you use those numbers ...

**Mr STIRLING:** Again, these figures pop up not only as different means and in different papers, but recording a different thing at a different time. Now, the key to this is the Commissioner for Public Employment because he is the one responsible for posting figures on the web site on a quarterly basis, and does so. He is also the guru when it comes to public sector numbers. I accept there has been growth in the public sector. Is it sustainable? Absolutely. We made a pre-election commitment just in terms of the 100 extra teachers. Implementing the promise was met early on. The last four are to come on this year. Those figures had to go into forward estimates, the 75 extra nurses, the 150 extra police coming out of Sullivan. All those salaries, the on-costs, the associated equipment that goes with putting a new police officer into the force, have to go in to the forward estimates. Are the forward estimates sustainable? Absolutely. Our Treasury would not provide us with an unsustainable budgetary outcome.

**Mr WOOD:** I will ask the Public Service Commissioner later.

**Mr STIRLING:** Yes, and Mr Hassed just picked it up: we made commitments around growing, since we have been in government so not pre-election commitments, the number of trainees as a part of this plan in the public sector, recognising that government, as a major employer, has a responsibility. Mr Hassed can tell us where we are up to with that.

**Mr HASSED:** We have seen in the last four or five months over 100 trainees come into the public sector in the Territory. One benefit of that is that you cannot set some of the costs involved in the wages and such for those by accessing Commonwealth incentives.

Most other states and territories have been very proactive in this area and provided that entry pathway for young people into the public sector and offset the costs they bear by accessing Commonwealth incentives. Again, we are able to access a specific incentive for young indigenous people employed in regional centres. That is one means by which you can offset the costs and it is a very positive employment pathway for young people into the public sector.

**Mr WOOD:** Mr Chairman, just one more question. Regarding employment of teachers, and I raised this in parliament some time ago with you, I wondered whether your department has had a look at new pathways for bringing male teachers, especially you might say mature-aged male teachers, and I think I referred to people who might have lost their job or their family is all grown up or whatever, into the teaching profession. Have you had a look at any possible pathways for those people to encourage them into that workforce?

**Dr Lim:** That is an education question, not an employment question.

**Mr STIRLING:** We will deal with it quickly, Mr Chairman. I defer to Mr Plummer.

**Mr PLUMMER:** The department has not specifically looked at that as a program, but it recognises it as an option. What it has done most of all is focus on the younger end of the market, trying to get more males in there through our own scholarships. We have had a small increase in numbers of males through our scholarship program, but around the nation, there is a huge shortage and, no, Mr Wood, we have not gone there yet.

**Mr CHAIRMAN:** Just a point of procedure: I have been letting the minister call relevance, but if members could be a bit more selective about relevance to the particular area.

**Mr WOOD:** I considered it employment. That was why I asked it.

**Mr STIRLING:** Mr Chairman, if it can be dealt with quickly, we will just do it and move on.

**Mr DUNHAM:** My question is about portability of long service leave. I understand the government is looking to commence this in January 2005, but as yet we have no idea how this scheme will work. All we have is a start up date. I ask the minister for some detail on it and particularly the employment ramifications of this policy.

**Mr STIRLING:** Mr Chairman, it is more properly located under the Commissioner for Public Employment, but we can deal with it now. What are the implications for employment? A major project, such as we have out there at the moment, would in fact enhance their ability to get people on the ground. I have had representation from groups of workers on site at that plant saying: 'When is this going to happen? All of the time that I spend in the Territory is down time against my track record toward long service. Every other jurisdiction where I have worked in Australia, the time on construction site in the construction industry counted toward my long service leave. I came to the Territory. I could be here for two years on that job and not one day accrues or no benefit accrues to my long service leave, which is accruing in a particular scheme'. Now, there is that view.

I was asked at a TCA breakfast: 'When are you going to do it?' because it is recognised that it is a disincentive to the construction industry up here trying to get people on deck when if they stay in their own jurisdiction or follow the work around those states that recognise each other's schemes in terms of long service leave, they are not disadvantaged. Therefore they will not come here.

They are the sorts of views that have been put to us consistently and from within the union movement. At the end of the day, every other state and territory in Australia has this scheme. Why ought construction workers in the Northern Territory be regarded as some form of inferior species such that they are not entitled to something that would accrue to them automatically in any other part of Australia?

I know you have a view. You are anti-worker; you would not want to give workers the time of day let alone a benefit such as this, but every other state and territory has it and we are going to have it. There is a body of work to be done yet in terms of discussion and consultation. That body of work goes on. We do have a date there and I would like to be able to achieve that date. We will see if that is achieved or not, but there is still some work to go on the detail of the scheme, negotiation, discussion and consultation in and around it and exactly what form it would take.

**Mr DUNHAM:** So you have decided on a date. You have had some discussions with some unionists on site and you are yet to provide any detail to anybody as to what the scheme might involve. Can you tell us even who it might capture? You said construction workers, but it is my belief that it will capture more than construction workers.

**Mr STIRLING:** There have been widespread talks and consultation within the industry already, apart from any discussions I may have had with unions, and that consultation and discussion will be ongoing.

**Mr DUNHAM:** When will you consult with the opposition and let us know what your plan is?

**Mr STIRLING:** Why would we bother discussing with you something that you ...

**Mr DUNHAM:** Well, that is a bit arrogant, isn't it, minister? Just a bit arrogant!



**Mr STIRLING:** ... are unilaterally opposed to because it is a benefit for workers. It is a benefit for workers.

**Mr DUNHAM:** You are showing your bigotry, minister.

**Mr STIRLING:** It is of benefit to the construction industry. If you are not interested in the construction industry, we are.

**Mr DUNHAM:** That is good and I am glad you have just shown how thin-skinned you are on this issue. It is reasonable that you should tell people the details of the scheme. You should tell people how they are captured and who is captured.

**Mr CHAIRMAN:** Member for Drysdale, do you have a question?

**Mr DUNHAM:** Yes, I have. I think you should tell people, don't you? You don't? God, you are arrogant.

**Mr STIRLING:** Mr Chairman, that ongoing consultation, discussion, thrashing out just the premises of it, how it would be funded, which scheme we might belong to, are questions still unresolved and the discussion will be ongoing until there is agreement.

**Mr CHAIRMAN:** Any more questions on this output? That concludes the consideration of Output 1.1.  
**Output 1.2 - Regulation of Occupational Health and Safety**

**Mr CHAIRMAN:** We now move to Output 1.2, Regulation of Occupational Health and Safety.

**Dr LIM:** I will pass. There are some issues, but they are not major.

**Mr WOOD:** One question.

**Mr CHAIRMAN:** Sure, member for Nelson.

**Mr WOOD:** Minister, are the Work Health Regulations being applied across the board in the Northern Territory?

**Mr STIRLING:** Sorry, member for Nelson. Mr Chairman, may I introduce Mr Mark Crossin and Mr Ken Davies from WorkSafe. Sorry, Gerry, I did not mean to chop you off there.

**Mr CHAIRMAN:** Just identify yourself when you are responding to any questions, please.

**Mr WOOD:** Thank you, minister. Are the Work Health regulations being applied across the board in the Northern Territory for big jobs and small? This question is prompted by evidence given to a Senate Inquiry in Darwin on 6 April 2004 by a Palmerston business operator. He told the hearing that he was required to meet Work Health safety on the Defence department's Carey Street development and this cost him about \$1000 a day while local builders working almost opposite him in Woods Street were breaking the same rules for three months and no one pulled them up. Minister, how often do your work health inspectors inspect building sites? How many times have you taken a local operator to court for breaches in the past year?

**Mr STIRLING:** That is a good question and, whilst I accept the proposition you have put, I do not accept that is a position that means that they are not out there doing their job. Those sorts of things can occur on a day to day basis. Certainly the briefs come up to me, not in the immediate past, but there was a stage when I had an ongoing series of briefs where a site had been closed for a particular deficiency on a Work Health-related matter, and work was stopped on the site until the deficiency – if it is a serious enough deficiency – is rectified. Mr Crossin is certainly right across this area and I ask him to respond.

**Mr CROSSIN:** Mr Wood, WorkSafe conducts a range of targeted health and safety programs. One of the target industries, in fact, is building construction. In relation to your comments about workplace visits, workplace visits for that particular industry are not confined only to major construction; they also combine unit construction, renovations and a range of commercial constructions as well.

In relation to the Carey Street Multiplex site, to which I think you were referring, there were a number of Prohibition Notices that resulted from workplace visits, and Improvement Notices for various stages of compliance activity and corrections that we requested of Carey Street at the time. I recall the site being closed on several occasions, but particularly for scaffold and access and egress issues at that site. I was present at that site when an employee and myself were almost hit by falling debris, and people on the scaffold were not correctly accessing and egressing the building. That site was no more targeted than any other construction site in the Territory, and I have to say of our construction visitation program, out of a total of 2745 visits to date this year, I would say that close to a quarter of that activity is in the construction industry, and I do not have the precise breakdown now, but I am quite able to get that for you, Mr Wood.

**Mr WOOD:** A follow up question. How do you respond to this Palmerston business operator whose accusation that people in Woods Street, opposite that construction site were not pinged for breaking the same rules? This was evidence given in the Senate inquiry.

**Mr CROSSIN:** Sorry, was it a Senate inquiry or Royal Commission?

**Mr WOOD:** Senate inquiry, Tuesday 6 April 2004.

**Mr CROSSIN:** I am not aware of those precise allegations, but I can say that businesses are not overlooked. As part of our compliance visitation program, if a non-compliance is detected, regardless of what the site is, it will be taken up directly with the employer or the project or site manager and, in some cases, also the sub- contractors on the site. If it had been observed by our staff, it would have been taken up. The fact that it may not have been observed, I concede could have occurred. I also concede that a site nearby may or may not have been visited as part of that compliance program. If there were some specific allegations, I can chase up outside here, I am prepared to do that, but there would be no overlooking of non-compliance by WorkSafe officers.

**Mr WOOD:** I might request more information from Mr Cridland, who made those comments to the Senate committee.

**Mr CHAIRMAN:** Are there any further questions on this output?

**Mr DUNHAM:** Yes. Minister, I understand there are some amendments to the *Work Health Act* that are under consideration. In fact, I have been told they are on your desk. Can you tell me why it has taken so long for these to come out for public comment? Six months.

**Mr STIRLING:** Mr Chairman, I thought I would have been aware if there were amendments sitting on my desk and, in fact, there are not. There are some coming, as I have just discussed with the officers.

**Mr DUNHAM:** Last year, I questioned you about a \$100 000 grant that was given to the Trades and Labour Council to develop employment policy positions. Can you tell us how that \$100 000 grant went, whether positions were developed, and whether the grant has been acquitted?

**Mr STIRLING:** Mr Chairman, we are in the process of getting that acquittal through from the Trades and Labour Council now. There was \$100 000 around that body of work. I understand there was an Industry Development Officer position that reported verbally to WorkSafe, and there will be a more formal wrap-up of that expenditure of \$100 000 in the near future. If Mr Crossin has anything to add around that, I would be happy for him to contribute.

**Mr CROSSIN:** Mr Dunham, a number of monthly reports were provided with that Industry Development Officer grant as well. They are quite detailed reports. Certainly, my assessment is that the reports and the work plan complied with the agreement for the position. As the minister said previously, we are awaiting for the acquittal. The position, I understand, ceased at the end of March.

**Mr DUNHAM:** I understand there is a second position to look at occupational health and safety provisions in the *Work Health Act* in relation to business. I would like to know how that is going, the second grant.

**Mr STIRLING:** Occupational health and safety again. Again, it would be a verbal report through WorkSafe and, again, Mr Crossin is probably best placed to answer.

**Mr CROSSIN:** Mr Dunham, there has been some quite extensive work undertaken in that OH&S position. It largely is focussed on implementing the Northern Territory government's commitment to the national Occupational Health and Safety Strategy. The officer concerned with the Trades and Labour Council is Mr Didge McDonald. He has participated in regular feedback sessions with our Manager, Prevention, Steve Caldwell. He also attends, at least on a monthly basis, meetings with the WorkSafe Prevention Officers to make sure that our own prevention activities and those that he has undertaken with the trade union movement comply and, in fact, do not properly reflect the agreed work program. There is a work program that was jointly developed with the president of the Trades and Labour Council, Janie Mason and myself, and that project has been closely monitored.

We also had, yesterday, delivered the second written monthly report for that position. I have to say that my own view and assessment, at this stage, is that position is not only on track, it is performing well in excess of what we anticipated. So, I am quite impressed that activity to improve to health and safety performance in the Northern Territory industry is well on track in relation to that position.

**Mr DUNHAM:** Outside of Janie Mason and yourself and Didge McDonald, has industry been informed of this? Are you talking employers? How does this feed back to people who have a critical interest in it?

**Mr CROSSIN:** My understanding from the report is that Didge McDonald is liaising with a range of stakeholders including employers, the Territory Construction Association and the Chamber of Commerce. I am not aware of the extent to which it is reporting. I understand that meetings have occurred also with the NT Minerals Council. I would need to go back to check the reports.

Can I say I also understand that the position largely was to inform the trade union constituency and their members in relation to improving work performance or safety performance in respect of employees. Therefore, whilst that focus is there, I am aware that the program and the officer is, in fact, informing stakeholders as well.

**Mr DUNHAM:** Is it possible you can take on notice a brief on the outcomes of the last one, what the next one ...

**Mr CHAIRMAN:** He cannot take anything on notice, member for Drysdale.

**Mr DUNHAM:** That is why I said: 'Is it possible'. I was asking ...

**Mr STIRLING:** I would be happy for the member for Drysdale to seek and attend a briefing on these matters at a time that is mutually agreed with WorkSafe, Mr Chairman.

**Mr DUNHAM:** Okay.

**Mr CHAIRMAN:** All right. Are there any further questions on that output? That concludes

consideration of Output Group 1. The committee will now move to Output Group 2, Government Education, Output 2.1, Preschool Education.

**OUTPUT GROUP 2.0 – Government Education**  
**Output 2.1 – Preschool Education**

**Dr LIM:** Minister, before I launch into Preschool Education, would you be happy to take Government Education as a whole because education is seamless. We go from birth to crèche and we can just roam through that.

**Mr WOOD:** I have one specific to preschool.

**Dr LIM:** I actually have questions specific to education from primary to secondary.

**Mr CHAIRMAN:** Okay. You want to address the output as a whole. After you have finished that, we go to you to ...

**Mr WOOD:** That is fine.

**Mr CHAIRMAN:** All right. The floor is yours, Shadow.

**Dr LIM:** Thank you. Minister ...

**Mr STIRLING:** Sorry, Richard. Mr Chairman, Mr John Glasby, from the Department of Employment, Education and Training, to my immediate left.

**Mr CHAIRMAN:** Minister, we will take the output as a whole.

**Mr STIRLING:** It might just mean we have to dive around a bit, but we are happy to do that.

**Dr LIM:** In terms of funding for education, minister, you have increased the budget for 2004-05 by some \$10m. You admitted that the major component of the increase is for growth in teacher salaries. What is the actual amount quarantined for growth in teacher salaries? As for the remainder, what are the proposed initiatives? If you can provide me with a list of the initiatives and the corresponding allocation for each of those initiatives - can you do that?

**Mr STIRLING:** Let us start with growth in teacher salaries. Mr Chairman, we know throughout 2004-05, an extra 40 teachers will come on to the department as the final complement of the commitment to employ 100 extra teachers in this term of government. That is the first part. We know that over the year, or by the year's end, there will be an extra 40 teachers on the books.

The difficulty around any estimate of what teacher salaries will take up as part of the budget overall lies in the fact that we are due to meet and work out an Enterprise Bargaining Agreement with the teaching work force some time after the end of this year. It formally runs out in about February. We would seek meetings with the union in advance of that run down date. Within this financial year, there will be a further enterprise agreement reached with an unknown factor of increase.

Now, I do not say that cutely or coyly. I do not know what the education union will approach the table with by way of a bid. All we are able to do in the face of known EBAs is extrapolate around three per cent. That is not meant as a signal but that is what we would expect to be able to limit the increase to. It is just a figure that is placed in to agencies facing EBAs in the knowledge that an EBA is to occur in that industry sector with an unknown two years, three years – three or four per cent; who knows? As I said, I am not being cute, but I would not want to pre-empt a figure beyond three per cent that may encourage the union as a starting point.

**Dr LIM:** Well, let me put the question the other way around: you must have some initiatives for the

department that you have thought about for the next 12 months. You would have quarantined the money for those initiatives and I assume that the remainder would be for teacher salaries. Can you give me a divvy of what you want to be spending? It is simple enough.

**Mr STIRLING:** Can I go back on the \$10m for a start? You talk about \$10m, but you are not comparing apples with apples in the sense that the 2003-04 Budget at the time it was introduced and the 2004-05 Budget at the time it was introduced; and the fair way to do that, when you are talking about \$10m, you are picking up all the variations that occurred throughout 2003-04 inflating the 2003-04 Budget by whatever occurred. I am seeking the figure at the time the 2003-04 Budget was introduced from Mr Saunders, which was \$520m. So from budget to budget, it is in fact a \$20m increase to budget.

**Dr LIM:** Over two years.

**Mr STIRLING:** Over one year.

**Dr LIM:** Two years. You do not even know your own figures. Over two years.

**Mr STIRLING:** Over 2003-04 ...

**Dr LIM:** And 2004-05.

**Mr STIRLING:** That is not two years. 2003-04, \$520m; 2004-05, \$540m. It seems to me to be a \$20m increase.

**Dr LIM:** Well, if you want to debate figures, I will come and talk to you about that.

**Mr STIRLING:** You say \$10m because you have put in everything that was added in or spent within DEET over 2003-04, which is an additional \$10m, bringing their final expenditure for 2003-04 closer to \$530m than 520, but you cannot compare that.

At the outset, if you want to compare what we have put on the table on May 18 for the 2004-05 Budget. you really have to compare what went on the table in May 2003 at the start of the 2003-04 Budget, and I am telling you that was 520 and this is 540. The difference is \$20m.

**Dr LIM:** I would like to respond to the minister's comment ...

**Mr STIRLING:** Hang on, hang on. I am coming back to the unanswered part of your question. I am just trying to think of all the things, like laptops.

**Dr LIM:** If you can provide me with a list ...

**Mr STIRLING:** I just want to hit some of those initiatives that you are talking about.

**Dr LIM:** It would be easier if you give me a list and we can move on to the next question.

**Mr CHAIRMAN:** May I pause for some consideration here. I am not too sure whether it is such a good idea to do a global interrogation of this output. We seem to be ...

**Mr STIRLING:** No, no. I am happy Mr Chairman, if you will just bear with us while we get ...

**Dr LIM:** Line 2.0 is Government Education. That is what I am dealing with. Give me the list and I will be happy.

**Mr CHAIRMAN:** No, it is their call on how they ...

**Mr STIRLING:** Mr Saunders.

**Mr SAUNDERS:** Dr Lim, I will just clarify: what Minister Stirling was saying is that throughout the course of a year, there are budget adjustments, as we know ...

**Dr LIM:** Up to \$10m, yes.

**Mr SAUNDERS:** Dr Lim, the budget for July 2003 was \$520.398m ...

**Dr LIM:** Yes.

**Mr SAUNDERS:** ... and by 30 June of 2004, the budget had risen to \$530.343m.

**Dr LIM:** Yes.

**Mr SAUNDERS:** Throughout the course of that year, there were new initiatives brought on line. There were changes to Commonwealth funding, there were changes to balances, the normal things that would happen in a budget year for an agency the size of DEET.

In 2004-05, the budget starting point was \$530.343m from the previous year, and it is going up \$540.584m, an increase of \$10.241m, overall a budget increase of \$20m during that period. When the budget is set for this year, it would be reasonable that the budget would be adjusted throughout the year to reflect Commonwealth funding, new initiatives, carry overs and those sorts of things that happen.

Some examples of the cost of teachers, in particular, the 100 extra teachers will cost \$2.93m in 2004-05, which I think is the number that you were looking for.

**Dr LIM:** Okay. Minister, what Mr Saunders just described I can very readily read on page 91 of Budget Paper No 3, which is the total operating expense of Employment and Education. I draw your attention to comparing apples with apples: Government Education. The line Government Education, which is above your Total Operating Expenses. Let me give some accounting lessons, too.

**Mr STIRLING:** We stand ready.

**Dr LIM:** In the 2003-04 Budget, you provided 372 433 thousand. Your estimate is \$10m over. You have overspent by \$10m this financial year. Whatever adjustments you make, obviously your budget figures are rubbery. You do not even rely on them; you do not take any notice of them. You just go on merrily over the next 12 months spending \$10m more and if that is not enough, you add another \$10m. That is what I am saying about your poor management. That is why you are not doing right.

Now I draw your attention to the line and ask you the question: Government Education in Budget 2003-04 was \$372.433m. The 2003-04 estimate is \$383m, etcetera, a \$10m blowout. This year, you are budgeting for \$393m, another \$10m blow out. That is \$20m over two years.

**Mr CHAIRMAN:** Shadow Minister, will you get to the question?

**Dr LIM:** The question is: you are not managing it right, are you?

**Mr CHAIRMAN:** Is that the question?

**Dr LIM:** Why wouldn't I expect the minister to have another \$10m blow out after this budget?

**Mr CHAIRMAN:** Minister, would you like him to repeat the question?

**Mr STIRLING:** No, no. I have to guess that the member is alleging that there has been a \$10m blow-out in DEET.

**Dr LIM:** Of course there is.

**Mr STIRLING:** Rather than decisions made by Cabinet in response to new initiatives that have had to occur, changes around Commonwealth funding and agreements, all of which twist and turn budgets around. Mr Saunders may well have the information in front of him..

**Mr DUNHAM:** It should be in the budget papers.

**Dr LIM:** Yes, that's right.

**Members** interjecting.

**Dr LIM:** No, I am talking to the minister. The minister obviously does not understand the issue. That is why he cannot understand it himself.

**Mr CHAIRMAN:** Did you ask Mr Saunders to respond to that?

**Mr STIRLING:** If you want to know the detail around the \$10m additional in 2003-04, we are happy to deal with it, but it is in the budget itself.

**Dr LIM:** I can read those figures that Mr Saunders pointed out because I can read them myself.

**Mr STIRLING:** It is in the budget itself, yes. So I do not know what your point is.

**Dr LIM:** I can read those figures myself; I do not need anybody explaining to me. What I am saying to you is: you start the financial year off with a budgeted amount. Okay?

**Mr STIRLING:** Yes.

**Dr LIM:** Now, over the course of the 12 months, through Cabinet submissions, whatever way you want to adjust those figures, you add another \$10m to your budget. I wish I had that sort of flexibility in my own home budget, that I can spend that sort of money over the course of a year. If I budget at the start of the year, I stick to that budget. That is the only way I can stay within my means.

**Mr STIRLING:** Okay, so the Commonwealth government says: 'Here is \$1.957m extra into this program' or, in fact, a new program that the Commonwealth has introduced, and you would say: 'Sorry, we draw the line. May 18. We are not accepting your money. We are not taking that program on'. What a nonsense. That is the practical outcome of what you are suggesting.

**Dr LIM:** Well then let me draw you to this, then, minister, and see whether you will agree with me on this question.

**Ms LAWRIE:** A point of order, Mr Chairman! The shadow minister is badgering the minister to the point that he is not letting him even answer the question that he asked.

**Dr LIM:** Minister, a question to you.

**Mr CHAIRMAN:** Could I you ask you, Shadow Minister for Education, to please allow the minister to complete his answer.

**Dr LIM:** You say that if the Commonwealth comes along and offers you money, you should not knock it back. The federal minister increased your budget to schools by 8.1 per cent, their contribution. What did you put in? 3.6. And you tell me that you have honestly put in a fair share of your contribution into schools?

**Mr CHAIRMAN:** Is that the question?

**Dr LIM:** My question is: how can the minister justify the previous statement when, in fact, he has not provided a fair contribution with the Commonwealth's contribution.

**Mr STIRLING:** Mr Chairman, in relation to that and any other questions that are still on the table, I would ask Mr Saunders.

**Mr SAUNDERS:** Dr Lim, the variation, as you mentioned, is about \$10m in the year. That is about 1.9 per cent of our budget, so the budget increase throughout the year is less than two per cent. There were 30 changes or variations throughout the year. I will not read them all out, but the first variation relates to an increase in Commonwealth targetted program funding, and you might recall the Under Treasurer was talking in earlier sessions about the SPPs being sorted out later in the financial year and we need to make adjustments as we go through the budget.

We have capital works programs coming on that are being constructed, and when they are completed, we get operational money for those capital works that they have brought on to the budget at the time the construction is completed because there are often changes in timing.

**Dr LIM:** Minister, are you prepared to table that list rather than going through the whole list? I mean, there are more pressing issues than that. Are you happy to do that? Thank you very much. That will be fine. I can then peruse the list at my leisure and come back to you with some written questions if I need to. Can we move on?

**Mr CHAIRMAN:** Love to.

**Dr LIM:** Thank you. Minister, coming back to the budget ...

**Mr STIRLING:** See what happens when you do not yell at us?

**Dr LIM:** I am not yelling at you; I am just trying to make the point.

**Ms LAWRIE:** You have been.

**Dr LIM:** Look, stop the whining over there, will you? \$10.7m was quoted as a DCIS service free of charge. Where is that money? If you say DCIS provided it free of charge, then someone is incurring the cost. If it is not you, then DCIS must be. I cannot find it in DCIS. Is it a hollow log that you have somewhere, minister? He is looking for his hollow log, is he?

**Mr STIRLING:** I do not have it with me now, Mr Chairman, but in my opening remarks to the committee this morning, I made clear it is part of accrual in capturing the true and full cost as accurately as you can of the process of education, for example, in this instance.

**Dr LIM:** Great. I follow all that.



**Mr STIRLING:** DCIS incurs a whole of costs on behalf of DEET, enabling DEET to go and do what it does: teach kids, deliver programs, all of the rest. That figure now is in the budget papers. DCIS gets its money to run DCIS, but the cost of delivering the service to all the agencies is now in the agency's budget. However, it is not a change around; it is not actually money changing hands. Mr Saunders would probably be better able to explain this than me. However, it is one compliance with accrual in an attempt to capture the absolute full cost of delivery of the service. Can I just ask Mr Saunders to explain that?

**Dr LIM:** Before that, can I just put perhaps another question so that Mr Saunders can address it more fully. Accrual accounting I fully understand. What is spent must be recorded as spent. What is spent by another agency on your behalf must be recorded somewhere also. It is recorded here on your page 91, and then again it is recorded some pages down, where it says that it is provided free of charge in your statement of financial position, I think it is, or cash flows. Anyway, it is one of those sections as a revenue and then as an expense. But that is where it is at: DCIS still provides you with a service, and DCIS does not register or record that as a service to DEET. To be full accrual accounting, DCIS has to record that, surely, otherwise there is money put away somewhere.

**Mr STIRLING:** No, there is not, but let us hear from Mr Saunders and see if we have further ...

**Mr SAUNDERS:** Dr Lim, at the moment, the DCIS charge is a notional charge, not an actual charge; there is no cash transaction. We record the revenue and the expense in the records of DEET, and that is to record the full cost of delivering a service. For example, when we present data at a national level, we would record the DCIS services as part of our delivery cost for education. Had we not done that, it would change the average cost of education delivery and we might not get the same sorts of Commonwealth grants that we get at that level.

In terms of the recording of the cost of DCIS, the service, they are not currently a Government Business Division. Their cost is recorded on page 173 of Budget Paper No 3. If it becomes an actual cost, you would then see the full accrual treatment of that transaction. It would be revenue to the DCIS Government Business Division. We have not transitioned to that stage yet.

**Dr LIM:** Minister, Mr Saunders said if it is a true cost to DCIS then it would be recorded as an expense of DCIS.

**Mr SAUNDERS:** If it were a GBD, Dr Lim.

**Dr LIM:** All right. But it is not a true cost to DCIS? It has to be a cost to somebody.

**Mr STIRLING:** Well, it is.

**Mr SAUNDERS:** It is.

**Mr STIRLING:** DCIS incur the expense of looking after all of DEET's requirements, all of Health's requirements, or any other agency, and they have appropriation to do that. What accrual is doing is reflecting that in the agency budget. So there is an entry, but it is nominal by nature in the sense that money does not change hands. We do not give the DEET the \$10m to say: 'You are probably going to cost DCIS about \$10m this year, here it is, and then you pay it to DCIS', because that would just be a money-go-round agency to agency. However, for the purposes of accrual and trying to capture the true extent of the cost of delivery of service or product or whatever it is that that agency is doing, that is why it is there.

**Dr LIM:** All right then, let me put it to you: Let us put this \$10.7m aside for the time being, okay? Another entry you have in the books is depreciation amortisation. It is about \$17m. Another one is \$18m for employment output. Are you not padding up your DEET budget figures, your funding, your appropriation, by adding the \$10.7m, the \$17m, the \$18m? I mean, you are really not getting all that

money. That money is not there. So, really, your budget papers are now being inflated by, at least from here, some \$35m.

**Mr STIRLING:** No, that ...

**Dr LIM:** Can I say then that your appropriation for education is \$35m less than what you really have on your books?

**Mr STIRLING:** I will come back to Mr Saunders on that. Depreciation, Mr Chairman, has to be in there in the same way as that DCIS nominal charging because, without having a figure there, and remembering DEET as an agency would have considerable assets and infrastructure right across the Territory, all of which depreciates at two per cent, you know, given the nominal 50 year life so it depreciates at two per cent of its value over time. Now, again, it is necessary to do it in accrual accounting format because the depreciation on the life of a school class room is a cost to the delivery of the service to those 28 or 30 kids who are in that class room in that particular year. Now, am I right, Mr Saunders? Can you satisfy the member there?

**Mr SAUNDERS:** Dr Lim, depreciation is a real cost of using up capital and is calculated at two per cent per year on fair value. In terms of if you had an investment property, a new investment property, you could claim depreciation as an expense and get tax relief.

**Dr LIM:** Yes, I do that every year.

**Mr SAUNDERS:** Dr Lim, all jurisdictions use depreciation as an expense. It is one of the expenses of delivering education.

**Dr LIM:** So, is this money put aside by government? Or is it just another trick to pad up your budget figures?

**Mr STIRLING:** Sorry?

**Dr LIM:** Mr Saunders explained, minister, that we all amortise our capital assets because of deterioration. Do you, therefore, put the money aside somewhere?

**Mr STIRLING:** Is the money put aside? In fact it is not, but this is a quite firm indicator to the agency and to government overall of the constant running down of that asset base. So, if government and the agency would want to be up around that figure in terms of R&M and all the things that you have to do to your asset base so that you are actually preserving it because if you do not put anything back in to that building, it ain't even going to last the 50 years for which it has a nominal life. It is an ongoing piece of work. The same with health for hospitals and health clinics right around the Territory, as a general rule: that is what it is costing, that asset, and you ought to be mindful of looking after it. So how accurately the R&M program fits that, I know not, but it is there as a pin prick, if you like, to say your assets are running down and you ought to be putting money into them.

**Dr LIM:** Okay. Moving on, minister, you told us that the Territory population is increasing and that mostly being due to increased birth rate amongst our indigenous Territorians living out bush. I also noticed in your budget papers, from looking at preschool to primary school, we are losing preschool and primary school enrolments by big numbers. Take, for instance, your preschool student enrolments. For 2002-03 you had 3332 enrolments. This year, 2003-04, you estimate 3249 or 83 preschool students fewer. Then, when you go to the primary schools, that is where the rot really sets in. Total primary school enrolments, 2003-04 Budget, 21 161. 2003-04 estimate, nearly 1000 fewer. That is where we, surely, are being given a great demonstration of where we are losing population. We are losing population hand over fist; 1000 student across the board lost in primary schools. How do you propose to make us believe that your targets for preschool and primary school are going to be achievable?

**Mr STIRLING:** I have somewhat different figures here, Mr Chairman. Bear with me. We have growth figures here, so just give us a minute to look at where this anomaly is.

**Mr CHAIRMAN:** We are covering the whole of the output group, so I am prepared to wait.

**Dr LIM:** 97 and 98 are the pages I refer you to of Budget Paper No 3.

**Mr SAUNDERS:** What year, Dr Lim?

**Dr LIM:** This year, 2004-05, page 97, total preschool enrolments, half-way down the page. The 2002-03 estimate, which I have transcribed from my previous paper, is 3332. The 2003-04 estimate is 3249, a drop.

**Mr STIRLING:** Can I just put these figures that I have? Total preschool student enrolment 3249 in 2003-04, 3400 in 2004-05, estimated growth in student numbers based on resident enrolment trends and known factors influencing future demographics. Indigenous preschool enrolments 1406 in 2003-04, 1473 in 2004-05, estimate based on actual percentage of indigenous students applied to the total enrolment estimate above.

Average cost per student, and this is really indicative, \$5634 in 2003-04 declining to \$5521 in 2004-05; a 2.6 per cent increase in output funding in 2004-05 offsets a 4.7 per cent increase in estimated student numbers resulting in a decrease in average cost of 2.1 per cent. I remember reading that because you get economies of scale, just like prisons; the more prisoners in there, the *per capita* cost comes down. Schools are the same. Jam more kids in there, cheaper to teach them. That is why that stuck in my mind.

**Dr LIM:** Very, very true, minister.

**Mr STIRLING:** Mr Saunders has some information here.

**Dr LIM:** I agree with you entirely, but let me put this to you: you are reading from one book only, which is 2004-05. You want to compare apples with apples.

**Mr STIRLING:** Yes, happy to.

**Dr LIM:** You have two budget books now that are printed almost identically so that we can all compare figures. Look at 2003-04 at page 77, then you have a problem. Your estimate for 2002-03 was 3332, all right? This year, you are telling me that you have 3249, so you have lost preschool students.

**Mr STIRLING:** No, I don't think so.

**Dr LIM:** You have!

**Mr STIRLING:** If I could go to Mr Saunders, Mr Chairman, please.

**Mr SAUNDERS:** Dr Lim, these are estimates based on ABS data. They are not actuals in either book, so ....

**Dr LIM:** So we don't know really how many kids we have in preschool?

**Mr SAUNDERS:** In a small jurisdiction like the Northern Territory, it is very difficult to present, particularly in this size of cohort, projections with a level of accuracy.

**Mr Mills:** Don't they call a roll any more?

**Dr LIM:** Minister, thank you to Mr Saunders for his response. You read out quite loudly that the 2004-05 Budget and all the figures you have quoted. In fact, your estimate for 2003-04, cost per student, was \$5430 and you now, in this budget, just told me that your costs have gone up by \$200 per preschool child. You are not getting more efficient.

In terms of your primary school enrolments, you are way off target and your costs are going up each year to service each student. You have lost management of the department, have you, or you just don't know what is going on with your primary school kids?

**Mr STIRLING:** Yes, I probably need to resign, actually.

**Dr LIM:** Well, why don't you?

**Mr STIRLING:** I have figures here that show estimated growth for total preschool, indigenous preschool, average cost per student: declining.

**Dr LIM:** Well, you need to look at your figures from the year before also to see that you are not having any growth at all. Shall we move on?

**Mr STIRLING:** The figures are there.

**Dr LIM:** Minister, this year you trialled a program that resulted in 3.5 year olds entering preschool because you ran out of child care places.

**Mr STIRLING:** Yes, preschool child. P for preschool, Mr Saunders?

**Mr SAUNDERS:** Yes, Minister.

**Dr LIM:** I understand that in the trial that you had in taking in 3.5 year old children to preschool, you sought advice from those pilot preschools, you sought advice from them. You had – what? - half a dozen preschools, and you were told unanimously that those preschools are not able to cope with children as young as 3.5 years old with the current resources they have.

**Mr STIRLING:** Not so.

**Dr LIM:** You were told that. You were told that. You now advise that you propose to increase the numbers.

**Mr CHAIRMAN:** Will you get to the question, please?

**Dr LIM:** I am getting to the question.

**Mr CHAIRMAN:** No. You are making more and more statements and you are not allowing people to finish their answer. Now, will you get to the question?

**Dr LIM:** The minister needs to know where he is coming from.

**Mr CHAIRMAN:** No, I think the minister needs clear questions.

**Dr LIM:** You now advise that you propose to increase the number of preschools to enrol 3.5 year olds. What resources are you providing for these preschools so that they can follow your unwelcome

demands?

**Mr STIRLING:** Look, far from unwelcome, Mr Chairman, I have been out to a number of these schools, and one in Alice, too. I was pleased that a school in Alice came into this trial because initial indications were that we were not going to get an Alice school into the system.

There is a real buzz, a real excitement, in these schools that have undertaken these trials, and from a couple in the northern suburbs I visited, I got the same impression. If that is the case in each of these schools that have taken it on, why wouldn't it be the case in other schools to come into it? Mr Davies has some oversight and melding of this, so I would ask Mr Davies to respond.

**Mr DAVIES:** Dr Lim, the age of intake trial is running in a number of schools, and the students are gaining access or have been able to gain access at the start of the year, providing they turned 3.5 by June 30 in the year in which they were enrolling. It is important to remember that in the context of access to preschools and proper resourcing that indigenous students in our remote preschools have been attending at three years of age for the past 20 years, so this is not a new arrangement.

In terms of the trials that are occurring in our urban areas, one of the things that we are testing is the resource requirements, and that is why we are calling it a trial; we are going to be having a look at the feedback we get from school communities in terms of the resourcing that is required.

Certainly, there has been round applause from parents for the trial. Our professionals on the ground are still expressing some issues around some of the delivery that they have had to do, but part of the reason for putting a trial in place is to test the issues as they arise, and we will be talking to government about what the impact is should the trial be expanded.

**Dr LIM:** Thank you. Minister, from Budget Paper No 3 of last year, it appears you plan to build three more primary schools, and it appears that you have, according to the budget papers from this year.

**Mr WOOD:** A point of order, Mr Chairman! Aren't we moving out of global into specific now? We just dealt with a question on preschools.

**Dr LIM:** I thought we were dealing with the whole lot together.

**Mr WOOD:** No, I didn't see that as what we are doing. Broad questions, we are now getting into specifics.

**Ms LAWRIE:** No, the committee is taking it all together.

**Mr WOOD:** Then I think I should be entitled to come in at that point and ask my preschool questions.

**Mr CHAIRMAN:** Well, no. I am afraid, member for Nelson, that you agreed along, with the minister, the shadow and the committee, that government education would be taken as a whole. The process is that the shadow goes first ...

**Mr WOOD:** I still make a point of order, Mr Chairman. When you dealt with the Treasurer regarding the Treasury portfolio, you had a section called whole-of-government questions, which was dealt with as whole-of-government questions, and then we went into specifics. I presumed that is exactly what we were going to do this time.

**Mr CHAIRMAN:** We will afterwards when we go through outputs 3 and 4. This is the peril ...

**Mr WOOD:** That is my objection, and I think that that is taking the whole ...

**Mr CHAIRMAN:** Well, this is the peril I tried to outline before, member for Nelson. The minister, the shadow and yourself, and the committee were happy to treat it as a whole. Now, we will learn from this. However, at this stage, the deal on the table is that, everyone was in agreement, output 2 be taken as a whole and the deal is that the shadow gets first bite.

**Mr STIRLING:** Patience, member for Nelson.

**Dr LIM:** Well, minister, I come back to the question ...

**Mr STIRLING:** Mr Chairman, could I just ask Dr Lim, can you just direct us to ...

**Dr LIM:** I will direct it to ...

**Mr STIRLING:** It helps if you direct us to where you are getting your information from, so that we can ...

**Dr LIM:** Budget Paper 2003-04, page 78. You have 2002-03 estimate 134 government schools providing primary education, 2003-04 estimate 137. Then, if you come to this year's Budget Paper No 3 2004-05, page 98, you have estimate 2003-04 137 schools providing primary education, and 2004-05 estimate is 138 schools providing primary education.

My question is: obviously, you have built three primary schools looking from last year's to this year's papers, so where are these new schools and how many students are there in each of those schools?

**Mr STIRLING:** Mr Chairman, can I just confirm again? Was it page 74 of the ...

**Dr LIM:** Page 78, top of the page 134, 137.

**Mr STIRLING:** No, the 2003-04 – sorry, Budget Paper No 3, 2003-04, what page?

**Dr LIM:** Page 78, top of the page, third line down. The government schools providing primary education.

**Mr STIRLING:** Chief Executive, Mr Plummer, Mr Chairman.

**Mr PLUMMER:** This is a measure of the schools that are providing primary education in a particular year. Sometimes, a school may not be doing it, especially the small schools. Therefore, it is just a straight count, so it can vary from year to year.

**Dr LIM:** So, minister, you are not building any primary schools?

**Mr STIRLING:** No.

**Dr LIM:** All right, that is fine. Budget Paper No 3 for 2004-05 indicates that you will spend \$1m at Nakara and Alawa to redevelop those primary schools. You have also spent millions of dollars upgrading the Parap Primary School, in the Chief Minister's electorate, and other primary schools in Labor members' electorates over the last couple of years, while students in Palmerston are holding their classes on stage or in libraries ...

**Mr STIRLING:** Not true, not true.

**Mr Mills:** It is true.

**Dr LIM:** Is this what you call equitable management of resources in DEET?

**Mr STIRLING:** Absolutely. Absolutely. Parap I visited quite early after coming into government, Mr Chairman, and a damn fine school it is, but what I found was that any proximity to the toilets and there was a definite smell. There was a definite smell from the toilets out into the yard. The rooms in the early Dry Season were musty and smelly because repeated Wet Seasons without too much R&M expended on them, there was moisture in there. Class rooms are never the healthiest places in terms of hot little bodies coming in after recess, lunches and whatever, and they do have that atmosphere about them that is nostalgic when I walk into those classrooms, Mr Chairman; it takes me so far back.

It is a great school, but it did require work. I resent any implication that money was spent there because it is a Labor electorate or the Chief Minister's electorate. In the case of Nakara and Alawa, again, fine schools but aging infrastructure. The thing about the education system and its assets in the Northern Territory is that nearly all of it is aging infrastructure. You can go to Ross Park, which is a case in point closer to your home and heart, where I have had several visits and was there as recently as a week or two ago. It is a school that was built way in advance of any foresight that we would have information technology, computers and all of the associated equipment, stacked in the class rooms. They are not class rooms that lend themselves to that. They are barely adequate in their size. There are plenty of schools designed and built around about that time that all suffer from traditional, almost square, class rooms, quite small in terms of what they have to cope with today.

There is an enormous body of work to be done right across the board. All we can do is chip away at it year after year, but you look at what I said on my first visit there, to Elizabeth, was: 'Mate, we have places like Emu Point, no school at all, Manyallaluk. Where you have responsibility to provide education, it has to have its own priority where there is none compared to a very necessary and important upgrade on ageing infrastructure'. It is all a balance and it is all pushing and competing priorities. The department works through that with government and priorities are awarded accordingly. With Gillen it was the airconditioning and Alice Springs High School before that. That was overdue work that soaked up quite a bit of capital in that conversion of airconditioning systems. I do not accept and I do not have - Mr Saunders might have work by electorate, by school, or whatever?

**Mr SAUNDERS:** I have schools expenditure by electorate.

**Mr STIRLING:** There is nothing untoward. It is just a question of need. Nakara, Alawa happen to be Labor seats; they could well be Country Liberal Party seats.

**Dr LIM:** Okay, let me ask this then, minister, about primary education: you set up the community consultation about the DARE program about two years and you received overwhelming evidence that the DARE program was a good, proactive program much wanted and supported by the community. Now, I underline the words 'proactive program'. Now, over the past year the DARE program has come to a standstill.

**Mr STIRLING:** No, it has not.

**Dr LIM:** Now, while the school-based constable program is still in place, no one is delivering DARE programs any more. Have you, once again, mismanaged this or misheard the community about putting a stop to a good, proactive drug and alcohol resistance education program? What are you going to replace it with?

**Mr STIRLING:** DARE is ongoing in our schools, notwithstanding what the member for Grotorex put. Far from receiving overwhelming endorsement of DARE, its content and its value to schools, I think that is a rather flattering commentary on information that was picked up in all of those consultations. Mr Davies knows exactly where we are up to with this and the time scales we are moving to.

**Mr DAVIES:** Dr Lim, by the end of this year, there will be a replacement program in place that will be delivered by police in our schools, in the new year, starting 2005. It will replace the DARE program

and the school-based police will be using a program that has been developed by Nola Pearce in our Curriculum Services area that is going to be based around seven themes that will be delivered to the students and it will involve the role of police in society; the legal system; rights, rules and responsibilities; consequences of our action; keeping ourselves and others safe; drug and alcohol education; and personal development. The program will replace the existing DARE program and they will have a new set of materials by which to deliver the work that they have been doing in our schools with our students.

**Dr LIM:** Minister, how many schools have DARE been delivered at the moment?

**Mr STIRLING:** Mr Davies, do we have that answer? Is it pretty easy to get?

**Mr DAVIES:** I don't have that answer, Minister.

**Dr LIM:** The answer is zero, is it? Will you take it on notice?

**Mr STIRLING:** We do not believe it is hard to obtain. We will take it on notice.

#### **Question on Notice**

**Mr CHAIRMAN:** To assist Hansard and to ensure the minister is fully aware of the question, would the Shadow Minister for Employment, Education and Training please restate the question?

**Dr LIM:** Minister, how many schools have the DARE program been delivered at the present?

**Mr CHAIRMAN:** Minister, do you accept that as a question taken on notice?

**Mr STIRLING:** Yes, Mr Chairman.

**Mr CHAIRMAN:** That being the case, I allocate number 2.3 to the question.

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**Dr LIM:** I understand the other members' discomfort about me hogging all the time, and I do not want to do that, but I have some questions to ask about the secondary education review. I would like to do that before I pass over to other members.

**Mr STIRLING:** Sure.

**Dr LIM:** Minister, there has been a huge community outcry since you released the report of the secondary education review.

**Mr STIRLING:** I didn't know that.

**Dr LIM:** It took a year to write, you sat on it for four to five months, then gave the community three months to react to it. You must be aware by now that the major education stakeholders like COGSO and the AEU NT have declared their opposition to the key recommendations. What are you going to do with it?

**Mr STIRLING:** If the AEU and COGSO oppose it, we will probably just put it in the bin and forget it - not! Mr Chairman, the day the report was released, Dr Gregor Ramsay and I went to a conference at which the AEU was present. The AEU walked out the door and said: 'We agree with 90 per cent of this. This is a well written report. We agree with 90 per cent of it'. Similar comments were espoused by the member for Blain, that this is a good body of work, it is well written, someone has put a lot of work and effort into this and let us see if government has the guts to go anywhere near these



recommendations. Maybe you would say that is not overwhelming endorsement. I took it as some endorsement of the program. I cannot remember what COGSO said early on, but I think there was some fairly positive commentary around it as well.

Further down into the process, we find less than fulsome support from the opposition, almost total rejection from the Australian Education Union, albeit on the day of the release they agreed totally with 90 per cent of the report. The report has not been written in the meantime. Perhaps they have read it and now they understand it and perhaps they had not read it in the first place notwithstanding they had the opportunity to do so.

I cannot speak for what goes through the minds of either the member for Blain, who seems to have backed away from it, or AEU or COGSO for that matter, but it is all part of what is a necessary, and I would have hoped, healthy debate, notwithstanding there has been some concentration on negatives such as NTOEC and government is going to close NTOEC no matter what. Nothing could be further from the truth. We were very careful about not making any decisions on any of the recommendations for fear of undermining the value of other recommendations before we put it out for consultation. So it was a genuine and worthwhile process, a very worthwhile process. We are talking about the future of our kids.

The department, last week, and this really did get me, took the trouble to have 27 secondary students from all around the Territory up on the 14th floor over there in three different conference rooms, and they were charged with different aspects of the review. The first group was talking about senior schools, and should Year 10s go to 11 and 12. Well, the most articulate young man I have met in a long time gave me straight out why it was wrong and why we could not do that and why we should not do that, and how it would not work. A young woman also present in that group gave me in equally articulate fashion – perhaps not quite as articulate – why it was a great thing and why we should do it. So it seemed to me that in this group of 27 kids split into three groups, here was a microcosm of the debate in the community at the moment, where people with compelling reasons and good arguments can come to the table and differ so greatly on different aspects of it. It is not unhealthy provided people keep an open mind and do not get into the trenches, as I suggest has occurred around the open education college notwithstanding that we have made no decision one way or another.

I am reminded of the member for Nelson's question, and it took me by surprise because I was not aware of it: why did staff go out there and talk about redeployment options if the place was not going to close? I thought it was a good question, a good question. They went out there at the invitation of the principal. Now, undoubtedly you were not told that at the time you asked the question. The principal invites them out to talk about options and says: 'Well, the staff want to know what their position might be if the place was to close down'. We will do as the principal wishes, not knowing that it is going to be used against them and an indication that the government is going to close the place. I think that is just damned unfair and untruthful to do that. They are the sorts of things that are occurring, and some of the unhealthy things around this debate, but I welcome it. We extended it a couple of weeks to take it out to mid-August. It will all come back to us. We have the Priority Education team within DEET under Rita Henry, and she is doing a great job. As I said, the consultation process will roll through, and we will see after it has been through DEET somewhat later, maybe September or October that it will get back up to government.

**Dr LIM:** Minister, the opening premise of the Secondary Education Review is that secondary education has failed 3500 indigenous students in remote communities. Yet if I draw your attention to the review, it has offered no suggestions as to what should be done about secondary education for remote indigenous students except that NTOC be disbanded, that distance education be outsourced to South Australia in a joint venture, that boarding schools be developed to provide facilities to accommodate and teach remote indigenous students. Your budget for 2004-05 does not highlight any initiatives to provide access for indigenous students to secondary education. In fact, ATSIC NT Northern Zone Commissioner Kim Hill put to me that the Collins review into indigenous education and the Secondary Education Review highlighted the desperate need for improved infrastructure in remote area schools. What funds in your budget have you provided to address this issue?

**Mr STIRLING:** You are getting on thin ice here, you blokes. We are having a go at putting secondary

education out there. You know what you blokes did? You told the mums and dads of those kids in Aboriginal communities that they were doing secondary education, and they were not. That was a big, fat fib.

**Dr LIM:** And you are?

**Mr STIRLING:** What do you think those Year 12 students at Kalkarindji did? What do you think they did?

**Dr LIM:** Through NTOEC.

**Mr STIRLING:** In part. Delivered in place, the overwhelming majority of it, and a good deal of support from OAC. Did you see the letter in the paper this morning? Did you see the letter from the school council chairman in the paper this morning? You might have a read of that some time. Let me tell you: we are going to continue to work to deliver secondary education into these communities:

Shepherdson College, Yirrkala in my own electorate, Maningrida, which has stage 2, or Year 12 kids this year. Kalkarindji has been there, though I do not believe they have any this year. They are going to continue to work at it. You blokes never had it; you blokes never even tried to put it out there and, worse than that, you deceived parents by saying: 'Yes, their 15-year-old kids are doing secondary programs'. They were not. We will continue to push out secondary, and I really want to put on the record our thanks to all the staff at Kalkarindji for that effort in getting those kids through because, I tell you, it was not easy. It was not easy being the ones to have to set the way for these kids out there, and they did it and they did it well. George and his wife, Robyn deserve a huge commendation from everyone for what they did, because they have given us a lead, they have shown it can be done, and other schools are picking it up now, and they will do it with all the support that we can muster.

In relation to the secondary review, what it does say is that indigenous kids learn better face to face. Now, if we can bring elements of that face to face, as was done at Kalkarindji, into these other schools, it does strengthen the outcome, and if you can deliver models of distance education, albeit closer to the source of the students involved, that would seem to strengthen outcomes as well. There were difficulties with the delivery through NTOEC to those kids, and that letter goes in part to explaining some of those difficulties, and there are difficulties with NTOEC delivering to indigenous students across the board. It is a responsibility we have to improve the delivery where and how we can. We have been given a role model, an example to follow, and we will get stuck into it and put the shoulder to the wheel.

**Dr LIM:** You talk about NTOEC providing secondary education to indigenous students out bush. You keep saying that 70 per cent of NTOEC's total cohort is indigenous. Do you know that it is only 40 per cent, that you have been wrong all this time?

**Mr STIRLING:** I will accept that.

**Dr LIM:** You accept that? Good. What about Year 10 students moving to Casuarina Senior College? How do you propose to do that?

**Mr STIRLING:** Mr Chairman, there are a couple of premises here. One is that, after the community consultation process and it comes back to government, we are going to accept senior schools. However, nowhere has anyone said, if that was the case, it went through the process and government said: 'Yes, we are going to have these senior schools', that it would necessarily occur at Casuarina Senior College.

For example, if we took Tennant Creek High School or Nhulunbuy High School or one of those high schools out on their own and we wanted to adopt junior, middle school and senior school, I can tell you we are not going to build a senior secondary college at Nhulunbuy. The high school at Nhulunbuy would be divided into Years 12, 11 and 10, and Years 9, 8 and 7 is the middle school, and they would all be in the same school. There is no reason why that sort of thing could not occur within schools where there were other options. It is not necessary for such a scheme or a plan as this to work or Casuarina to have Year 10 in it. It could equally occur within the same school. The same in Alice

Springs and the question of Centralian College. It was put to me by the school council just the other week that it is not going to work. 'You are going to put all those Year 10s into Centralian College'. Do you have to in order to put this scheme into operation?

We are talking a couple of steps ahead. We are conjecturing that the decision may be taken that way. Even if it were, it is not necessary or vital to the success of it to say: 'Yes, Centralian is going to have every Year 10 in Alice Springs and Casuarina Senior College is going to have every Year 10 in the northern suburbs'. It does not have to be that way. Once the decision was taken, and say a positive decision was taken that we are going to do it, that is when the hard work would start: in consultation and discussion, negotiation with school community by school community to see what best fits or what best works for them recognising, as well, the logistical difficulties around some of what you suggest and whether government would be in a position to respond as quickly as a year or 18 months or two years to put all of that in place.

It is not contingent upon one school accepting or 'We are not going to have Year 10s here, no matter what'. That would not condemn this to outright failure. There are other ways you could do it. It would not be inflicted. Let me assure you or anyone else in the debate: none of this would be inflicted. It would be worked through with communities. If it was not going to work, and no way that community had a will to make it work, it would not be inflicted upon them. All of that is hypothetical conjecture. However, sitting now, that is where I see it in the future.

**Dr LIM:** Mr Chairman, I have three quick questions and need three quick answers, and we can move on to other members of the committee.

A commitment was made to build a high school in Palmerston last year and the year before that. The question is: when will it be built? Palmerston has been told that it will be in 2007, and the amount of money that you have allocated for Palmerston keeps rolling on for another three years, perhaps. Can you build a high school for \$10m?

**Mr STIRLING:** Mr Chairman, the answer is no. That \$10m was nominal to at least get it on the design list and get some thought around this. The department has formed a project team with what I believe is an interesting concept about what could be innovative and world-class in delivering senior secondary education in Palmerston. We are still not locked into that, although the process of consultation is ongoing. I would say the budget for it potentially doubles and, dare I say it, even on top of that, maybe you would stage it; maybe you would go out with \$16m or \$18m in the first instance.

Look, it really is exciting. It is, of course, now caught with the secondary review itself and there is no way around that. At the time we made the original decision, there was no secondary review or report or deliberation or consultation around that, but where the thinking is at now is quite exciting and I would like the chief executive to share just a little of that.

**Mr PLUMMER:** Just to answer that question, the school is expected to start in 2007. It is my view that we would be in a position to start building early next year. We intend to have a design concept prepared by the end of November at the latest to go to tender.

**Dr LIM:** November this year you are talking about?

**Mr PLUMMER:** Yes. As the minister has rightly said, the issue of whether it is 10, 11 and 12 or 11 and 12 is vexing because of the secondary review. We will take some further consideration and we will want to see what the consultations around the secondary review will have to say before we go further. It is intended to be a very different school, a leading edge senior secondary school. It is intended to reflect the latest thinking around the nation and the world in terms of design, both in a physical sense and the nature of the curriculum. It is intended to have a range of options so that VET has a very strong focus. We do want to see very sound connections with the Charles Darwin University. We think there are benefits to the university, not just to the community. Personally, I would like to see the university put its education faculty out there. The consultation process is still underway. When we finish here tonight, we are going out to Howard Springs for further consultation with the

community.

**Dr LIM:** Okay. Two more: international education is very dear to my heart, but I see from your figures they are dropping like the proverbial on page 99 of Budget Paper No 3 of this year. On what basis are you projecting that you will get 75 students for next financial year, and your cost is going way out of all proportion to what it should be to service a student?

**Mr STIRLING:** Mr Chairman, we have had a downturn similar to a lot of those external factors that we talked about such as what the tourism industry has suffered, those external factors of SARS and all the rest. In terms of the cost, Mr Glasby is right on top of this. Of course, the other, I guess, really disappointing thing is that there has never been a change to that travel advice around Indonesia such that would give us enough confidence, mindful of our duty of care, to say let's get back into it. We still send officers over. We still stay in contact with the agencies and authorities over there so that - who knows? - if the federal government was to lift the travel advice, we would be back tomorrow rebuilding those bridges that were built under your government and previous governments before that. We do have duty of care and we cannot really act. That restricts our nearest neighbour to that extent at the moment. I would ask if you would just pick up the cost element, Mr Saunders.

Just to address those points, member for Grotto, the advent of SARS, avian flu, worldwide security alerts, increased costs have restricted travel opportunities to source markets to recruit replacements. Changes introduced to Immigration, Multicultural and Indigenous Affairs including regulation of overseas agents, the introduction of an English language test for high school students, the conclusion of a fast track visa scheme for Chinese students has also contributed to the decline in the numbers of full-fee paying overseas students. The withdrawal of UNTAET personnel from East Timor saw the departure of a number of their children who were studying in NT government schools.

New markets have been identified. New promotional materials are being produced and new contacts were identified during the Chief Minister's recent visit to China, and they are being vigorously pursued by DEET and the StudyNorth Australia consortium

**Mr SAUNDERS:** Dr Lim, you are looking at the average cost as going down. Is that correct?

**Dr LIM:** No, it's going up. From Budget 2003-04, 13 000 per student – sorry, wrong column. Average cost facilitation per student, Budget 2003-04 is 9473. You estimate that you will be spending 15 000+ this year and next year it is going to be another \$13 000 per student.

**Mr SAUNDERS:** Dr Lim, the average cost of international education is going from the estimate of 15 230 in this financial year to 13 500 in next financial year. The average cost is going down because of the projected increase in enrolments. In an overall sense, the budget for international education is going up by a small amount, \$22 000. This cost is the cost of the Director of International Education, Kerry Moir, and her group to facilitate the engagement of international students. The actual costs to students, the costs that they incur, are not incurred within our budget.

**Dr LIM:** Last question, minister, before I pass it on for other questions. To the Charles Darwin University, I would like to remind you of what you said last year:

*The amalgamation of Centralian College and NTU, which will become Charles Darwin University, enormous efficiencies will be made there. It is not something that NTU are doing particularly well. Well, I can assure you of something that Centralian College have been doing right at the forefront, innovative, cutting edge. With the expertise and experiences, in fact Centralian College were getting into the top end of the market in VET and TAFE delivery, and doing very well, thank you very much. We are bringing the expertise in with a size of scale that Charles Darwin University brings into the market with a view to getting the Charles Darwin University every bit as efficient, timely and cost-effective as Centralian College have been over the last few years. What does it mean in bottom line dollars? I do not know, but it is many millions of dollars that goes out of Charles Darwin University. That in itself is going to be a big efficiency dividend. We will watch this with interest because Centralian are a go-getter in*

*this field and they now have economies to scale coming in to CDU that they did not have before. A pessimist might take the view that Charles Darwin University is going to drag Centralian down. I do not think anyone else does because such is the strength of Centralian that they are going to lift Charles Darwin University up to where they are.*

Do you believe entirely what you said last year? Is Charles Darwin University up there where Centralian College was, or is it that Centralian College is now dragged down to where NTU was? How do you justify your present position? What are you going to do about it, especially when you see things like this in the newspaper, June 21: 'Trainees jump ship as uni comes under fire' regarding the TCA bailing out. What are you doing about the university?

**Mr STIRLING:** I may have been a little rosey in my optimism of 12 months ago.

**Dr Lim:** Well, actually, I said to you that Centralian was in fact a very good institution

**Ms Lawrie:** You asked a question; let him answer it.

**Mr STIRLING:** I do not accept that it is one or the other. The member for Greentree put it to me, very unfairly, that CDU has either dragged down Centralian or has Centralian elevated CDU's delivery to somewhat akin to what it used to perform in the market place? Well, it is neither. It is neither.

There are concerns, and there have been long running concerns, about the ability of the university to deliver in certain courses at different times. There is nothing new about that, and the department consistently works closely as it can with Charles Darwin University as these difficulties arise. Whether it is an infrastructure problem that needs money to address, or whether it is the availability of a lecturer for a particular course, DEET has worked closely, and continues to work closely, each time these sorts of difficult situations arise, and there is nothing new. I am always disappointed when I see those reports, but they are not new. There have been and there will continue to be ongoing difficulties in the delivery of training.

Some of it relates to our market, where we have, necessarily by our size, quite small numbers in some of these cohorts that is simply not an issue in other jurisdictions where they have lots of people requiring this particular training that we do not have. That is always going to be a difficulty, whoever the provider is, whether it be the old Centralian or Charles Darwin. I would be happy for Mr Hassed to pick up from there on some of those difficulties.

**Mr HASSED:** Dr Lim, can I touch on a few issues to do with CDU and that is incorporating both Centralian and the old Northern Territory University. This year, we changed the training profile in terms of how we funded them in order to cater to the priorities under the Jobs Plan. Now, that change was not massive. We transitioned into new arrangements to address those priorities. But what we did to improve and increase the amount of delivery in remote regions, we increased the remote allowance that we paid under the training profile. We also increased the hourly rate that we pay for the traditional trades area, recognising that it is an expensive area to deliver, particularly as the minister alluded to, in a thin market where your numbers are much smaller. We now have one resource agreement with CDU, replacing the three that we had in the past, being Northern Territory University, Centralian and the Rural College, and we are working closely with CDU to address some of the problems that have come to be in recent times.

There is no jurisdiction that can have in place a best system where there are sometimes concerns expressed by industry or individuals. In some cases, some of those expectations by industry are unrealistic and could not be met in any jurisdiction. Some of the things we have done to improve the situation here with CDU, we have assigned a senior officer to work with them very closely to improve their relationship with industry. We have actually established a couple of working parties looking at specific industry sectors to improve training delivery there, and in doing so, we have engaged other people on that working party or those working parties to provide input from an industry perspective. We are contributing to an activity based costing exercise to identify what the costs are in the delivery of VET *viz-à-viz* higher education.

In terms of some of the articles in the paper in recent times about the transfer of trainees away from the university, I would like to briefly comment on that in that we have not agreed to fund that transfer. The university has responded to us in terms of those concerns, has visited all of the trainees and the host employers concerned, and in those visits, two visits in three weeks, there was not one issue or concern raised with the university. So I am taking that matter up with the organisation concerned to clarify exactly what their concerns are, but we continually work with the university, as we do with other training providers, to improve the quality of the training and address issues. The university is not the only one that has issues raised. We deal with those also on a daily basis with private training providers.

**Mr CHAIRMAN:** Any other committee members? Feel free to roam all over the place.

**Mr WOOD:** I will, absolutely, and can you give my apologies for not being at Howard Springs tonight, Mr Plummer?

My first question is about preschool education. In November 2002, minister, you told parliament about the mobile preschool pilot program in Australia. First, can you clarify who paid for the pilot program? You said in that statement 18 months ago: 'The department staffing formula would automatically provide staff when the pilot finished'. I understand the pilot has been extremely successful, but the mobile preschools will not be funded into the future. Is that right? Why won't the government pick up the funding for the program when it has acknowledged that if you want to improve educational outcomes you start with this age group?

**Mr STIRLING:** I just had a bit of an overview here, Mr Chairman. The chief executive has just alerted me to information that has come in for me, so I will ask him to respond.

**Mr PLUMMER:** That project was a trial project. It was funded with Commonwealth funding. It has all the signs of success about it. It is a bit too early to tell that. To be perfectly honest, there is an internal debate going on in the department right now as to whether we go forward to Cabinet with a proposal for mobile preschools, or whether or not we in fact take another direction, and that is recommend to Cabinet that we start preschools in all our schools. I am not in a position to give you any further feedback on that at the moment.

**Mr WOOD:** Just a question on Budget Paper 98 and 99 ...

**Mr STIRLING:** We do not have Budget Paper 98 and 99.

**Mr WOOD:** Is it a coincidence that - we are dealing with performance measures for primary and secondary education - or was someone just slack that the 2003-04 estimates exactly matched the 2003-04 estimates in this year's budget? Were the figures supposed to be exactly the same? If you look at performance measures for 2003-04, you get 93 per cent quality for non-indigenous students achieving national reading benchmarks. Was it meant to show a difference?

**Mr STIRLING:** Bear with us, Mr Chairman.

**Mr WOOD:** Things like the retention rate and secondary education is exactly the same. I do not know whether you have just transposed the column, or are we supposed to have had a column that told us exactly what occurred?

**Mr STIRLING:** Yes. The Chief Executive, Mr Chairman.

**Mr PLUMMER:** Mr Wood, they are not our figures; they are the national benchmark figures. If they change, we change them as well.

**Mr WOOD:** What about in secondary school education? It says students enrolled in one or more VET student subjects - last year's budget 1293, and then it shows it up 1293 in this year's budget. It is for that same year, I admit, but would that not normally show the number of students you did enrol? It is on page 99 of this year's budget and page 79 of last year's budget under Quantity - Performance Measures. VET modules undertaken 13 017. If that is not right, should there not have been a column there to say what you did achieve?

**Mr STIRLING:** Please, Mr Plummer.

**Mr PLUMMER:** Mr Wood, that is an interesting question as to why we do not do that. I need to ask that myself to get an answer, but these are estimates for each year and we report against them in our annual report, not in the budget papers.

**Mr WOOD:** The famous annual report; the minister knows about that. Okay, I will move on because I know time is short.

Minister, can you say how many schools, and this might be too long, and which schools in Darwin, Palmerston and rural areas have special education teachers, and how many schools received new special education teachers in this year's budget?

**Mr STIRLING:** We should have that fairly readily, Mr Chairman.

**Mr WOOD:** I will throw in an extra part through the Chair: how many rural schools, that is in the Litchfield Shire, have special education teachers? Do you want to take that on notice?

**Mr STIRLING:** We would be happy to, if you just go through the question again, member for Nelson?

**Mr WOOD:** Mr Chairman, can you give us a notation for a question on notice, please?

**Mr STIRLING:** It is not difficult for us to get it; we just cannot put our hands on it.

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**Question on Notice**

**Mr CHAIRMAN:** To assist Hansard and to ensure the minister is fully aware of the question, member for Nelson, would you please restate the question?

**Mr WOOD:** Minister, could you say how many schools and which schools in the Darwin, Palmerston and rural areas have special education teachers? How many schools received new special education teachers in this budget? What schools were they and have any schools in the rural area been given special education teachers in this budget?

**Mr CHAIRMAN:** Minister, do you accept that as a question taken on notice?

**Mr STIRLING:** Yes, Mr Chairman.

**Mr CHAIRMAN:** That being the case I allocate number 2.4 to the question. Please continue member for Nelson.

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**Mr WOOD:** Thank you, Mr Chairman. This is a question I asked two years ago and I would like to have a comparison because it pops up in the popular press a bit, minister. I will run through the whole lot.

Could you please tell us how much a child in a government primary school receives in funding from

federal and NT governments combined? Can you do exactly the same for non-government schools in comparison? Can you do the same for a child in a government secondary school? Could you do the same for a child in a non-government secondary school? I would like to compare that with the figures that you gave me two years ago at Estimates Committee. There is always debate as to whether private schools receive more money than non-government schools. I would rather call them independent schools in the Territory because I do not think there are too many Carey Grammars in the northern suburbs.

**Mr STIRLING:** We have a paper we can probably table, Mr Chairman, in the interests of expediency.

**Mr WOOD:** All right. I will move on then, if that is okay, minister. The question I had during an earlier briefing was about the Indigenous Education Strategic Initiatives Program. On page 289 of Budget Paper No 3 we find the Commonwealth Specific Purpose Grants to the Territory. It looks like the Territory is getting an extra \$4m for the Indigenous Education Strategic Initiatives Program, up from \$8m to \$12m. Last year's budget said that \$12m would be allocated in 2003-04. What happened to the extra \$4m from the Commonwealth? Did it come to the Territory? If so, what was it spent on? If it did not come to the Territory, why didn't it?

**Mr STIRLING:** Didn't we have that question before?

**Mr WOOD:** Yes, you told me to take it back to Estimates.

**Mr STIRLING:** Okay, thanks, I knew I had heard the question before.

**Mr WOOD:** Just checking to make sure you are awake.

**Mr STIRLING:** *Deja vous*. Mr Chairman, the Chief Executive.

**Mr PLUMMER:** Commonwealth funding is across a calendar year, whereas our funding is the financial year, and in fact they chose to pay \$4m ahead of time. So in 2002-03, we got \$4m more than we expected and then in 2003-04, if I have the dates right, we got \$8m and then we expect \$12m this year. That is all it was. They are estimates, too. Well, those are facts, but they are always estimated at around about that figure.

**Mr WOOD:** Okay. Minister, according to the government *Gazette*, DEET has spent almost \$3m on consultancies between March 2003 and last week. The exact figure is \$2 965 000. Almost \$2m of this was for 'testing services'. What are they? What is being tested? Can't the schools run standardised tests themselves? I refer to one particular contract to Curriculum Corporation in Carlton South, Victoria for provision of testing services for a period of three years at the cost of \$1.83m, and there was a Certificate for Exemption for that.

**Mr STIRLING:** I will go to Mr Davies for a lot of the detail. In relation to the Curriculum Corporation one, I guess we put a fair bit of faith in the MAP results; those tests are undertaken around August each year. The introduction of this MAP testing over the past few years on a system-wide basis, in the end game, trying to get every child at Year 3, every child at Year 5, every child at Year 7 tested in as similar a fashion as you can possibly do it at Jabiru to Maningrida to Yuendumu to Karama for Years 3 and 5.

It doesn't seem that we have achieved that in the early stages of the implementation of the MAP testing regime right across the board and Curriculum Corporation are one such body that is also doing work for other states. So there is an added advantage of getting not only consistency across the board in the Northern Territory, but consistency across the states because as soon as states produce items of information like MAP, there is an immediate wish to compare Tasmania with New South Wales and there is no valid way that you can do that sort of comparison. Somebody like this group, this Curriculum Corporation, can assist us to get there, but Mr Davies if you would pick up from there.



**Mr DAVIES:** Mr Wood, it is \$610 000 per year for 2004, 2005, 2006. The partnership with Curriculum Corporation is designed to enhance the program that we deliver, the program of testing, in the Northern Territory. Currently, we are the only jurisdiction in Australia that delivers a multi-level assessment program. All other jurisdictions just give children a benchmark test, one test to test their benchmark level at Year 3, Year 5 and Year 7. Ours is a multi-level program because of the nature of our student cohort, particularly with our indigenous students, we use multiple levels, so it is a very complex program in terms of its delivery and the partnership with the Curriculum Corporation is designed to maximise the opportunities that we have in terms of getting some real quality into the program, getting the results back to parents in the most accurate way possible. Curriculum Corporation, in terms of the way it is constituted, has a board, the members of which are the chief executives of all of the education departments in Australia, so it is a national corporation that is set up to give schools a hand on major initiatives like a testing program, and that is why we have gone into that partnership.

**Mr WOOD:** Thank you. A \$36 000 consultancy, minister, in Darwin's northern suburbs is doing media monitoring for DEET. Why does the department need separate media monitoring? Are other departments going to take this up, too?

**Mr CHAIRMAN:** Is that relevant to government education?

**Mr WOOD:** Yes, it comes under the Department of Employment, Education and Training consultancies.

**Mr STIRLING:** The Chief Executive, Mr Chairman.

**Mr PLUMMER:** Mr Wood, we use media monitoring as a feedback mechanism as to what the community thinks, what is actually being said about the department. We monitor all the time for both negative and the positive feedback. It is across all mainstream national and Territory print media, radio and so on. We get a pretty good picture of what is seriously being said about the department, what is the line of criticism, whether we can start to interpret what the press are on about a little bit as well, and so we use that.

**Mr CHAIRMAN:** I have to do a little housekeeping. The time is now 5.42 pm. For the *Hansard* record, I wish to advise that pursuant to section 12 of the Terms of Reference of the Estimates Committee, Madam Speaker has nominated the member for Araluen to replace the member for Drysdale and the member for Macdonnell to replace the member for Grotorex in his capacity as Shadow Minister for DEET. I draw the committee's attention to the fact that it is 5.43 pm, that we still have quite a number of outputs to go through, including Public Employment, and we have not signed off on Output 2.

**Mr WOOD:** Thank you, Mr Chairman. I have only been going for 15 minutes, but I will finish up with one question related to what you were talking about, if I can, minister. I believe the government has a media bureau upstairs. Why wouldn't that do the job instead of the department? There is a fairly big service up there. Why wouldn't it monitor on behalf of DEET?

**Mr STIRLING:** This has been inside DEET for a long time. I have not challenged or asked DEET why they should have it when there is, as you say, a whole-of-government. I have seen the reports as they come through, the breakdown of positive and negative. It gives a sense to the department of their marketing, what marketing they have gone out with, how it has been received, so it is sort of testing value for money spent. I do not think the whole-of-government media unit does that type of work. They certainly do not do it agency by agency, if there is any of it, but it is not my knowledge that they do that sort of work.

DEET have had this inside, it is inside the marketing unit itself; it sits side by side with marketing. They see it as a barometer, if you like, of public acceptance, or public view of the department overall and, in the Chief Executive's view, it serves them well, so I am not about to challenge him on that point.

**Mr WOOD:** All right, I will finish there and ask whether I can put these other questions on notice.

**Mr CHAIRMAN:** You will have to ask the minister whether he will take those questions.

**Mr WOOD:** Minister, will you accept these other questions that ...

**Mr STIRLING:** Can't we keep going? We will try and do it as quickly as possible.

**Mr WOOD:** I was trying to leave time for Public Employment.

**Mr CHAIRMAN:** It is your call, Member for Nelson. There is no pressure on you to stop this line of questioning. It is up to you.

**Mr STIRLING:** No, no. Go! We'll be quick.

**Mr WOOD:** Alright. There was a \$33 000 consultancy, which reviewed the Language Education Program. What changes did the consultant recommend?

**Mr STIRLING:** We do not have the detail of the recommendations before us, member for Nelson. What came to us is still being considered to ensure future language education spending achieves optimum educational outcomes for students in a restructure of NT School of Languages in Alice Springs. The language centre is still under consideration. Nothing has come to me as yet. If you wanted further information, we could give that to you by way of a brief, or get something written to you. Some of it, of course, is inside the secondary review as well, and consultation there.

**Mr WOOD:** Okay. Minister, the government is providing more than \$1m in 2004-05 and then \$2.5m ongoing for the Aboriginal Island Education Workers Program set up in 1991. It is in the budget highlights at page 12. Why has the Commonwealth stopped funding this program, and has it been replaced for something else?

**Mr STIRLING:** Why did they stop funding? I do not know. We have taken it on into mainstream funding, recognising the invaluable work that these Aboriginal Islander Education Workers achieve out there.

I have it here. They funded it since 1991. The department was notified in 2000 that transitional funding will be progressively decreased over four years and would cease all together in December 2004. The Territory government has provided additional funding of \$1.2m in 2004-05 and \$2.56m ongoing to fund the continued employment of AIEWs. They are employed to assist with increasing indigenous student enrolment, attendance and retention, literacy, numeracy and other educational outcomes. I think you know that. The point is they started in 1991; and they notified in 2000 that they would be winding back, ceasing all together in December 2004. We see these as valuable people in the system. We have had to pick up all of the funding and mainstream it.

**Mr WOOD:** Minister, I get comments about the slow speed and lack of capacity of LATIS. Is there any funding to improve it or is that something that is happening now?

**Mr STIRLING:** In this budget, and last year as well, each time we wind the system up, it comes at a cost of \$250 000 and does not last all that long. Part of the reason is students are getting ever more capable and competent on it, and use it for longer periods of time. It is an ongoing concern, the cost of band width. It is something that I have raised at ministerial council level with the federal government and with other jurisdictions. However, we will continue to do what we can to provide the band width capacity necessary, and it remains high on my radar.

**Mr WOOD:** Last question: the government has launched a pilot breakfast program. Which schools are

getting the program? Did last year's allocation of \$300 000 cover the full costs? Do individual schools contribute money? How much money has been allocated to the program in the budget? Where do you find it in the budget?

**Mr STIRLING:** Ms Christine Fitzgerald, Department of Employment, Education and Training. Thanks, Chris.

**Ms FITZGERALD:** It is six schools. The funding for that is within the Health Department's budget. Off the top of my head, we are piloting it at Gunbalanya. We have decided to have one in each cluster because it is remote students. There is Gunbalanya, Areyonga, Ngukurr, Ramingining and Papunya.

**Mr WOOD:** That is okay. Thank you. Thanks, minister.

**Mr CHAIRMAN:** I would also bring to the committee's attention the fact we had a small break before, which means we will be breaking here at 10 minutes past six, not six o'clock. Are there any more questions in relation to Output 2 as a whole? That concludes the consideration of Output 2 in its entirety.

**OUTPUT GROUP 3.0 – Non-Government Education**  
**Output 3.1 – Primary Education**

**Mr CHAIRMAN:** Shadow Minister, are there any questions?

**Dr LIM:** Pass.

**Mr WOOD:** We did it globally.

**Mr CHAIRMAN:** That concludes consideration of Output 3.1. The committee will now consider Output 3.2, Secondary Education.

**Output 3.2 - Secondary Education**

**Dr LIM:** Pass.

**Mr WOOD:** Pass.

**Mr CHAIRMAN:** All right. That concludes consideration of Output 3. That was marvellous. I now call for questions on Output Group 4.0, Training, Output 4.1, Vocational Education and Training Services.

**OUTPUT GROUP 4.0 – Training**  
**Output 4.1 – Vocation and Educational and Training Services**

**Mr CHAIRMAN:** Are there any questions?

**Dr LIM:** Pass.

**Mr CHAIRMAN:** Committee?

**Mr WOOD:** Pass.

**Mr CHAIRMAN:** That concludes consideration of this Output Group.

**Non-Output Specific Budget Questions**

**Mr CHAIRMAN:** Are there any non-output specific budget related questions?

**Dr LIM:** No.

**Mr STIRLING:** Mr Chairman, in closing I put on the record my thanks to the senior staff of the Department of Employment, Education and Training for their assistance here. I deeply appreciate the Chief Executive's ability to take these questions without notice, not to mention the staff behind him. I do want to put on the record my sincere thanks and appreciation for their efforts. It is simply not possible to have it all in your head, but these guys do.

**Mr CHAIRMAN:** On behalf of the committee, we would like to thank them for their attendance.

The Committee suspended

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## OFFICE OF THE COMMISSIONER FOR PUBLIC EMPLOYMENT

**Mr CHAIRMAN:** I welcome back the minister and invite him to introduce to you officials accompanying him from the Office of the Commissioner for Public Employment. If you wish to make a statement on behalf of the Office of the Commissioner for Public Employment, please go ahead.

**Mr STIRLING:** Thank you, Mr Chairman, and I thank officers from the Office of the Commissioner for Public Employment. On my immediate left is Ellen Seymour, thank you, the Commissioner for Public Employment, Mr John Kirwan, and Theo Tsikouris on my far right. I table, for the benefit of the committee, discussion earlier on in and around an item for which OCPE has carriage, and that is the Possible Portable Long Service Leave Scheme for the Northern Territory Building and Construction Industry Discussion Paper, and I put that on the Table.

**Mr CHAIRMAN:** Thank you to those in attendance before us. We will be winding up this session at 6.15pm and we will be breaking for half an hour and resuming at 6.45pm. The committee will proceed to consider the estimates of the proposed expenditure contained in the Appropriation Bill 2004-05 as it relates to the Office of the Commissioner for Public Employment.

### OUTPUT GROUP 1 – Public Employment Output 1.1 – Employment Framework

**Mr CHAIRMAN:** I call for questions on Output Group 1, Public Employment, Output 1.1, Employment Framework.

**Dr LIM:** Minister, I address this to you and to the commissioner. The opening line of the web site of the OCPE reads:

*In accordance with the NT government's commitment to releasing public sector staffing levels on a regular basis...*

...and it goes on to explain that complete data was available to June 2003 only under the revised NT public sector structure initiated by the government in late 2001. I have been trying to reconcile public service employment figures from the various figures quoted in the budget papers and with the OCPE web site. Why is it that the web site of the OCPE staffing numbers for NTPS has not been updated since 21 August 2003? The last figure I can get out of the OCPE web site goes to June 2003.

In order to help me, I wonder if the web site could be updated to current dates and the commissioner can explain the figures that are always so out of sync with each other. There are three sets of figures, actually.

**Mr STIRLING:** I thank the member for Greaterrex for his question because I, too, look at these different sets of figures and I think it is always important to bear in mind, like any set of statistics, what are they exactly measuring and at what point were they captured? Now there are two reasons, for a start, why they might vary. I intentionally did not want to get into this area in questions from the

member for Nelson earlier on either, because this is the man with the finite information, and the man we can trust in relation to staffing levels. So I will pass you straight to the commissioner to answer those questions.

**Mr KIRWAN:** Thank you, minister, through the Chair, I apologise. The web site has actually been updated in the last couple of days.

**Dr LIM:** No, no. I checked it this afternoon, not there.

**Mr KIRWAN:** Well, I checked it this afternoon before I came here and they are there.

**Dr LIM:** It would be in the last three hours.

**Mr KIRWAN:** They were updated a couple of days ago, so, are you looking under publications and staffing? We were pulling them off this afternoon before we came here. They are there. They had not been updated, and that was our fault, and we are remiss in that, because that is inconsistent with the decision of the government. Unfortunately, the person in charge of our web area had gone away, it was one of those jobs and the hand-over had not been done, but it has since. They are now up to date. What I would like to do, if possible, is table the current figures.

If I could beg a little bit of liberty, this is a perennial question, and we thank Dr Lim for it. It is similar to a question he asked last year so, hopefully, we have come prepared. There have been some questions earlier today, which are worth clarifying for the record, confusing ABS figures with our figures, and including us totally with the public sector.

Our figures, and the ones on our web site, are the same as what you will find in our annual reports in the State of Service Report, which provides a year to year comparison. The difficulty with estimates at this period of time, and what my qualifications is that the figures you are looking at are one pay short. That is, we still have one pay to go before the end of the financial year, and then there is some reconciliation.

The figures before you show the averages, plus there is a second table called Attachment B, so we have extracted out of the budget papers for you the figures that are in the agency reports for the budget papers. It is important to also say that the figures are not the same; they are not calculated the same. Our figures are the FTE figure, and that is calculated by taking each person's pay for the fortnight and dividing it by the figure they would have been paid if they worked full time. So it removes the amount of part-timers. About seven per cent of our work force is part-time, so it brings it to an FTE figure. That is the same figure we have been using since 1993-94.

As we have said before, there are some problems in comparisons because of the agency arrangements that were changed with the change in government, so comparing on agencies, we are confident that the figures before you can be gone back to the beginning of 2002 when we started putting publications on our web site because then the new agency arrangements had been put in place. Prior to that, comparisons agency to agency between the previous government and the current government are problematic because they are not directly comparable.

However, in respect to a question the member for Nelson asked, and others have asked, a comparison from the first pay period in July 2001 to the current pay period, which is pay period 26 in June 2004, the FTE figure in 2001 was 14 307 and the current figure is 15 192. So, in that period of time, that three year period shows an increase of 885 FTE. Those figures can be extracted from both our annual reports and the figures we now have on the web site, and, again, I apologise for not having had those up to date.

It is also important that we look at our Annual State of Service Report, because that comparison also needs to be read in respect to growth in population. There are a couple of caveats, however. If you look at the DEET figure, for example, it will show as a negative, and that is because of the Centralian

figures transferred to CDU, so looking at the figures raw, we caution against it without raising the issues with the agencies. Generally, it shows growth in the public sector consistent with the government's commitment to new jobs across police, education, health, and although education, for example, looks like a negative, you have to account for the variation of the transfer out of CDU, so they are actually, in real terms, an increase.

**Dr LIM:** Thank you.

**Mr CHAIRMAN:** Any other questions? Member for Araluen.

**Ms CARNEY:** Minister, you are aware, as a responsible minister under the *Public Sector (Employment and Management) Act*, employee records are not to be released to persons outside the public sector, and that there are employee instructions to that effect made under section 16 of the act and, in particular, Employment Instruction No 10. Why is it, then, that personnel records of one former public servant and one current public servant were released to a private legal practice for the purposes of legal proceedings? In about April, if that assists.

**Mr STIRLING:** Mr Chairman, whether we are in the House or in the committee, I am not comfortable taking a question that goes to an individual or even seven individuals. I am happy to take the question on notice. I am clearly not aware of the circumstances and the nature, and nor do I want the member to explain them here. However, I am happy to get that information and get back to her as quickly as can be arranged. If the member would bear with me on this, I believe it is bad form to give an individual names and circumstances ...

**Ms Carney:** Well, I have not.

**Mr STIRLING:** No, you have not, and I appreciate the fact that you have not. I am asking you not to. I am not trying to dodge the question. I am more than happy to get to the bottom of it for myself, you having raised it here ...

**Ms CARNEY:** Do you want to take that one on notice?

**Mr STIRLING:** ... and provide you with the response. I am interested in what has happened myself. I am very happy to take it on notice.

**Mr CHAIRMAN:** Member for Araluen, if it is on notice, it will be tabled, and then it will be in a public forum.

**Mr STIRLING:** We might need further information from you, but we will seek that.

**Ms CARNEY:** All right. I have a couple of follow-ups. Will I ask the question again for *Hansard* purposes?

**Mr CHAIRMAN:** Okay, put it on notice, and it will go into the public forum. That is ...

**Ms CARNEY:** The question is on notice, yes. Shall I read it again?

**Mr CHAIRMAN:** When I get the appropriate form of questions, yes, you can, but it is up to the ...

**Ms CARNEY:** Well, he has said he would.

**Mr CHAIRMAN:** Hang on. Minister, I will just reiterate what I said to the member for Araluen. Should you take this question of notice; it will go in to the public domain.

**Mr STIRLING:** That is fine. There are no names or pack drill with it. We will seek the information from the member and get back to her as soon as possible. I am happy for what she said so far to go on the record.

**Mr CHAIRMAN:** To assist Hansard and ensure that the minister is fully aware of the question, would the member for Araluen please restate the question?

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**Question on Notice**

**Ms CARNEY:** Minister, you are aware, as the responsible minister, that under the *Public Sector (Employment and Management) Act*, employee records are not be released to persons outside the public sector, and that there are employee instructions to that effect made under section 16 of the act, in particular Employment Instruction No 10. Why, then, were personnel records of one former public servant and one current public servant released to a private legal practice for the purpose of legal proceedings in about April this year? I have another question, a follow up question, Mr Chairman.

**Mr CHAIRMAN:** Minister, do you accept that as a question taken on notice.

**Mr STIRLING:** Yes, Mr Chairman.

**Mr CHAIRMAN:** That being the case, I allocate number 2.5 to the question. Please continue, member for Araluen.

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**Ms CARNEY:** Minister, the law firm which I referred in my previous question was representing government receiving instructions from the Department of Justice and/or Attorney-General. Your commissioner, in evidence to the Public Accounts Committee in February 2003, said in relation to the executive arm of government that accessing such records, he would be duty bound to refuse to release personnel files, and he commented that to do so would be: 'totally inconsistent with the contemporary freedom of information and privacy legislation', and that the permission of a third party would be sought.

My questions are these: why were the files released to the lawyers? Is there an investigation on foot and do you know about it? When will the investigation be finalised? Do you agree that the personnel files were improperly released? What have you done to ensure that it will not happen again? Are you aware that the commissioner is obliged to keep employment records confidential pursuant to Employment Instruction No 10? What guarantee do you give to the Territory's public servants that their files will not be improperly, and in breach of the act, given to lawyers or provided to third parties for any other purpose?

**Mr STIRLING:** Mr Chairman, it is very much along those similar lines to the first question. I ask again if the member is satisfied for us to take it on notice. We will seek further information from her and respond as quickly as we can.

**Mr CHAIRMAN:** To assist Hansard and to ensure the minister is fully aware of the question, will the member for Araluen please restate the question?

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**Question on Notice**

**Ms CARNEY:** Minister, the law firm to which I earlier referred was representing the government, receiving instructions from the Department of Justice and/or the Attorney-General. Your commissioner, in evidence to the Public Accounts Committee in February 2003, said that in relation to the executive arm of government that if requested to access such records, he would be duty bound to refuse to release the personnel files and he commented that to do so would be 'totally inconsistent with the contemporary freedom of information and privacy legislation' and that the permission of the

third party would be sought.

My questions are: why were the files released to the lawyers? Is there an investigation on foot and does the minister know about it? When will the investigation be finalised? Do you agree that the personnel files were improperly released? What have you done to ensure it will not happen again? Are you aware that you are obliged to keep employee records confidential pursuant to Employment Instruction No. 10? What guarantee do you give to the Territory's public servants that their files will not improperly, and in breach of the act, given to lawyers or provided to third parties for any other purpose?

**Mr CHAIRMAN:** Minister, do you accept that as a question taken on notice?

**Mr STIRLING:** Yes, Mr Chairman.

**Mr CHAIRMAN:** That being the case, I allocate number 2.6 to the question.

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**Mr CHAIRMAN:** Any more questions?

**Mr ELFERINK:** Yes, Mr Chairman if I may. Minister, my question is one of clarification as much as anything else and deals with the departure of Darryl Pepper. My question is to you in relation to advice I received from the Commissioner of Public Employment.

When it became clear that PIPS records for Mr Darryl Pepper had him down as 'redundancy invol', I telephoned the Commissioner for Public Employment and the commissioner told me that it was an incorrect entry. I asked the commissioner what should have been in that place and I was told 'termination by employer', something I clarified with him during that conversation, and then made mention of it that night in adjournment debate, which was 30 March 2004. The minister for Police advised the House that that was not the case. So for the sake of clarification, minister, can I and the House be advised as to what the circumstances are and what the correct entry next to Mr Pepper's name should have been?

**Mr STIRLING:** I am happy for the commissioner to go through this. I never had a view that it was involuntary termination, I think you referred to.

**Mr ELFERINK:** 'Redundancy invol'.

**Mr STIRLING:** Involuntary redundancy. It was reported, and I saw it reported, in public that there was a question of the health of the former Chief Fire Officer, but there are categories around which these things are placed into and the commissioner can well explain this situation.

**Mr KIRWAN:** Through you, minister, and the Chairman, member for Macdonnell, as he outlined, the advice I gave him I confirm is correct. That is the PIPS data was incorrect and when it was brought to our attention through, I think, the article in the *NT News*, it was then corrected. The correct entry should have been 'redundancy voluntary'. That follows the discussions between the Commissioner of Police and Mr Pepper as his Chief Fire Officer. That followed discussions between Mr Pepper and Commissioner of Police, as I understand, that predated the imminent release of the Metis Report that was critical of fire service management. Mr Pepper, for a range of reasons indicated, as has occurred for other executive contract staff, that it was a mutually agreed separation and an employer-initiated redundancy/termination that he would then be prepared to move on and accept that.

**Mr ELFERINK:** Commissioner, can I ask you then the question why I was advised ...

**Mr CHAIRMAN:** Through the minister.



**Mr ELFERINK:** Minister, can the Commissioner advise honourable members as to why I was advised that it was termination by employer by the Commissioner for Public Employment.

**Mr STIRLING:** Mr Chairman, if you just allow the commissioner to finish, he is getting to that very point.

**Mr KIRWAN:** There are only two ways to end an executive contract. That is, the employee resigns or the employer terminates. It is a case of which of those two provisions you then use. For the termination in this instance, it was the one that employer terminated as we do under section 59. It is a fairly standard provision. It is not for illness or other reasons and that allows access to the redundancy payment, which was the case in this instance and is consistent with what we do with other executive contracts in other areas. The instance is that the contract was terminated following discussions with Mr Pepper so it was the employer that initiated the termination because the contract could only be broken or completed in one of two ways.

**Mr ELFERINK:** Commissioner, in that case, can I just ask one further question ..

**Mr CHAIRMAN:** Member for Macdonnell, no, no, no.

**Mr ELFERINK:** It is a straight forward question.

**Mr CHAIRMAN:** No, no, that concludes consideration of this output group. It is now 6.15. Minister, on behalf of the Committee, I would like to thank you and your officers for attending today.

**Mr STIRLING:** Mr Chairman, I put on the record my appreciation to the commissioner and staff for appearing today and for their support in answering the questions of the committee.

**Mr CHAIRMAN:** Would the core members of the committee please meet for five minutes?

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The Committee suspended

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### CHIEF MINISTER'S PORTFOLIOS

**Mr CHAIRMAN:** I welcome the minister, and invite her to introduce the officials accompanying her, and if she wishes to make an opening statement on behalf of the Chief Minister.

**Ms MARTIN:** I do, Mr Chairman, thank you. I take this opportunity to make some brief introductory comments in relation to all my portfolio responsibilities, that is, the activities and expenditure undertaken by my Department of Chief Minister, with the exception of the Multicultural Advancement Output to be covered later by minister Vatskalis; the Northern Territory Tourist Commission and Government Business Division, Territory Discoveries; Arts and Museums, with the exception of Library Services within the Department of Community Development, Sport and Cultural Affairs; the Northern Territory Electoral Commission; and the Offices of the Ombudsman and Auditor-General.

First, I would like to mention my department, that is, the Department of the Chief Minister, which not only provides leadership in facilitating government's economic and social priorities, but also provides a range of services which support the business of government. The Office of Territory Development remains firmly focussed on the very important task of driving economic growth in the Territory and delivering on the government's key priority of creating jobs for Territorians.

Over the last 12 months, we have seen significant achievements, including creation of the AustralAsia Trade Route with the completion of the Alice Springs to Darwin Railway; commencement of the Swire Shipping Service to Singapore and the growing Business Park; real progress towards bringing gas

onshore, with the first stage at Bayu-Undan and work begun on the construction of the Wickham Point LNG plant and pipeline; increased awareness in the Territory's investment and economic development potential across Australia, and throughout mainland China through targeted investment campaigns; and the success of the Global Freight Connect Conference and the Tropical Futures Forum, which resulted in the Cooperative Framework on Tropical Science, Knowledge and Innovation.

The next 12 months will see the department continue to take a lead role in developing strategic industries and coordinating major projects across government, including the Darwin City Waterfront and positioning the Territory's image as a great place to live, work and invest. We will also see the department take on a greater leadership role in coordinating government's social priorities and enhancing community engagement across the whole-of-government.

Our community development programs for youth, seniors and women will continue, including the relatively new Women's Forums that have been so very well received. We will continue to improve the way in which we work with the non-government sector to deliver services in the Territory, and this will be informed by the outcomes of the peak council's review due to be completed in September.

We will enhance the way in which we seek to increase the number of women on boards. While all appointments will be merit based, new and reinvigorated strategies will be used to ensure boards and committees comprise a fair proportion of women.

All government agencies will improve the way in which they engage in policy, program and service delivery decisions, with the launch of a community engagement framework and individual agency charters in the new financial year.

We will continue our efforts to combat the devastating impact that domestic and Aboriginal family violence continues to have on our communities. These efforts will include negotiation of a bilateral agreement on indigenous family violence with the Australian government. Then there is our role in coordinating strategies for indigenous advancement within the community, and they will remain strong with a continued commitment to resolving indigenous land issues. My department will ensure that the quantum of funds devoted to addressing indigenous issues is not reduced post-ATSIC, and we will work with the Commonwealth to ensure continued representation of indigenous Territorians.

My government, through the department, will continue to support leading community events such as the V8 Supercars, the Finke Desert Race, and the *BassintheGrass* concerts in Darwin and Alice Springs.

The Department of Chief Minister's budget for the next 12 months supports the department's very important role in developing and driving key social and economic policies across the whole-of-government. The budget also reflects the new whole-of-government approach to the accounting treatment of the corporate support cost of services that are undertaken by the Department of Corporate and Information Services on behalf of agencies. In order to provide a more complete picture of the cost of delivering outputs, agencies will be required to record these costs as an operating expense. While agency operating expenses and revenues will both increase under this new approach, there will be no nett additional funding requirements for agencies.

In tourism, my government has demonstrated support for the Territory's tourism industry by allocating significant additional funding over a three-year period to restore the Territory's position as a leader of Australian tourism. The next 12 months will see the Northern Territory Tourist Commission implement my government's core directions in this area: the three-phase marketing campaign for the Territory; the new 'Destination' model, which is receiving excellent support from the tourism industry; and the Northern Territory aviation strategy. Territory Discoveries will continue to contribute to the Northern Territory's economic growth by developing tourism products for the domestic and international market.

As Minister for Arts and Museums, I am pleased that the coming financial year will present exciting

opportunities for arts and culture in the Territory. My government remains committed to implementing the indigenous arts strategy, *Building Strong Arts Business*, with work continuing on the development of a public arts strategy. Also, the newly established film, television and new media office in Alice Springs, which is already providing opportunities and assistance for skills development within the industry, will become fully operational from 1 July.

Another of my government's election commitments has now been delivered with the establishment of an independent Northern Territory Electoral Commission. This is the first year the Electoral Commission will answer estimates questions as an independent and separate agency of government.

Over the next 12 months, the focus of the Office of the Ombudsman, which includes the Health and Community Services Complaints Commission, will be to implement reforms in line with the review of the legislation underpinning the office's functions which are nearing completion.

This brings me to the Office of the Auditor-General. I would like to introduce those sitting by my side today from the Auditor-General's Office: the Acting Auditor-General, Ken Simpson, and Rob Richards. Ready to go with the Auditor-General.

**Mr CHAIRMAN:** Chief Minister, prior to considering the estimates of proposed expenditure, I wish to draw committee's and your attention to a number of substitution members. The time is now 6.48 pm and, for the *Hansard* record, I wish to advise that, pursuant to section 12 of the Terms of Reference of the Estimates Committee, Madam Speaker has nominated the member for Port Darwin to replace the member for Greatorrex; and the member for Brennan to replace the member for Drysdale.

#### **OFFICE OF THE AUDITOR-GENERAL**

#### **OUTPUT GROUP 1.0 – Audits**

##### **Output 1.1 - Audits**

**Mr CHAIRMAN:** Chief Minister, the committee will now proceed to consider the estimates of proposed expenditure contained in Appropriation Bill 2004-05, as they relate to the Auditor-General. I now call for questions on Output Group 1.0, Audits; Output 1.1, Audits.

**Mr MILLS:** Thank you, Mr Chairman. It is not our intention to spend a lot of time on the Auditor-General, but just if you could comment, please, Chief Minister, on the budget for last year and the eventual estimate as recorded here sees a significant increase within the budget as logged in the current budget is down on the estimate for last budget. Could you please give an insight as to what is happening at the Auditor General's office?

**Ms MARTIN:** I am happy to do that. It is probably more appropriate for the Auditor-General to give it specifically, but in terms of the budget there were timing issues in the cost recovery and timing of audit work; there was a productivity dividend for this year of 1 per cent; and you also have to include in the budget notional DCIS charging. Add all those together and that is where you get the budget for this year. The Auditor-General might have more specific responses on that.

**Mr SIMPSON:** Mr Chairman, if you take the 2003-04 published budget estimate of \$2.537m, the major variations in 2003-04 that affected that budget were two matters. They were additional audit costs in auditing the Treasurer's Annual Financial Statements, and an additional amount to do with the audit of the amalgamation of Charles Darwin University and Centralian College, and a larger amount that had to do with additional work that was required in some audits to do with the Territory Insurance Office and the Power and Water Corporation. Those amounts are recoverable from those organisations, so they have a nett effect, in effect, on the amount of money that is required to conduct the audits. That is how you get to the \$2.973m estimate for 2003-04.

As the Chief Minister has already mentioned, there has been a relatively small efficiency dividend applied to the office for 2004-05, and the government has increased funding available to the audit program by an amount of \$50 000, and the end result is the number you find in the budget papers of

\$2.784m.

**Mr CHAIRMAN:** Before we go any further. The recording system in here picks up mobile phones, particularly if it is switched onto silent. Everyone make sure that your mobile phone is switched totally off. It disrupts the recording mechanisms. Thank you.

**Mr MILLS:** Thank you, Mr Simpson. Chief Minister, could you please indicate progress of the appointment of the new Auditor-General?

**Ms MARTIN:** The interviews have taken place and I am confident are proceeding well.

**Mr MILLS:** No idea of when we would be seeing that appointment?

**Ms MARTIN:** Maybe you can help with that, Ken.

**Mr SIMPSON:** I understand that one of the interviews has been held. There are two others to be held on 7 July, I understand. It will be some time after that I would image that the selection panel will make a decision.

**Mr MILLS:** 7 July?

**Mr SIMPSON:** That was the advice I received today, from memory.

**Mr MILLS:** Chief Minister, when did Mr Blake leave?

**Mr SIMPSON:** I took up my appointment on 4 May.

**Ms MARTIN:** 4 May, and can I just add to that a very capable acting Auditor-General we have in Ken Simpson.

**Mr MILLS:** Without a doubt.

**Ms MARTIN:** Just in case there is any implication he is not up to the job, Terry.

**Mr MILLS:** All will be revealed after 7 July. Thank you, Chief Minister. I have no further questions for the Auditor-General.

**Mr CHAIRMAN:** Do any committee members have any questions?

**Mr BURKE:** Can I ask if Mr Simpson is an applicant?

**Ms MARTIN:** I do not think that is appropriate to ask that, unless Mr Simpson chooses it answer it himself. I do not think that it is appropriate to ask.

**Mr BURKE:** Well, put it this way. How do you deal with the perceived conflict of interest because of his previous departmental responsibilities in being an independent auditor?

**Ms MARTIN:** I might refer that to Mr Simpson because it is an issue that has been carefully dealt with.

**Mr SIMPSON:** On the first question, I am not an applicant for the position. I thought about the issue of perceived conflict of interest in relation to my normal duties, if I can put it that way, in the Department of Employment, Education and Training, before I accepted the invitation to act and, in my view, I think it is okay.

The way in which audits are conducted in the Northern Territory means that the Auditor-General engages private firms that act in a professional way to do audits under the direction of the Auditor-General. Any audits that were underway within DEET at the time of my appointment are continuing. The process is that the audit reports come to the Office of the Auditor-General. They are then reviewed by a Principal Auditor who works within the Office of the Auditor-General and finally the reports come to the Auditor-General for final sign off. In my view, there are enough checks and balances within that process to ensure that if I had a mind to do something that was not of a professional nature, it would not be allowed to happen.

**Mr BURKE:** I have every confidence that you would handle it extremely well and you would organise the workload so that there would not be.

**Mr SIMPSON:** Thank you.

**Mr BURKE:** That is why there is no need for secrecy, Chief Minister. You see: he is not an applicant so it is not an ongoing issue.

**Ms MARTIN:** Yes, but whether that was public information is not something that I should be making available.

**Mr BURKE:** Well, Mr Simpson was happy to say it, so that is fine.

**Mr WOOD:** Chief Minister, under the performance measure for audits, it has recommendations agreed by agency management of 70 per cent last year and 75 per cent this year. Is there any reason why it is still such a low percentage?

**Ms MARTIN:** I will ask the Acting Auditor-General to answer that specifically, but you would have to look at the percentage of 70per cent of recommendations agreed by agency management, which is a high figure, and we are looking at growing that for this year. I will ask Ken Simpson to add to that.

**Mr SIMPSON:** Chief Minister, I think you have answered the substance of it. The way in which audits are conducted is that the results are normally discussed with agencies prior to the issuing of what we call management letters which contain the results of audits. There is a relatively good chance that both parties will come to an agreement about the substance of the findings, and that is, I guess, why the estimate of agreement to those findings we anticipate going up from 70per cent to 75per cent. However, there will always be issues that are raised by external auditors, whether it is within this context that we are working or wherever, where there might be a difference of opinion between the auditor and the agency being audited. That is just a fact of life.

**Ms MARTIN:** Considering that, 70per cent and 75per cent is not going badly.

**Mr CHAIRMAN:** That concludes consideration of Output 1.1. It also concludes consideration of this output group. Are there any other Non-Output Specific Budget-Related questions for the Auditor-General's portfolio? No. On behalf of the committee I would like to thank staff from the Office of the Auditor-General for attending today.

#### **NORTHERN TERRITORY ELECTORAL COMMISSION**

**Mr CHAIRMAN:** Chief Minister, please introduce the officers who are accompanying you at the table.

**Ms MARTIN:** Our Electoral Commissioner, Barrie Hamilton, and Greg Davis, also from the Electoral Commission, and to my left from the Department of the Chief Minister, Andrew Kirkman, the Chief Financial Officer.

#### **OUTPUT GROUP 1.0 – Northern Territory Electoral Commission Output 1.1 – Electoral Services**

**Mr CHAIRMAN:** The committee will now proceed to consider the estimates of the proposed expenditure contained in the Appropriation Bill 2004-05 as they relate to the Northern Territory Electoral Commission. I now call for questions on Output Group 1.0, Northern Territory Electoral Commission, Output 1.1 - Electoral Services.

**Mr MILLS:** Your press releases, Chief Minister, spin a really good yarn about the independence of this new creation when, in fact, one of your press releases talks about additional funding so that we can establish quite clearly that there will be not only statutory independence but financial independence. How is it, therefore, that you have a decrease in this budget?

**Ms MARTIN:** Let me go through those decreases in the budget, making the point that there were increases in the original estimate for 2003-04, \$160 000 of that was to establish the Electoral Commission, and there was also the accounting treatment changes that we have seen in all agencies.

**Mr MILLS:** So, what do you mean \$160 000 ...

**Mr CHAIRMAN:** Let the Chief Minister please finish her answer.

**Ms MARTIN:** Yes, there were those in the 2003-04 budget from the original estimate. The decreases from this year, 2003-04 to 2004-05, revenue related to expenses decreases by \$390 000 from 2003-04, and that is an accounting treatment, I think is the best way to call it, and that is due to recovery of local government elections that were held in 2003-04, and also the \$160 000 decrease from the previous year for the establishment of the Electoral Commission. There were some other minor decreases of \$50 000, and that amounted to \$0.61m.

**Mr MILLS:** I am a little baffled by all of that. Could you explain, please, \$160 000 to establish the office? What did the \$160 000 effectively do?

**Ms MARTIN:** Maybe that is best referred to Barrie Hamilton.

**Mr HAMILTON:** Mr Chairman, the initial \$160 000 was for items such as recruitment costs for the commissioner and other staff, an upgrade of the web site, rebadging of polling equipment, document production, there were some IT consultants which we needed to review our web site, and some other document production.

**Mr MILLS:** All that appears to be the Chief Minister to be dressing the package so that it looks independent. I would still assert that there is no clear financial independence contained within this. There is the style, but there is little substance. I would expect this office to have no dependence in any sense, to be completely and financially independent, so I would be expecting, and I think Territorians would be expecting, in real terms, an increase.

**Ms MARTIN:** The reality is that if you have an auditor, they get an allocation; if you have the Ombudsman, they get an allocation. The Electoral Commission also gets an allocation.

**Mr MILLS:** And independent.

**Ms MARTIN:** We are in the process of establishing a new Electoral Commissioner. That advertising process and interview has gone through, and when that new Electoral Commissioner comes on board, we will make an assessment of the needs of the office, and we will then put that to government.

**Mr MILLS:** Do you still stand by your statement that there will be additional funding?

**Ms MARTIN:** There will be additional funding, but the nature of an electoral commission is that you do not actually know when elections will be held, and you cannot actually factor that into budgets. It was not the local government elections, as I understand, correct me if I am wrong, were not factored into this budget, and they were dealt with when they came about. The same would happen for any other responsibility for elections that will happen. I say again, that when the new electoral commissioner is appointed, then there will be an assessment of what is needed according to the legislation for the new electoral commission, and that will come to government.

**Mr MILLS:** Let us consider, if there is an election called shortly after the appointment of this new independent commissioner, they will obviously need some additional money, or do I presume there is no election this year?

**Ms MARTIN:** The procedure is that when there is an election, the funding is then allocated. That is the normal procedure with anything like this, and that will happen.

**Mr MILLS:** I have not been a Treasurer. Can you explain to me how that actually works? Do they just come and knock on the door and say: 'I need a bit of extra money'?

**Ms MARTIN:** It will be in the way of a Cabinet submission. That Cabinet submission will detail, against the legislation, what is required and the sum that is required. That will be the subject of a Cabinet discussion. There are very clear guidelines in the legislation about what is to form the Northern Territory Electoral Commission, and that will be followed.

**Mr MILLS:** Thank you, Chief Minister.

**Mr CHAIRMAN:** Are there any other questions? Member for Nelson.

**Mr WOOD:** Yes, I just thought I could not miss there, especially when, Chief Minister, you said that it was very hard to budget and you did not know whether there was going to be an election. Of course, you could have fixed that up with fixed-term elections. At least you knew when local government was going to occur. Chief Minister, can you say why there are estimated to be less people on the Electoral Roll for this financial year than last financial year? It is at page 22, under Performance Measures.

**Ms MARTIN:** The Electoral Commissioner is very pleased to answer that.

**Mr WOOD:** Thank you, Electoral Commissioner.

**Mr HAMILTON:** Mr Wood, the Australian Electoral Commission has been doing a lot of roll maintenance work with their continuous roll update program. Certainly, over the last 12 months, there has been considerable variation in the roll. It is what the figures say here; it has actually gone down. Recently, with the local government elections, we picked up something like 3000 enrolment cards. I guess it is a dynamic document, but I would suspect that most of that is as a result of the work done by the AEC.

**Mr WOOD:** That it has gone down?

**Mr HAMILTON:** Yes.

**Ms MARTIN:** I also note that the AEC is currently doing an enrolment drive, and you have probably received your form from them too.

**Mr WOOD:** Yes, I have and I voted, too. Just the other question, Chief Minister: again, why is the average cost per enrolled elector per election gone from the 2003-04 estimate which was less than \$8, to the new 2003-04 estimate which is less than \$14, to the new 2004-05 figure of less than \$11?

Why is there such a big variation?

**Ms MARTIN:** Again, I might refer to Barrie.

**Mr HAMILTON:** That figure just relates to the overall budget to the office compared to the number of people on the Electoral Roll. Again, there is some variation as that roll figure goes up and down.

**Mr WOOD:** Through you, Mr Chairman, my final question is one that they probably they expected. Is it possible that, when there is only a single ward being voted on in places like Litchfield Shire, when the ads go out in the paper, it actually says Litchfield Shire and has the specific ward? The number of people who thought that they had to vote in the last election was quite enormous. All of the original advertising in the *NT News* said people in Litchfield, Darwin, Katherine, etcetera, had to vote when, in actual fact, only people in the South Ward of Litchfield had to vote. That ad went in on the Friday and the Saturday of the weekend that the election was held. I know it is only a simple thing, but could it be made clear that when local government elections are held - especially in municipalities where there are wards - it is clear where people have to vote?

**Mr HAMILTON:** Mr Wood, yes, you had brought that to our attention. We certainly recognise that was an issue. However, having said that, the end result in terms of voter turn-out we had for the Litchfield Shire was quite high, and we were very pleased with that. However, we did get a number of people ringing our office and confirming whether they were in South Ward or not. Of course, we responded and confirmed their enrolment. We have certainly taken note of your comments.

**Mr CHAIRMAN:** Are there any further questions?

**Ms MARTIN:** Could I make one further point? It was something overlooked. There is an increase in the current budget for the Electoral Commission of \$300 000, specific to this year, to support that setting up, in the first instance, of the Electoral Commission.

**Mr CHAIRMAN:** That concludes consideration of this output group. Are there any other non-output specific budget related questions?

On behalf of the committee, I thank officers of the Electoral Commission for attending today.

Could we please have the Office of the Ombudsman? While they are settling in, there has been a tendency in the last session that we had for the question to stretch out a little bit longer and threw out a bit a valuable time. If we could have our questions a bit more succinct, I am sure we will get through a lot more.

#### **OFFICE OF THE OMBUDSMAN**

**Mr CHAIRMAN:** Chief Minister, I invite you to introduce the officials accompanying you.

**Ms MARTIN:** With me is the Ombudsman, Peter Boyce, and Business Manager from the Ombudsman's Office, Karen Lewis.

#### **OUTPUT GROUP 1.0 - Office of the Ombudsman Output 1.1 – Office of the Ombudsman**

**Mr CHAIRMAN:** The committee will proceed to consider the estimates of proposed expenditure contained in Appropriation Bill 2004-05 as they relate to the Office of the Ombudsman. I will now call for questions on Output Group 1.0, Office of the Ombudsman, Output 1.1, Office of the Ombudsman.

**Mr MILLS:** Thank you, Mr Chairman. Do I direct my questions to the Chief Minister or to the ...

**Mr CHAIRMAN:** To the Chief Minister.



**Ms MARTIN:** And I can refer them, if that is appropriate.

**Mr MILLS:** How is the workload of the Ombudsman?

**Ms MARTIN:** That is probably a question better given to the Ombudsman, I think. Mr Boyce.

**Mr BOYCE:** Current statistics for this year for the Office of the Ombudsman show an overall increase of complaints of about 15per cent, primarily in the level of inquiries rather than the level of actual matters translated to complaints which remain consistent with last year. In other words, there are about 550 complaints which will be end being transferred through by the end of the year. There is an increase in the number of people approaching us, not necessarily an increase in the actual complaint workload.

**Mr MILLS:** Is that the nature of the complaint or the fact that you are under increased pressure and are unable to deal with the quantum of complaint?

**Mr BOYCE:** We have introduced over the last two or three years a number of strategies that enable us to determine which matters should move on after assessment and be treated as complaints whereas previously we did not have such stringent processes. Our case management protocols have been tightened up considerably. We are just starting to notice that there are some stresses and strains in this process whereas some of our timelines are starting to slip. It is a bit hard to say whether that is a trend that is going to continue. There have been two major reviews of legislation over the last 18 months affecting both the Ombudsman's Office and my other area of Health and Community Service Complaints Commission, which means resources have been diverted to deal with that as a matter of priority and whilst we focussed as much as we can on the complaint side, there is some slippage there in terms of timelines.

**Mr MILLS:** I think what I am hearing is that there is an increase in the number of complaints and obviously there will be a number of those complainants unsatisfied, not able to be heard by your good office.

**Mr BOYCE:** We have just started, on the Ombudsman's side, doing a complainant satisfaction survey. We estimated that for the first period that we would get about 60per cent satisfaction rate in our performance measures. That it is currently running at 67per cent. So it is an indication that there is a reasonable amount of satisfaction. Certainly, one of the key issues flowing through from that survey is the timelines; how long it has taken us to address their complaint; and meeting certain reasonable timeframes.

**Mr MILLS:** I understand that, therefore, the budget figure of \$1.8m last year, in fact, came in at an increase of \$2.2m, the estimate for this period. Is that a reflection of the increased workload?

**Mr BOYCE:** It was a reflection, certainly, of the increased workload relating to the review of legislation because the government made a one-off funding allocation for one position in the Health Complaints area to cover the work, it was later in the year, in relation to the review and also the fact that we had a staff member go on maternity leave which created quite a gap, quite a lengthy period where we needed to cover that.

**Mr MILLS:** So on that, the level of funding is in fact, in this budget, less than where you arrived at or where you are arriving at the end of this period?

**Mr BOYCE:** It is a small amount less, yes.

**Mr MILLS:** I have finished, Mr Chairman.

**Mr CHAIRMAN:** Questions from the committee? That concludes consideration of output 1.1.

**Output 1.2 - Health and Community Services Complaints Commission**

**Mr CHAIRMAN:** The committee will now consider output 1.2, Health and Community Services Complaints Commission. Leader of the Opposition?

**Mr MILLS:** I am fine, thank you.

**Mr CHAIRMAN:** Committee members?

**Mr WOOD:** A sort of global look?

**Mr CHAIRMAN:** We will be in that shortly. No questions? That concludes consideration of this output group. Are there any other non-output specific budget related questions?

If that is the case, on behalf of the committee I thank officers of the Ombudsman's office for attending today.

I take this opportunity to do a little bit of housekeeping, which I have neglected. The time is 7.15 pm. For the *Hansard* record, pursuant to the Terms of Reference of the Estimates Committee, I wish to advise that Madam Speaker has nominated the member for Barkly to replace the member for Karama.

**DEPARTMENT OF THE CHIEF MINISTER**

**Mr CHAIRMAN:** We will now interrogate the estimates of the Department of the Chief Minister. Chief Minister, would you care to introduce the officials accompanying you?

**Ms MARTIN:** Yes, here is the Chief Executive Officer of the Department of Chief Minister, Mr Paul Tyrrell, and Chief Finance Officer, Andrew Kirkman.

**Mr CHAIRMAN:** Chief Minister, the committee will now proceed to consider the estimates of the proposed expenditure contained in Appropriation Bill 2004-05 as they relate to Chief Minister. I now call for questions on Output Group 1.0, Output 1.1 - Policy Advice and Coordination.

**OUTPUT GROUP 1.0 – Policy Advice And Public Sector Coordination**

**Output 1.1 - Policy Advice and Coordination**

**Ms MARTIN:** Could I just make a statement here - not a statement - just something that we dealt with last year and it was about the whole-of-agency questions that were asked last year. What we did last year was to ask whole-of-agency questions and deal with those, and then go to specific outputs. I do not know whether that is something that you wanted to do this year or how you wanted to do it?

**Mr BURKE:** That is fine. I have specific questions on fuel prices which we would like to address now and then also we have questions on the parks handover which we would like to assume would address indigenous policy next.

**Ms MARTIN:** We will go through the outputs as identified.

**Mr MILLS:** I was going to say, Mr Chairman, that issues related to policy advice and coordination, I would be letting questions on that, but when it comes to indigenous policy, I am presuming that is where the parks estate issue would be best addressed, and those questions would ...

**Mr CHAIRMAN:** I would suggest that we stick with the process and go through it output by output and under the non-output specific budget related questions perhaps there is room there for global.

**Mr WOOD:** Can I just make a comment? I opened a question up on the first day basically that the

summary of the estimates in the budget figures overall, and that is why I thought I could ask a global question.

**Mr CHAIRMAN:** I think we got ourselves, as a committee, into a little bit of trouble just before with doing global procedures. Let us stick to the process.

**Ms MARTIN:** I was just basing it on last year that that was the preferred way of doing it by the committee, and so I was just raising it this year. There were global questions about marketing and consultancies and that kind of thing.

**Mr CHAIRMAN:** Can I suggest at the end then, Chief Minister, under non-output specific budget related?

**Ms MARTIN:** That is fine.

**Mr CHAIRMAN:** We will roll as per the sheet. Once again, I will now call for questions on Output Group 1.0 – Policy Advice and Public Sector Coordination, Output 1.1 - Policy Advice and Coordination. Leader of the Opposition.

**Mr MILLS:** Thank you, Mr Chairman. Chief Minister, there is an issue that was of great interest to you when you were in opposition, that being the price of fuel. You were so driven by this issue that you presented a bill to parliament, you raised a motion for the fuel price inquiry, and you even raised a matter of public importance. Chief Minister, do you know what the fuel price is now?

**Ms MARTIN:** I would like to just make the point: is this to do with an appropriation that is in policy advice and public sector coordination? Fuel is a very important issue, but we are actually dealing with estimates and appropriations, and we are in the area of policy advice and public sector coordination.

**Mr MILLS:** I would presume, this being an issue of public importance and of concern in the community, that within this agency you would have the capacity to respond to an issue which is of great concern to you.

**Mr BURKE:** Can you tell us the area that it is more appropriate to ask the question?

**Mr CHAIRMAN:** One moment, please. The Chief Minister does not see the relevance of that question to this particular output.

**Ms MARTIN:** I do not see the relevance, and while I am saying the cost of fuel is very important, it is not an issue to do with this area of my department.

**Mr MILLS:** Therefore, where, Chief Minister, would it be best to raise these matters?

**Mr CHAIRMAN:** Leader of the Opposition, it is up to you to determine where it is best to raise.

**Mr MILLS:** Here, in estimates. The Chief Minister is not going to answer.

**Mr CHAIRMAN:** Well, you find the appropriate output. As the Chief Minister has indicated, 1.1 is not the position, so we will move on, please.

**Mr MILLS:** This is an issue of fuel pricing ...

**Mr CHAIRMAN:** Yes, but it is not up to the Chief Minister to tell you where to ask that question. It is up to you to determine when to ask the question.

**Mr MILLS:** Okay, well I will continue. Chief Minister, do you know what the fuel price is now?

**Ms MARTIN:** I think the latest fuel price for unleaded is \$1.069.

**Mr MILLS:** \$1.069 – and in other capital cities?

**Ms MARTIN:** Again, I would say that this is not an issue to do with appropriation under this particular output.

**Mr MILLS:** I would assert that it is.

**Ms MARTIN:** There are many areas that you can raise, in the parliamentary context, those kinds of things. We are actually doing an estimates process where you are asking questions specific to these outputs. What I would expect in policy advice and public sector coordination, is where we spent over the last year, and where we will be spending in the next year, accounting for that quite properly.

**Mr MILLS:** I believe the tourism industry, Chief Minister, would be particularly interested in your response to this issue. This is a matter that government must respond to in terms of promoting a strategic response to an issue of great impact to Territorians, and it fits within the parameters ...

**Ms MARTIN:** When we have completed the Department of the Chief Minister, we will be going on to Tourism.

**Mr MILLS:** It fits, Chief Minister, within the parameters of this agency.

**Mr CHAIRMAN:** Leader of the Opposition, the Chief Minister has indicated that she does not believe it relevant to this particular output, so if we could get on with a different line of questioning which is more relevant to this output, it would be much appreciated.

**Ms MARTIN:** Whilst I am saying that fuel is a very important issue, you are looking at this output and simply ignoring the fact that there are certain areas that are dealt with in here, that we are supposed to be looking at, and justifying, and accounting for. That is what I am here for. After I have finished this appropriation, I will deal with my capacity as Tourism minister.

**Mr MILLS:** In regards to this issue, and in this line, I would presume that you have received some policy advice on this matter, and this output areas is responsible for effective implementation of priorities across government in policy advice.

**Mr CHAIRMAN:** Leader of the Opposition, the Chief Minister has made her position very clear about where she believes such questions belong. Can we move on and stop staying over the old ground? We are not getting anywhere on this.

**Mr BURKE:** I think it is unsatisfactory.

**Mr CHAIRMAN:** Member for Brennan, I am the Chair, I am ruling on this and I am saying ...

**Mr BURKE:** You are the Chair. Are you going to gag any question on fuel prices? I mean the question to the Chief Minister is surely that the impact of fuel prices impacts on your whole strategic direction.

**Mr CHAIRMAN:** Member for Brennan, I have made my ruling on this.

**Mr BURKE:** We will wait for the Chief Minister to respond rather than be gagged on this.

**Mr CHAIRMAN:** Are there any more questions on Output 1.1.

**Mr WOOD:** Yes.

**Ms MARTIN:** Mr Chairman, I am happy to have the question asked, but I think it should be relevant to the appropriation here, as are the guides for estimates.

**Mr CHAIRMAN:** I believe that you have made that quite clear, Chief Minister.

**Ms MARTIN:** Yes, quite seriously.

**Mr CHAIRMAN:** Member for Nelson.

**Mr MILLS:** Excuse me.

**Mr CHAIRMAN:** Are you going to move on from this?

**Mr MILLS:** So, you are saying that I cannot ask any further questions on that? We have already said that this issue has a great impact upon strategic response to tourism and a whole range of issues in our community, and you have a policy coordination unit.

**Ms MARTIN:** Mr Chairman, I am happy that the Leader of the Opposition asks this, and I will deal with it appropriately, but I make the point very clearly that it is not part of this appropriation. It is not part of this output.

**Mr MILLS:** I would assert that it is, in fact.

**Ms MARTIN:** I would also assert that you are not always right.

**Mr MILLS:** Chief Minister, apparently you are not. You had a grave concern about the price of fuel whilst in opposition, and your position today is one that is quite different than the position you held then. Can you tell me the price of fuel in other states? Roughly?

**Ms MARTIN:** Again, keep going with your questions. I do not think it is relevant. There is nothing in this appropriation that says what is the price of fuel in Sydney, Melbourne, wherever. As I understand it, fuel prices are over \$1 or around \$1 in most capital cities - as I understand it.

**Mr MILLS:** In Sydney it is 97.9¢, in Melbourne it is 94.9¢, in Brisbane it is 89.7¢, in Adelaide it is 94.7¢, in the Northern Territory, currently, it is \$1.07, and when, Chief Minister, you came to office, it was 94.4¢ per litre – a significant increase. What is your response today, now that you have the capacity to present bills, raise motions and have some real action on fuel prices? Whilst in opposition you had a very clear and vigorous position. What is your position today?

**Ms MARTIN:** I will respond to the Leader of the Opposition because there are particular circumstances throughout the world that have led to these fuel prices which are out of control of the Australian nation. It is a war in Iraq; it is the demand in China for fuel. These circumstances are impacting quite directly on the cost of fuel, not only in the Northern Territory, but right across Australia and in many other part of the world. It is a fact of life that that is something we have to deal with. We have maintained our subsidy for fuel – 1.2¢ a litre – and that is in stark contrast with the CLP when in government which tried to get rid of it. Certainly, we will continue that.

**Mr MILLS:** So, what is your response? What are you actually going to do? Just explain it away or are you going to do something? You were fairly well driven to do something whilst in opposition. Now is your opportunity. In fact you said, Chief Minister, that those who were dispensing fuel were profiteering. Are they profiteering today?

**Ms MARTIN:** It is interesting, Mr Chairman, that the Opposition Leader makes up words to describe what I did not say. It is very interesting ...

**Mr Mills:** Oh, be very careful with that, Chief Minister.

**Ms MARTIN:** ... because the Opposition Leader asserts that I do not have any concerns about the price of fuel. As Tourism minister, yes I do. However, I would also say that the war in Iraq, and the destabilisation in the Middle East generally, is not really in the control of the Chief Minister of the Northern Territory. In the three years that I have been Chief Minister, the price of fuel has gone up and down from that 94¢ a number of times. I am confident that world circumstances will see the price of fuel reduced. It is a sad fact of life that in the Territory it is more expensive, and the mechanisms to actually tackle that are very difficult ones.

**Mr MILLS:** Chief Minister, in a by-election in 1999, I can remember your statements loud and clear - right across the community. This was a potential Chief Minister who was very concerned about fuel prices and was going to do something ...

**A member:** An inquiry.

**Mr MILLS:** In fact, an inquiry. What have you done now that you have the opportunity to do something about concerns you raised whilst in opposition? What have you actually done other than explain it away on the war in Iraq?

**Ms MARTIN:** If the Leader of the Opposition was not being quite so ignorant, he would realise that the war in Iraq and destabilisation in the Middle East is a critical factor in why the price of fuel is as it is in the Territory. That is a fact of life. I have answered enough questions which are not appropriate to this appropriation and not appropriate to this output - and that is the finish of it.

**Mr MILLS:** No inquiry?

**Mr CHAIRMAN:** The Chief Minister has stated her position, Leader of the Opposition. Any more questions on that output?

**Mr MILLS:** Not for now.

**Mr CHAIRMAN:** Any other questions from the committee?

**Mr WOOD:** Chief Minister, using figures and information from the government *Gazette*, it appears that your department has spent almost \$5m on consultancies from March 2003 until last week. I would like to ask you about some of those consultancies.

Last week, there was a \$34 000 consultancy for community engagement by Socom Victoria, which had a certificate of exemption. What are they doing and why?

**Ms MARTIN:** Bear with me, member for Nelson. That is actually within the output for Community Engagement and I can appropriately answer it there, which I am very happy to do.

**Mr WOOD:** All right. It is difficult from these to work out where they are community engagement and where they are other things, but I will ...

**Ms MARTIN:** No, but if I can add that so we can ...

**Mr WOOD:** You can you let me know.

**Ms MARTIN:** I am not going to try to ...

**Mr WOOD:** The second one: someone named Scott in the ACT – Scott's Consulting Services - received a \$200 000 contract for consulting services. That was also a certificate of exemption. What is that person or company doing?

**Ms MARTIN:** Paul Scott has been employed by the Territory government for – I cannot give you how many years, now - I think maybe the member for Brennan could help.

**Mr Burke:** I did not hear the question.

**Ms MARTIN:** Two and a half years - Paul Scott as our representative in Canberra. Paul Scott interacts with the federal government on behalf of the Territory government. He organises meetings for ministers. He keeps across the issues and is the facilitator of our relationship with the federal government and has done the job well for a number of years and that contract has continued.

**Mr Burke:** Money well spent. Money well spent.

**Mr WOOD:** Thank you, Chief Minister and member for Brennan. He has two contracts. He also has another contract for \$220 000 as Canberra Consultancy Representation Liaison Services. Am I to believe that he has two consulting services-type contracts worth \$420 000? Is that correct?

**Ms MARTIN:** No. I refer this to Mr Tyrrell.

**Mr TYRRELL:** I think that is over probably two separate years. It is around about \$220 000 a year on average. I have one here listed for \$154 820 for a C of E for 20/02/03 to 19/02/04.

**Mr WOOD:** Yes, there is one as 2003 and one as 2004.

**Mr TYRRELL:** That is right.

**Mr WOOD:** Yes. Chief Minister, there was a \$37 000 consultancy to evaluate investment advertising. Could you say what exactly that means and what were the results of that evaluation?

**Ms MARTIN:** Can you give me the name of that one?

**Mr WOOD:** I knew you would ask me that one.

**Ms MARTIN:** Well, it is a little difficult without the name of it.

**Mr TYRRELL:** I think the consultancy was to do with evaluating the effectiveness of the investment advertising interstate, to look to see what increase and awareness had been achieved. The Roy Morgan contract, I think it was.

**Ms MARTIN:** Yes. Can I explain further on that one? The Roy Morgan contract was put in place in Brisbane and Sydney to be able to assess the impact of the investment missions there in the second half of last year, and to get feedback on whether our campaign in both those cities was effective. It showed that there was a much greater awareness of the Territory as a place to live, work and invest. So, it worked well. To spend those dollars on investment missions you need to have an assessment of what is happening on the ground.

**Mr WOOD:** I suppose the proof in the pudding is whether our population increases.

**Ms MARTIN:** Absolutely.

**Mr WOOD:** Chief Minister, there was \$119 000 for evaluating customer satisfaction to Colmar Brutton Research Services in Darwin. Who are the government's customers or is this another way of saying 'focus groups on government policy'? This was May 2004.

**Mr TYRRELL:** That is a consultancy undertaken by Risk Management Services on behalf of the Department of Business, Industries and Resource Development. That part of our department does a number of consultancies for other departments, internal audit and reviews. Probably, it would be best to address that to the department to discuss the rationale for the consultancy and also the outcome. Risk Management Services is an internal consultancy for other departments and they do work on briefs from those departments.

**Mr WOOD:** Thank you. Through you, Mr Chair, yes, the problem is in the *Gazette* it does not say anything about - it just says the Department of the Chief Minister.

**Mr TYRRELL:** Sure, because we do it on behalf of those departments. I guess if you make a note of that, you would be able to take it up at the time.

**Mr WOOD:** Just another question: the government has already committed \$1.5m to the Darwin Convention Centre just through a series of consultancies. They add up to \$1.536m, actually. Is that money on top of the \$100m that you have promised for the convention centre? Referring to that \$100m, does the successful developer get that \$100m in cash?

**Ms MARTIN:** That question is more appropriate when we get to Territory Development, which is the next output.

**Mr WOOD:** All right.

**Ms MARTIN:** On the issue of the waterfront, the expenditure, which I am very happy to talk about, is actually through the Department of Infrastructure, Planning and Environment. I am very happy to talk about it during the next output.

**Mr WOOD:** I will ask you there because you are a big pusher of the waterfront, Chief Minister.

**Ms MARTIN:** Absolutely.

**Mr WOOD:** Thank you, Mr Chairman.

**Ms MARTIN:** I just make the point that the member for Brennan said he would like to talk about indigenous policy and it is within this ...

**Mr MILLS:** No, that is the next output. We have not finished this one yet.

**Mr CHAIRMAN:** So there are no more questions on ...

**Mr MILLS:** Yes, there are.

**Mr CHAIRMAN:** On that output, 1.1?

**Mr MILLS:** I said 'for now' and then I went across there to have a breather. Now I am back.



**Mr CHAIRMAN:** I am sorry; the suspense was hurting.

**Mr MILLS:** Chief Minister, given that one of the areas of responsibility under this output is monitoring and coordinating the implementation of government's strategic directions, what has happened to the population strategy that you told this committee last year was late, but you expected it in a few months? Twelve months later, what is the position on the population strategy?

**Ms MARTIN:** There are many elements of the population strategy that are currently underway. Certainly, as I explained last year, a population strategy wrapped up in a tidy book is one thing, but having the elements actively pursued - the Business and Skilled Migration within the area of DBIRD, the investment strategies that I have been carrying out through the Department of Chief Minister in those investment missions to other capital cities last year, and also to the investment mission like the one to China, are all components of that. They are being well pursued. In terms of the population policy, it is being worked on by a unit within my department and its major issues are about sustaining population growth, about improving the retention of overseas and interstate immigrants, and producing a skilled and educated workforce. They are the three key components of it.

In terms of a lot more effort going into business and skilled migration, that is happening within DBIRD with some results that I am sure the minister responsible will be happy to talk about. Producing a skilled and educated workforce is part of what is happening within DEET, and the Jobs Plan is a target for that because in building our own capacity in terms of population policy, that is critical. The policy will come together but, in the interim, we are pursuing all elements of it.

**Mr MILLS:** Chief Minister, you are well aware that this issue is of very grave concern to Territorians. When you tell them that you are responding by formulating a strategy - 12 months ago you said it is a bit late, and 12 months later, it still has not been formulated - and today we learnt that 1400 have left the workforce in the last two years. What do you have to say? We are going to find a document that then allays all our fears and addresses our deep concerns, or is it just some sort of activity to create the impression that you are doing something, which has not happened in over 12 months? We had an assurance 12 months ago.

**Ms MARTIN:** It is interesting from the point of the opposition who want to talk down the economy and want to talk down our opportunities. If you look, Opposition Leader, at the last three quarters from the ABS, our population is growing. Our population is growing, not ...

**Mr MILLS:** By what amount, Chief Minister? It is well below the national average.

**Ms MARTIN:** I will recognise that it is below the national average, and I will recognise that we want to really see that growth pick up, but it is growing. I know it is the role ...

**Mr MILLS:** The electoral roll is not.

**Mr CHAIRMAN:** Leader of the Opposition.

**Ms MARTIN:** Mr Chairman, I know that it does not suit the Opposition Leader to hear that the population is growing. I know that it does not suit the Opposition Leader to say that projects are in place that are building our workforce. A project ...

**Mr MILLS:** That is not my question.

**Mr CHAIRMAN:** Leader of the Opposition, please let the Chief Minister finish.

**Ms MARTIN:** A project like the LNG plant, where more than 60 per cent of those working on it are locals, the others are in from interstate. We have major decisions being made about a project at Nhulunbuy, the Alcan expansion, with a considerable workforce, well over a thousand as it gets built.

These projects are in line and the waterfront is one of those. So, in terms of projects that will build our capacity for locals, but also encourage those from interstate to move here, they are in place.

There are other aspects of that, also, as we see our economy growing, and that will build confidence in those coming here and those wanting to come here. So, whilst that policy has still not been finalised, the elements are there. We are not sitting on our hands while the policy has not been made in to a document. That will happen, and it will happen fairly soon. Even though you do not want to hear the fact that the population is growing, and that there is greater confidence in our economy, because it does not suit the opposition's point of view, it is actually happening.

**Mr MILLS:** Twelve months ago when you were asked this question, because there are grave concerns about the population growth in the Northern Territory, Chief Minister, at mid-year 2001 the Northern Territory had the strongest growth of any jurisdiction. Since that time it has significantly fallen. I would have expected that you would have this as a high priority, that you would assert that this is the highest priority of this government. Twelve months ago you were asked this question, and you said, yes, yes, we are concerned and it is a little delayed. Twelve months later, how much later down the line do we have to wait, while in your office you get on with this job and finish it so that we at least got some response for it?

**Ms MARTIN:** Again I say to the Opposition Leader, having the policy all bound, and you would probably say produced in a glossy format, is not the only way that we are building the population. The investment strategies, the job generation projects that are coming on board, are very significant for how we are building the economy, and the business migration strategy that is happening in DBIRD are all elements of this. The Jobs Plan is another element. If it is so important to have a finalised glossy document, then that is your priority. As Chief Minister, I want to see this economy grow, because I have looked at the figures, I looked at what happened to our economy, and since 1997, there has been a downward slide in our economy. At the end of the Defence build-up, we have seen all the economic indicators head down since then. The last two years, the last three years with tourism, have had the biggest impact on our economy, and we saw the impact in terms of employment.

Tourism employs something like 15 per cent of our workforce, either directly or indirectly. The additional funds into tourism, building the tourism capacity, getting airlines back, having marketing strategies are all part of building our population. They are all strong parts of it. If you look right across government, all those aspects are being pursued vigorously, and when you look at the figures, with success.

That population policy, in its completion, will turn up, but all the elements we are driving hard to get the best success for the Territory.

**Mr MILLS:** I have just worked it out, Chief Minister. This glossy document, as you describe, this important position paper, will be released just before an election. Chief Minister, why do you believe that the population is growing? What do you base that position on?

**Ms MARTIN:** You can start with the ABS. Those figures show that there is growth.

**Mr MILLS:** You are confident?

**Ms MARTIN:** You are saying not as much as the national figures, and I admit that.

**Mr MILLS:** No, no. You are confident in the ABS figures?

**Ms MARTIN:** Well, you have to have some benchmark. You look at the ABS figures and you say: 'They are indicating that our population has grown'. That is a good starter.

If you look at the activity in the home market, in the residential market, and talk to real estate agents,

it is very active; there is a much lower vacancy in our unit market. Those are some of the indicators you look at. There is a growth in vehicle sales. The indicators across our economy are all showing that there is greater activity - particularly the housing market is a key sign. If you do not want to believe the ABS, there are other factors. It disappoints me that the opposition just simply wants to talk the economy down ...

**Mr Burke:** Treasury does not believe you.

**Ms MARTIN:** One of the key factors in building the Territory capacity is having confidence in the Territory about our future. It is very important.

**Mr MILLS:** Chief Minister, it is just extraordinary that, if the ABS reports population growth, it is believable. We spent a number of hours today with the Treasurer and when population is in decline ABS figures are unbelievable and unreliable. Which way do you want it? When they show it in a favourable light, 'ABS figures assert this'; when it is unfavourable light, 'Well, we have to ask questions about ABS figures, don't we?'

**Ms MARTIN:** And we will continue to ask questions about ABS figures ...

**Mr MILLS:** Where it suits.

**Ms MARTIN:** I have time for a response here, because we have taken up the issue of under-numeration - particularly in our remote areas - with the ABS and we are working with them, and quite rightly. Some early indications are that in many of our communities there is serious undercounting. If you are arguing that we should not do that ...

**Mr Mills:** No, I am just saying you have different positions depending on the story you get.

**Ms MARTIN:** ... that has a direct impact on the funds that we get from the Commonwealth Grants Commission. Therefore, while on one hand we can see growth in the economy - and the Opposition Leader should certainly recognise that many of those indicators are there - if you look at the retail growth over the last 12 months there is a lot more money being spent in our economy. You should celebrate the fact that our population is growing. You should celebrate the fact that businesses are experiencing greater optimism about the future, rather than just nitpick about whether we are believing the ABS or not. Go out into the mall, go out to Casuarina, and take a look at what is happening. Take a look at it.

However, at the same time that I am saying there is growth in the ABS, in how it counts our statistics and our numbers, we are also having a very big argument with them about undercounting the bush.

**Mr CHAIRMAN:** Are there any further questions on that particular output? That concludes consideration of Output 1.1.

### **Output 1.2 – Indigenous Policy**

**Mr CHAIRMAN:** The committee shall now consider Output 1.2, Indigenous Policy.

**Mr BURKE:** I wanted to concentrate on the issue of ...

**Ms MARTIN:** Mr Chairman, sorry. I will just introduce Neil Westbury, Senior Director of the Office of Indigenous Policy.

**Mr CHAIRMAN:** I would ask you to identify yourself when speaking, for the record, Mr Westbury, thank you.

**Mr BURKE:** Chief Minister, I wanted to concentrate a number of questions on your Parks and

Reserves Framework for the Future Bill. I believe my numbers are right. The history of the decision to move with this legislation was that there were 49 parks that were decided by the High Court to be invalidly declared and, subsequently, the government declared 11 parks under the *Aboriginal Land Rights Act* initially, plus then ...

**Ms Martin:** No, not declared.

**Mr BURKE:** Well, can I just ...

**Ms Martin:** Sorry.

**Mr BURKE:** ... say it as I understand it, then you can clarify it. That is what I am endeavouring to do during these serious of questions. Eleven parks were declared under the *Aboriginal Land Rights Act*. A further three parks were further declared under the *Aboriginal Land Rights Act*. Six parks were subsequently, and are in negotiation to become Aboriginal Park freehold, and there are 12 parks that will be placed under joint management arrangements. Is that right?

**Ms MARTIN:** No, it is not right. As you are very aware, and as we spelled out very clearly, in the Framework for the Future Bill that went to parliament, that is an offer that we have made transparently to traditional owners through the land councils. The person who decides whether something is scheduled or not is the federal minister for indigenous affairs. The offer ...

**Mr BURKE:** That is the intention of the legislation, to reach that point?

**Ms MARTIN:** Only if agreed by the traditional owners through the land councils, so that offer is there. There are different titles. Some are ALRA titles, the ones with a strong claim to achieve scheduling; there are parks in the second schedule that are there for Territory freehold title; and there are a series of parks that have been proposed for joint management; and that offer is out to native title holders and potential traditional owners across the Territory.

**Mr BURKE:** Could you tell me whether the parks, other than those affected by the *Aboriginal Land Rights Act* claims that have the potential for native title to exist, could have been dealt with under the provisions of the *Native Title Act*? Could have, not the fact that you decided not to. Could have.

**Ms MARTIN:** Those parks could have been dealt with under the *Native Title Act* but the basic premise for what we proposed here was that we were looking at a sum with all those parks, dealing with both lands rights claims and native title, that probably would have seen a legal bill of somewhere between \$100m and \$150m. It certainly would have taken probably 15 to 20 years to deal with it. Instead of going through that, we have put together a balanced package. When challenged, I would certainly say that to create a better parks estate in the Territory, where there is more land accessible, more superb land accessible, where it is free to get in, and where we can start seeing some infrastructure put in and some jobs developed in some of those remote areas, if you balance that against paying a lot of lawyers in court, I know where I stand, and that is where that bill firmly stands.

**Mr BURKE:** Well, that is your position and that is also your assertion. However, if you get back to the *Native Title Act* and the provisions of that act, what are the powers that are provided under the *Native Title Act* for you to acquire land under claim in the public interest? I mean, you have decided to deal with it in a different way but what are the provisions that are there, in the *Native Title Act*, for you to deal which is land which is under claim?

**Ms MARTIN:** Can I give that to ...

**Mr BURKE:** I am talking about the compulsory acquisition in the process.

**Mr WESTBURY:** The difficulty with going down the compulsory acquisition route, of course, is that the

government is up for compensation payments in relation to acquiring native title rights and interests. One of the difficulties which you face is how do you value those rights and interests. What sort of bill are you opening yourself up to in relation to that; not to mention the fact, as the Chief Minister has already pointed out, there are still court processes that need to be followed in relation to establishing just what those native title rights and interests might be. By virtue of the legal costs associated with establishing what the rights and interests are, and then the cost that you might be up for in relation to any compensation that might be payable, again could amount to a very sizeable figure.

At the present time, of course, there are still a number of court cases. There is a current court case in relation to Yulara where the question of compensation is being considered as a major test case. We are still not in a position to establish just what the value of the compensation might be. It might be considerable if international jurisprudence is taken into account. We received various legal advices on this but the position at the current time is that it has not been established what those costs might be.

**Mr BURKE:** Yes, but if we just stick to the act and the process rather than what might happen, how long would the acquisition process take according to the act?

**Mr WESTBURY:** There are timelines that are provided in relation to how that acquisition occurs, but it is not just a question of the timelines associated with the acquisition. It is with the overall cost that might accrue to the government over the longer term, both in terms of what compensation will be payable, the uncertainty in terms of supply in relation to the court procedures that will be proceeding in terms of people establishing what those rights and interests might be; and clearly, those acquisitions, one would expect in a number of instances, would be contested by the interests involved.

**Mr BURKE:** I do not dispute any of that. I am simply asking what does the normal time for acquisition to take - 14 months? Are those the timelines provided in the act?

**Mr WESTBURY:** I do not have the precise the timelines with me here. I could take advice on that from our colleagues at Justice, and I can advise you accordingly.

**Mr BURKE:** If an eventual acquisition takes place and compensation is payable, who pays the compensation and how much?

**Ms MARTIN:** Compensation for what?

**Mr BURKE:** For the acquisition of native title rights.

**Ms MARTIN:** Anywhere, in any particular circumstance?

**Mr BURKE:** On these parks.

**Ms MARTIN:** Oh, on these parks.

**Mr BURKE:** If you decided, and I accept that you have decided not to, but if you decided to use the provisions of the *Native Title Act* and acquired under those provisions in the public interest, the timelines provide for 14 months and compensation. If it is eventually decided that native title rights exist and compensation is payable, who pays the compensation?

**Mr WESTBURY:** The government ultimately pays the compensation. The rights and interests are being acquired by the Territory government, then it is Territory government that is up for the costs associated with that.

**Mr BURKE:** Mr Westbury, 75per cent is paid by the Commonwealth under the *Native Title Act*.

**Mr WESTBURY:** There is a proposed arrangement that has been put forward by the Commonwealth in relation to agreements in respect to what the cost sharing might be, but that agreement has not been entered into, as I understand it, by any state or territory at this point.

**Mr BURKE:** So you are telling me that your assumption would be that the Territory would be responsible for the compensation, or do you believe the Commonwealth would bear some responsibility? My understanding is the agreement is that the Commonwealth would pay 75per cent of that compensation.

**Mr WESTBURY:** The Commonwealth did propose agreement some years ago in relation to this, but that agreement has not been finalised with the states and territories and, to the extent to which such an agreement was finalised, there is no question of the 25per cent, even if that applied, still may be a very considerable sum.

**Mr BURKE:** Okay. I would suggest to you that I would have confidence that the Commonwealth would meet their 75per cent of the acquisition costs. But that aside, why isn't Limmen Park included in the arrangements?

**Ms MARTIN:** Limmen Park was withdrawn by the traditional owners from the agreement.

**Mr BURKE:** You have said that you have decided to go down the agreement path ...

**Ms MARTIN:** And I made that very clear.

**Mr BURKE:** Yes. You have said that you decided to go down the path of agreement and reaching a global agreement to prevent the costs of litigation because that would be too costly, yet Limmen Park is excluded. You have said in debate in parliament, Chief Minister, that you are testing this claim quite properly as a government.

**Ms MARTIN:** It is an ALRA claim and we said that when we put the offer that all litigation had to stop, it was not agreed over that area, so it was withdrawn.

**Mr BURKE:** So, is it fair to say that you will reach agreement where you can and you will use the courts process where you can and wish to?

**Ms MARTIN:** We have demonstrated very clearly, for example, on part A of the Larrakia claim, the native title claim in Darwin, that we were in the courts, and quite properly. We are in the courts on other aspects of land rights and native title. However, on this particular area, and similarly in something like the land development issue in Alice Springs with the Lhere Artepe in Larapinta, rather than take the line of compulsory acquisition, as you seem to be pushing, we found an agreement. There are different ways in different circumstances.

**Mr BURKE:** Yes, I understand that, but I am simply going to the point that you said you chose the agreement route to prevent the costly court process, yet it is clear that where the Territory government chooses to, it will use the court process and the provisions of the *Native Title Act*.

**Ms MARTIN:** And we have made that very clear.

**Mr BURKE:** Okay, I have established that.

**Ms MARTIN:** We have made it very clear and it was the decision of the traditional owners to continue that action on Limmen.

**Mr BURKE:** Can I just clarify: if the acquisition processes are followed, native title is extinguished?

**Mr WESTBURY:** If you compulsorily acquire native title rights and interests and you seek to extinguish them through that process, yes, they are. However, as we say, then there is the question of what the cost of that might be and the time that is associated with the uncertainty that applies in relation to the claim process.

**Mr BURKE:** Under the Parks and Reserves Framework for the Future Bill, will native title be extinguished?

**Mr WESTBURY:** The arrangements are as they are set out in the legislation, which requires, as you would be aware, that there are conditions under which the Chief Minister can proceed to implement the arrangements that are set out in the legislation. That requires the agreement to and compliance in relation to entering into indigenous land lease agreements, which we do with native title rights and interests in such a way that provides that those rights and interests are properly dealt with in the context of the good management of the park.

**Mr BURKE:** Yes. Notwithstanding all of that, an ILUA does or does not extinguish native title?

**Mr WESTBURY:** In these cases it does not extinguish native title, but it requires the agreement with native title right holders, or claimants to, that native title is dealt with in a way that is consistent with it being able to properly manage the park, and to ensure that the processes of the *Native Title Act* do not have to be evoked every time you want to construct or do anything within the park. So, the future act processes are effectively dealt with through the indigenous land use agreement.

**Mr BURKE:** Yes. The threshold question is, if the acquisition powers are used, native title is extinguished, compensation is payable to the extent of the native title rights, and we have the debate as to how much the Commonwealth will pick up, I believe it is 75 per cent of those costs. Under an ILUA, notwithstanding the agreement, native title is not extinguished.

**Mr WESTBURY:** You might assert that, but I think the other issue here is the fact that you might be overlooking, is the extent to which such a process would, most likely, completely alienate the indigenous native title holders and interests involved. Given that this proposal is aimed at encouraging Aboriginal involvement and participation in these parks - and there are already a number of Aboriginal people in the parks we talked about who are already resident, and long term residents in these parks - moving down the line of compulsory acquiring their rights and interests would be a significant impediment in relation to establishing the sort of good management arrangements that the act proposes.

**Mr BURKE:** Yes, I accept that is the position you decide; that is the policy position the government has embarked upon. I just wanted to establish the difference between an ILUA, when it comes to dealing with native title, and an acquisition process. What I am trying to get to is that, are you confident that with these parks handover arrangements, there will be no unintended consequences to the Territory taxpayer as a result of this handover?

**Ms MARTIN:** What do you mean by 'unintended consequences'?

**Mr BURKE:** That is the line of questioning I am following now: that you are aware of all the issues with regards to native title, and you are attending to those issues in this parks handover, so that there are no unintended consequences for the taxpayer that have not been foreseen in the way the government is proposing this handover occurs?

**Ms MARTIN:** I am very confident of the legal advice and the work that is being done to make sure that the intention of what is being proposed will be achieved. That intention is to expand our parks estate, to do what we need in terms of tourism, to enhance the experience of those who come here, both locals and tourists, to experience our environment, to experience indigenous culture. We can do that through enhancing our parks estate. It also recognises native title, it also recognises where ALRA

is appropriate. If you look at the success of something like Nitmiluk, and something that the previous government did with the employment of Jawoyn people which has been very successful, then that is the kind of model we are following. If the alternative is to spend a lot of money on lawyers - and this was not an issue of our making. This was not an issue that we expected to happen; it was a High Court decision. It had the consequences that we needed to deal with. I make no bones about it. I am not going to spend money on the lawyers when we can get jobs, we can get a parks estate and we can recognise interest in land.

**Mr BURKE:** Yes, I understand all that. However, I am also simply establishing that the process and outcomes that you are putting in place are going to be the best outcome. We have already established that, when it chooses either party, the court process using the acquisition powers of the *Native Title Act* will be followed. So, if you follow another process you have to be sure that there is no unintended consequences. That is what I am trying to get to: that the process that you are going through, you have every confidence will achieve the outcomes of the rhetoric which, as I said to you in parliament, sounds fine. It is the outcome that I am interested in.

**Ms MARTIN:** We have very clear principles in place. They are part of the legislation, and we are determined that they will be carried through to the detail.

**Mr BURKE:** Right. Just put aside that for a second and let us talk about native title. Are you aware of the native title claims that have arisen over pastoral leases as a result of the exploration licences that have been approved on pastoral leases?

**Mr WESTBURY:** Yes, we are aware and they are matters that we are pursuing through our council and the Department of Justice.

**Mr BURKE:** Okay. They are called polygon claims, as you know ...

**Mr Westbury:** Yes.

**Mr BURKE:** ... and they are called polygon claims because they follow the boundaries of the exploration licence, and they are being used as a mechanism - predominantly on the Northern Land Council area - to gain further native title rights, because of the change of the use of that pastoral lease. Do you agree with me on that?

**Mr WESTBURY:** What the process is, honourable member, is that we are currently engaged in a mediation with the land councils. After discussions and consultations with the Northern Territory Cattlemen's Association, which is aware of the actions that the government has taken in this regard, we are currently involved in mediations before the National Native Title Tribunal in order to look at ways in which these matters might be mediated and resolved.

**Mr BURKE:** Yes, okay. So, we have a problem that you are trying to work your way through?

**Mr WESTBURY:** Correct.

**Mr BURKE:** Okay. In terms of these polygon claims - these claims that are alive on pastoral leases - are you aware of the schedules at the moment? The Chief Minister may not be aware of them. Can I pass it over? She may not have them to hand. What I have counted here is about 132 native title claims over pastoral leases as a result of these polygon claims. Of those schedules that I have handed over, can you confirm that Schedule D refers to claims that are currently in mediation with the National Native Title Tribunal; Schedule B refers to claims referred but not yet in mediation; and Schedule C refers to claims lodged but not yet referred?

**Mr WESTBURY:** I do not have this information here with me and they are primarily matters that have been carried forward by the Department of Justice, which is representing the government in relation to these matters. They would be in a better position to respond to your questions in respect of these



specific issues.

**Mr Burke:** Well, if you cannot ...

**Mr WESTBURY:** In an overall policy context, we certainly have been involved in discussions with the Department of Justice in terms of the approach they are taking to seek a mediation and resolution of these claims. However, in terms of the actual carriage and that this specific - all the details you have just provided me here - they are certainly questions that they can effectively respond to.

**Mr BURKE:** I am sorry you cannot answer them because in Indigenous Policy we are talking about coordinating and developing policies to resolve land issues, and improving social wellbeing and living conditions for indigenous Territorians. A threshold of the whole Chief Minister's statement is that this is what this whole parks handover is all about. What I am trying to get to is the unintended consequences that can arise through claims that are following a separate process. I would have thought that the government and the Chief Minister, who has carriage of this - I do not mean this as a direct criticism - I am simply saying that I would have thought her advisors would have been well and truly aware of the issues involved with these schedules of claims. That is, we have as a result of the exploration licences - I have counted 132, there are probably more - claims that are questioning the whole issue of the extent of native title rights as a result of the access that claimants now have through these exploration leases.

**Mr WESTBURY:** These are claims that were lodged as a result of the objections lodged to exploration leases that were previously made. That is correct. But they are a totally separate set of issues in relation to areas of land and what have you that have not been dealt with under the Framework for the Future Bill.

**Mr BURKE:** I would dispute that and suggest that we are talking about the same issue. That is why I wanted to pursue it to the extent that I hope you will give me leave to do. I think it is very important for the public to understand that we have all of these issues settled in this parks handover or we could be liable for unintended consequences because there are separate native title issues yet to be decided. Now, you would have to agree that of these claims, they are in their infancy in terms of mediation. The schedule shows that very few are in mediation; many have been referred for mediation and some have not yet been referred but that is where they will end up - in mediation. So the arguments in terms of the extent of the native title rights have not been settled to an extent.

**Mr WESTBURY:** That is correct.

**Ms MARTIN:** There is a clear process when you deal with an indigenous land use agreement and that is what we are talking about in relation to parks.

**Mr BURKE:** Yes, but I get back to my first question. If native title is not extinguished, these things are alive and you have to have the confidence that these things have been settled well and truly. Now, I do not have that confidence, that is why I am pursuing this question.

**Mr WESTBURY:** The indigenous land use agreement, the whole purpose of framework for the future act and dealing with native title rights and indigenous land use agreements, is the reason why indigenous land use agreement mechanism is there is precisely that you are able to deal with native title rights and interests in a way which deals with them comprehensively without having to extinguish those rights and interests, the extent to which there are any unintended consequences. That is why the legislation is there, and the indigenous land use agreement are in fact there to precisely deal with those native title rights and interests in a comprehensive way. These other matters that you are referring to in relation to the polygon claims are matters which, as you point out, a number of are in mediation, a number are yet to get to mediation, but they are matters which are being dealt with in another way.

**Mr BURKE:** Yes, I suggest to you that they are all mixed up because the Chief Minister in debate, in

talking about the parks handover said the end result - and I am using my words here - but she said in part, we are recognising, in contrast to the previous government, that Aboriginal interest exists equally and validly alongside the interests of the tourism, mining and pastoral industries and all users of NT parks. Equally and validly. Right? Now, that is the extent of the Chief Minister's move to handover the parks. What I am saying to you is that when we talk about equally and validly with pastoralist's interest, those interests are in dispute and very much in dispute to the extent that the threshold issues are not even beginning to be settled.

If I could just move on. The government has put forward a draft template agreement as to what it considers that native title rights are with regards to pastoral leases for consideration by the land councils. Are you aware of that draft agreement?

**Mr WESTBURY:** I have to have a look at it.

**Mr BURKE:** This is put forward by the Justice department. It lays out the government's position with regards to settling the extent of native title rights with the Northern Land Council with regards to these polygon claims.

**Mr WESTBURY:** I am not aware of the status of this draft template agreement and to the extent to which it is correct or not without being able to refer it, apart from which, matters that are discussed during mediation are generally confidential ones and not for public discussion. I need to check the veracity of this.

**Mr BURKE:** I think you will find I am correct. I have all the minutes of the meetings and these have been provided by the Cattleman's Association, amongst others, which has been part of the meetings, and you said you had been in discussion and we are moving through these things in consultation with the Cattleman's Association. That is where it is coming from and they have grave concerns. Given this is the government's position and the extent of native title rights as decided by the government, and you can read it there on the first page, basically says no different to what the courts have already decided in the past, that is, the right to hunt on the land, the right to camp on the land, to erect temporary shelters only, to move about the land, to engage in cultural activities, to protect sites of significance, and the government lays down its position as:

*These native title rights and interests do not confer possession, occupation, use and enjoyment of the lands or waters on native title holders to the exclusion of all others.*

That is the position, and it is unchanged from the CLP's position. That is the position the Justice department is pursuing in terms of the extent of native title rights on these pastoral leases.

**Ms MARTIN:** But there is no one such thing as native title rights. If you look back to the Ward decision you will see that it is a bundle of rights ....

**Mr BURKE:** Absolutely, and the bundle of rights ...

**Ms MARTIN:** ... and maybe sometimes it is a full bundle and sometimes just a couple of sticks.

**Mr BURKE:** Well, the bundle of rights, in fact ...

**Ms MARTIN:** So you can not say that in every circumstance, the same extent of native title will be in any particular claim.

**Mr BURKE:** That is the point I am getting to, Chief Minister, and that is that the issue of the extent of the bundle of rights has been determined in the courts to date to extend to no more than what the government's position is being put. Now, that is being disputed by the land councils. Are you aware of the land councils' response to the government's position?

**Mr WESTBURY:** I am aware that the land councils have a different view in relation to these matters.

**Mr BURKE:** I will give you a letter here from Ron Levy, the Principle Legal Officer from the Northern Land Council, to the National Native Title Tribunal. His position is the exact opposite, and they say very clearly that the issue they have, and will argue and fight on, is that they do not agree with the Territory's draft determination that it excludes the native title claimants to live on the land. They do not agree that it prevents those native title claimants to have exclusive areas on those lands and can exclude others, and they do not agree with the Northern Territory government's position that they can only erect temporary shelters. They want full commercial ownership of the areas. That is their position.

Would you accept that there is a wide divergence between what the Northern Territory government's position is with regards to native title and what the claimants on native title on pastoral leases are arguing and pushing for; and they are using as their arguments decisions that have been made with regards to national park lands that were claimed in the past and previous pastoral leases? So, the arguments as to the extent of native title extend to the issues that they will want decided and clarified and reinforced in your Indigenous Land Use Agreements.

**Mr WESTBURY:** The Indigenous Land Use Agreements do not go to the issue of what native title rights and interests might be. Indigenous Land Use Agreements ensure that native title rights and interests are dealt with in such a way that they do not conflict with the good management of the park and that the procedural arrangements that are provided for under the *Native Title Act* do not have to be utilised in relation to ensuring that one can get on with the good management, day to day management, of the park.

The issues you are referring to here relate to a mediation where, clearly, there are divergent views being expressed in relation to it, as in any normal mediation, there would be when parties are trying to come to a view, and attempt to mediate an agreement or outcome. Clearly, there is a set of divergent views here which are being addressed. The question in relation to trying to link this issue back to the issues associated with the parks legislation is not relevant to the extent that the parks legislation itself has very clear procedures and requirements that ensure that native title rights and interests have to be dealt with in order that the arrangements can proceed, including Indigenous Land Use Agreements.

**Mr BURKE:** The parks agreement has, as its outcome, a decision by this government to ensure that native title interests exist validly and equally alongside the interests of the pastoral industry. Can you not see that if they government agrees to those interests being reinforced here, it sets a precedent here? Surely, you must accept that on the one hand you are arguing that native title interests only exist in terms of what is currently there under the *Pastoral Land Act*. That has been there and we, along with government, agree. On the one hand, your government is arguing that that is the extent of native title rights and interest. On the other hand, you are moving to an agreement dealing with all of the Territory's parks estates, essentially, that will create a precedent of native title interests that is never there and is being fought in mediation or, if need be, in the court.

**Mr WESTBURY:** No, because what we are doing is dealing with the native title rights and interests by not going to establishing what those rights and interests are. We are dealing with what rights and interests might be there for indigenous land use agreements, and we are avoiding the courts and the determination process. We are also avoiding the payment of any compensation, and we are ensuring that if they provide for the good management of the park, so we avoid the procedural arrangements that are required under the *Native Title Act*, which allows us all to get on with a degree of certainty to manage the parks and run them effectively and develop them.

**Mr BURKE:** And in doing so, you will aim to agree on commercial issues and interests, on exclusivity and the right to exclude others, which is one of the things that they are arguing for, and you will also agree for the right to live on the land.

**Mr WESTBURY:** The act sets out the arrangements that relate to the whole question of residence on community living areas on parks. It deals with the issues. It is quite transparent about the arrangements related to commercial and future commercial arrangements, and they have been clear from the outset.

**Mr BURKE:** That is the act you introduced. I am talking about the acts that have guided native title since its inception. The acts that have guided native title since its inception do not bestow those rights at all. In fact, there is deep and strong argument between the parties as to the extent of those rights.

I will move on to another one. You said the act provides for community living areas.

**Mr WESTBURY:** The act provides that community living areas can be on parks subject to the plan of management.

**Ms MARTIN:** In exactly the same way, member for Brennan, as the Nitmiluk agreement did, and done appropriately and managed well there.

**Mr BURKE:** Where?

**Ms MARTIN:** As the Nitmiluk agreement.

**Mr BURKE:** Let us talk about what is alive in the courts at the moment. Tell us about community living areas and the history of community living areas, Mr Westbury.

**Mr WESTBURY:** Do you want to deal with the current issue in relation to community living areas?

**Mr BURKE:** Tell us about where the term and what is the act that guides community living areas, and what was it brought into place for.

**Mr WESTBURY:** It has a long history which I am not in a position to totally recount here. The more important issue is that, at this current time, in terms of dealing with the whole outstanding issues associated with community living areas, we had discussions as early as last week with the Cattlemen's Association. We have also talked to the land councils. We are proposing to carry out a full and comprehensive audit in relation to existing community areas by infrastructure. There is a whole range of issues associated with trying to resolve issues in respect to community living areas and their future infrastructure and other needs that we are addressing, hopefully through a cooperative arrangement with the cooperation of the cattlemen and the land councils.

**Mr BURKE:** Is it not true that community living areas were established under the *Aboriginal Land Rights (Northern Territory) Act* to provide for those people who lived on pastoral leases and did not have a claim; they were accommodated under the *Aboriginal Land Rights (Northern Territory) Act*? These were people who worked on different country and were given community living areas so that they had some place to live under the original *Aboriginal Land Rights (Northern Territory) Act*. Is that right?

**Mr WESTBURY:** I am not totally across the whole history of the arrangements. There is a history associated with that, but I am not fully briefed on that at this point.

**Mr BURKE:** Well, I will tell you. Community living areas were established for a finite period. They were established for people who did not have a claim under the *Aboriginal Land Rights (Northern Territory) Act*, who lived on pastoral leases and were excluded from areas to live as their own traditional land because they had come from other country. So they put in community living areas to attend to those people, guess when? 1976. It was designed for a finite period for a finite group of people. It is now 2004. To put into legislation, and in government terminology, that you are now going to establish community living areas as part of this parks handover - can you see where that can be

creating a whole new set of problems?

**Ms MARTIN:** The community living areas relate to the experience of Nitmiluk Park and those who are living in the park area for entitlements to continue living there - appropriate and guided by a plan of management. That is what we are talking about in this context.

I am not an expert on community living areas either, but I believe that legislation came into place in 1989. It was an agreement between the then Prime Minister, Bob Hawke and Marshall Perron, unless I am totally wrong. It was to do with the withdrawal of claims over stock routes, and to get community living areas in a trade for that. I do not believe there are any finite time for community areas, unless I am talking about the entirely wrong piece of legislation.

**Mr BURKE:** Well, it was ...

**Mr CHAIRMAN:** Member for Brennan, before you go on. I would just like to remind you and other members of the committee that we have quite a range of outputs to go through. You are spending quite a considerable amount of time on this. It is an important issue, but there are important issues throughout this whole portfolio and we should also give consideration to those aspects.

**Mr BURKE:** Yes, my leader will pull me up.

It is precisely the opposite of what you have said, Chief Minister. That was stopped by Marshall Perron and Bob Hawke because they could see what community living areas were doing; there were claims that were then put on stock routes and they were traded off against community living areas. The agreement with the Commonwealth was that there would be no more community living areas established under the act. There has been no community living areas established since that time. In fact, some of the community living areas have been found to be not only expensive but dysfunctional, at great cost to the taxpayer, over time.

Can't you see the danger of re-emerging this whole concept of community living areas? Surely, the Northern Territory government knows that on claims such as Anthony Lagoon the Northern Land Council again is trying to resurrect the whole issue of living areas and the rights of certain claimants to move back to those community living areas? Claimants, whom I might add, under the purposes of the original act would have to be 70 or 80 years of age, and would need extensive taxpayer support for social infrastructure and support to accommodate them on those living areas.

**Mr WESTBURY:** Which is precisely why we believe it is time we carried out a complete audit of what existing community living areas there are; what their infrastructure is; and what proposals are currently before the tribunal in relation to community living areas. One of the major difficulties here is that the Commonwealth government has had the major responsibility for the funding of the infrastructure provision in relation to these areas; the Territory has only played a minor role. Our concern here is to establish the current position as a basis and get the facts in front of us as a basis for how this issue might be resolved in the future. That is why we sought the cooperation of the Cattlemen's Association and the land councils in doing that. There are a series of issues that need to be dealt with in this area, and that is why we are trying to get on the front foot in relation to resolving it.

**Mr BURKE:** I suggest to you that the chances of the Commonwealth funding any new community living areas in the future would zip. The purpose of the Northern Territory government resurrecting this issue is really dangerous, in that the cost of that infrastructure will be borne by the Northern Territory government. The Commonwealth will not play a part in it at all, for the precedent has been set in the past by the Commonwealth.

I will leave those questions now, but I just want to place on the record that, when it comes to the parks handover, I do not believe the Northern Territory government has dealt with the unintended consequences that can come from this parks handover. There are issues there that need to be well

and truly resolved before the Territory taxpayer is going to be confident that this legislation will achieve the end that is suggested it will.

**Mr WESTBURY:** Can I just close in relation to living areas: it is very clear that any community living areas will be subject to an agreed plan of management in their establishment, and their location. It would have to be agreed by the joint management partners, which is the government and the traditional owners. Those plans of management have to be approved by the minister and tabled in the Legislative Assembly. Therefore, to suggest that this is a means by which community living areas might be established in a willy-nilly way, are not consistent with the good management of the park. It is not correct.

**Mr BURKE:** What I am saying to you is that, if the Northern Territory government agrees to native title claimants' issues that extend to agreeing to exclusivity on those areas and the right to exclude others, which is a Northern Land Council claim, the ability to live on the land ...

**Ms MARTIN:** It is not in the legislation, it is not there.

**Mr WESTBURY:** We are not doing that. That is why I explained that the Indigenous Land Use Agreement does not go to the question of the rights and interests of native title. The fact is the ILUA suppresses those rights and interests in a way that ensures that we can get on and manage the park without those issues interfering with the good management of the park.

**Mr BURKE:** And you would expect me, or the Territory taxpayer, or the Northern Territory Cattlemen's Association to have confidence that on the one hand you can give all of these accommodations for claimants on our parks and those accommodations will not set the precedent on pastoral leases and other areas? Garbage! That is what they are so concerned about. That is why they have given me all this documentation because they can see, and their own legal advice can see, the precedent that is being set over here is going to be quickly transferred to there.

That is the reason I asked you that line of questioning. I do not believe the government has fully canvassed the unintended consequences of this so-called great arrangement that will occur with the parks handover that will extend to create precedents in the whole area of claims or other native title issues. That is all I have.

**Mr WOOD:** Could I just ask a question on Batchelor?

**Mr CHAIRMAN:** You certainly can.

**Mr WOOD:** It is a very important debate and I would be happy for it go on, because it covers some very interesting issues. Chief Minister, if you were going to have parks where native title is not extinguished but is basically made useless, I suppose, what is the point of it?

**Mr WESTBURY:** It is not a matter of ...

**Mr WOOD:** Useless might be the wrong word there – inoperable. What is your status then?

**Mr WESTBURY:** The fact that whatever native title rights and interests that might exist are not extinguished means that you can effectively get on. Because you deal with them through the Indigenous Land Use Agreement it means it gives a certainty and practical impact of being able to get on to manage the park effectively and do the things that are necessary for the development of the park. Generally, it has been a common view put forward by traditional owners and native title holders that the symbiotic rights and interests that they have gained through native title, that the non-extinguishment principles generally apply. This has been a common principle that has been applied over a number of Indigenous Land Use Agreements that have been struck in the Territory. It avoids going down the route of costly litigation to establish what those rights and interests are. That is why the Indigenous Land Use Agreement provisions were provided for in the *Native Title Act* precisely to

enable that to occur.

**Mr WOOD:** I am not arguing that case. I am just trying to point ...

**Ms MARTIN:** And in the parks where there is joint management, the interests of those native title holders potentially are recognised through their involvement in the joint management.

**Mr WOOD:** I suppose I might have followed that by saying, 'Well, couldn't that be done with just a land agreement'? I just want to know – when you have done all that and come to all those agreements, what is the status of native title then?

**Mr WESTBURY:** It is subject to the Indigenous Land Use Agreement which requires those native title rights and interests to be suppressed to the extent to which they might interfere with the good management of the park and the arrangements provided. They also deal with the issue of compensation. It means that you avoid any future claim or litigation in relation to future arrangements in relation to pursuing litigation in respect of those parks, and you get certainty by way of dealing with the native title rights and interests through the agreements you strike with the native title holders.

**Mr WOOD:** I understand that. I won't ask the question again.

**Mr CHAIRMAN:** Any further questions in regard to that output? That concludes consideration about output 1.0.

**OFFICE OF TERRITORY DEVELOPMENT  
OUTPUT GROUP 2.0 – Territory Development  
Output 2.1 – Territory Development**

**Mr CHAIRMAN:** The committee will now move on to output group 2.0, Territory Development.

**Ms MARTIN:** Mr Chairman, David Malone is the Executive Director of the Office of the Territory Development.

**Mr CHAIRMAN:** The committee will be addressing Output 2.1, Territory Development. Leader of the Opposition.

**Mr MILLS:** Just a preliminary question, Mr Chairman, and then the bulk of questions will be asked by the member for Brennan. Chief Minister, how many staff are employed in the office?

**Ms MARTIN:** 21 staff.

**Mr MILLS:** Can you detail the publications produced by this unit and the cost of each of those publications?

**Ms MARTIN:** The publications that have been produced?

**Mr MILLS:** The publications of this office.

**Ms MARTIN:** I refer that David Malone.

**Mr MALONE:** We have a list of some of the publications that were produced as part of the Territory marketing campaign, which we can go to, but we do not have a complete list of the publications produced through the year. We can provide that at some time in the future.

**Mr MILLS:** Roughly when?

**Mr MALONE:** In terms of publications, we can have it within the timetable of this Estimates Committee.

**Mr MILLS:** Oh, good.

**Ms MARTIN:** What kind of publications are you talking about?

**Mr MILLS:** All the publications produced by this unit.

**Ms MARTIN:** All the publications, okay.

**Mr MALONE:** Can I just ask a question?

**Ms MARTIN:** Yes, go for it.

**Mr MALONE:** In terms of publications, are we talking about promotional documents?

**Mr MILLS:** Promotional documents.

**Mr MALONE:** No research or studies ...

**Mr MILLS:** No, promotional. Finally, how much has this unit spent on television, radio and print media advertising?

**Ms MARTIN:** Television, radio and print media - under the advertising budget, \$981 294.

**Mr MILLS:** Again, please, Chief Minister?

**Ms MARTIN:** \$981 294.

**Mr MILLS:** That is within budget? That was within your budget?

**Ms MARTIN:** Oh, it is within the budget, but ...

**Mr MILLS:** It did not exceed your expectations?

**Ms MARTIN:** As you are probably aware, we embarked upon those investment attraction tours last year and we needed to get an extra appropriation to do that because it was something that had not been planned as we went in to the 2003-04 Budget, and that we got.

**Mr MILLS:** On those interstate investment tours on which you embarked, how much of that advertising was done locally on television?

**Ms MARTIN:** Sorry?

**Mr MILLS:** You advertised in Brisbane and all these other places, but a good volume of these ads were broadcast to the Northern Territory community. I would like to know what amount was spent on promoting your interstate activities locally - radio, television and print.

**Ms MARTIN:** We can get that breakdown for you. However, can I just say that one of the issues we were actually criticised for was not having enough of those advertisements shown locally. I even received that criticism as recently as two weeks ago at a Business Round Table in Alice Springs and business people said: 'It is all very well to go and promote the Territory, but we want to be part of that,



too. We want to be part of the enthusiasm you are generating interstate about the Territory'. I must say that I felt that we would be criticised for doing that local advertising because it would be perhaps criticised by the opposition for being as seen as promoting the government locally. I have had more criticism for not doing enough of it. We did, for example, send CDs to businesses, something like 8000 to all Territory businesses. Dave is saying that the cost of that was approximately \$31 000. I think that we did not do it, I would say now, effectively enough because we were constrained by not wanting to be seen to be spending too many dollars locally and putting that money into the interstate market. I have taken the criticism on board, as I said, as recently as two weeks ago.

**Mr MILLS:** Notwithstanding providing the information about the CDs at \$30 000 to Territory businesses will still be getting the ...

**Ms MARTIN:** Yes, we will get you those costs; we just have not broken it down like that.

**Mr MILLS:** Can I just go back to a door that appeared to be open a while ago and I did not go through it, that being the offer for the provision of the research and study documents from the Office of Territory Development. I said just promotional. Can I go back and say, yes, I would not mind the research and the study documents?

**Ms MARTIN:** I will hand this to David Malone.

**Mr MALONE:** There would be some study documents which we would be most comfortable handing over to ...

**Mr MILLS:** Most comfortable?

**Mr MALONE:** There are also some study documents which go to commercial activities, and relate to commercial-in-confidence negotiations as well that we would seek to hang on to, because the information provided to us at that time was provided on the basis of confidentiality.

**Ms MARTIN:** As you would consider most appropriate.

**Mr MILLS:** In what capacity does Bob Collins work for the Office of Territory Development?

**Mr MALONE:** Mr Collins is the senior advisor to the Northern Territory government in the role within the Office of Territory Development. His major impact is in our knowledge innovation area. He plays a very important role in the developing strategies associated with both Desert Knowledge and Tropical Knowledge. I do not have a list of all the activities that he undertakes for us on our behalf with me right now. What I can say is, he is a board member of Desert Knowledge Cooperative Research Centre which, as you would know, is a \$90m project looking to develop knowledge within the desert region. He was involved actively with the Tropical Futures Forum as well, which was the forerunner for our collaborative agreement between the Northern Territory, Queensland and Western Australia in the knowledge area. He also undertook a research study into the old Northern Territory Research and Development Advisory Council on behalf of the government, and he is currently helping us with the development of the Northern Territory Research and Innovation Board, which had an injection of funds announced in the budget.

**Mr MILLS:** Thank you. And the cost of his consultancy?

**Ms MARTIN:** Up to the end of May, that was \$29 961.

**Mr MILLS:** Has that changed from the preceding year?

**Mr MALONE:** From memory, it was about \$80 000 in the previous year. I am just going from memory, it was in the order of \$80 000-odd in the previous year.

**Mr MILLS:** And the conditions of his employment?

**Mr MALONE:** The terms of his employment, did you say? \$1000 a day, or \$100 per hour - the ceiling is \$1000 a day.

**Mr MILLS:** You were able to give us a description of all the areas that Mr Collins has been involved in. Is that the comprehensive list, or was it just a sample of the areas of involvement?

**Ms MARTIN:** That is a reasonably comprehensive list of what he does for the Office of Territory Development. As you aware, he is the co-chair of the Learning Lessons Implementation Steering Committee in DEET, and he chairs the Cooperative Research Centre at the university. That is what he does in the Office of Territory Development.

**Mr MILLS:** Okay, and I hope he recovers soon.

**Mr CHAIRMAN:** Are there any other questions from committee members on that output?

**Mr BURKE:** Could I ask some questions about Territory Port?

**Ms MARTIN:** About?

**Mr BURKE:** Port.

**Ms MARTIN:** Port?

**Mr BURKE:** The OTD is responsible for developing business opportunities along the AustralAsia trade route. My understanding is that issues with regards to the port are referred to the Office of Territory Development, and I wanted to ask some questions in that regard.

**Ms MARTIN:** It would very much depend what issues you are talking about. If it is the development of the AustralAsia trade route, yes certainly, the Office of Territory is very involved. To do with the actual operation of the port, that is a Port responsibility carried by minister Burns.

**Mr BURKE:** I can certainly ask him, but I would have thought that the performance of the port is key to the whole development of the AustralAsia Trade route and, therefore, OTD would be very much across issues that involve the port.

In that regard, can you just tell me then: what is the relationship between the Office of Territory Development and the Darwin Port Corporation in developing the AustralAsia Trade Route, and how is that coordinated with the Department of Business, Industry and Resource Development and DIPE responsibilities in this area?

**Mr TYRRELL:** The Office of Territory Development has a key role in the course of developing the AustralAsia Trade Route. That involves working with FreightLink, potential customers, and potential shipping operators, to put in place both the services that will encourage that transshipment, and also to work with potential customers - whether they be import or export, mining, or whether it be imports from China or whatever it might be. In that regard we, of course, deal with the Office of Territory Development, which deals with the port in ensuring that it is a key part of making the whole trade route work - the whole transport system work.

Therefore, if there is a potential for a new shipping service, of course, our office would work very closely with the port. There are often joint visits to potential customers or shipping operators, between the marketing manager of the port and somebody in our office. In fact, we are looking to develop a

workshop in the near future between FreightLink, Office of Territory Development, and the port, just to take stock of the first few months of operation; the work of the last 12 months in trying to develop those links and increase the trade, and just to see what needs to be done to further, I guess, accelerate and promote the trade route. It is good interaction.

However, the office does not get involved in port operations, port charging in terms of the cost of TEU across the wharf, or how efficiently they might operate. We, of course, would be encouraging them to be as efficient as possible so that everything is attractive to encourage the trade route. We link with them, but we do not interfere with their operations. We certainly do collaborate in trying to develop new shipping links or new customer bases.

**Mr BURKE:** So, who puts the spotlight on the Darwin Port Corporation? Is it minister Burns' department?

**Ms MARTIN:** Minister Burns is the minister for the port, yes.

**Mr BURKE:** So he would be responsible?

**Ms MARTIN:** Yes, and the board.

**Mr BURKE:** From a strategic perspective, how would you view the performance of Darwin Port as a competitive port in establishing Darwin as the gateway to Asia?

**Mr TYRRELL:** One of the things you may recall is that we ensured that the price of a container was very attractive out of the port, so that it was not a barrier to a competitive trade ...

**Mr Burke:** Going south.

**Mr TYRRELL:** Pardon?

**Mr Burke:** Going south.

**Mr TYRRELL:** That is right – well, both ways.

**Mr Burke:** Not north.

**Mr TYRRELL:** Well, both ways.

**Mr BURKE:** It is a bit hard going north when the containers are already full on the train.

**Mr TYRRELL:** Yes, but I was just talking about the cost per container across the port. From memory, I think it was \$49, and some of the competitive ports in Perth and Brisbane were about \$52, \$53 or \$55. The operation of the intermodal facility, where the train pulls in; the cost of a container across the port; and given the attractive rents that were provided for that intermodal facility plus that competitive rate, they should not be barriers to increasing the trade across the port and along the trade route.

**Mr BURKE:** Are you saying it benchmarks competitively? If you were looking to ship through Darwin Port, does it benchmark competitively?

**Mr TYRRELL:** I could not be precise on that but, from what I can recall in terms of what the charging would be, it would have to be.

**Mr BURKE:** Can you tell me why the port was shut down by AQIS in December, because it was not up to quarantine standards?

**Mr TYRRELL:** I believe that is an operational matter for the port.

**Mr BURKE:** But you would not know?

**Mr TYRRELL:** I do not know.

**Mr BURKE:** You would not expect to know? That the jewel in the crown of the gateway to Asia has been shut down by AQIS because it is not up to quarantine standards?

**Ms MARTIN:** It is certainly operating now and all I could say in response to that is if there was an issue it has been dealt and it is operating well now.

**Mr BURKE:** I would have thought that the OTD would be right across that issue as to the reasons it was shut down and would be pushing the button on Burns' office or whoever's to make sure that it did not happen again.

**Mr CHAIRMAN:** A bit of conjecture there.

**Mr TYRRELL:** If it was going to be ongoing concern, of course, I guess across government you would get together to work out what it was and talk with the federal authorities.

**Mr BURKE:** Yes, but I would have thought that this is one of OTD's prime functions is to stay right on top of the coordination of the departmental responsibilities with regards to the port. Now, if that is not the case, okay, but it begs the question that there is a coordination issue here in terms of who should be really pressing the button on some of these issues and that is just one I raise.

**Ms MARTIN:** You are saying the post was closed down ...

**Mr BURKE:** I know that it was closed down and you were lucky to get away with it, too, because I was a backbencher at that time with no shadow responsibility. If I had been I would have been right on top of it.

Can you tell me the clearance rates of a container across any southern port in Australia would benchmark compared to Darwin port?

**Ms MARTIN:** These operational matters to do with the port. They are most appropriately directed towards the minister responsible when he is here on Thursday, I think.

**Mr BURKE:** Are you saying that you cannot or will not answer the question?

**Ms MARTIN:** No, there is no appropriate in front of us that has to do with that. That is very specific to the operation of the port and that properly goes to the minister responsible when he is here with his CEO. I am not being unfair about that; it is not something that this office deals with.

**Mr BURKE:** I reckon your being totally unfair about it because you cannot on the one hand, Chief Minister, stand up and talk about it - and you take the lead on these things, on the money that is being poured into it. It is not Dr Burns who gets up. You are the one who talks the extensions to East Arm Port, the competitiveness of that port, all the money you are putting into it. Your own Territory development portfolio responsibility says developing business opportunities along the AustralAsia trade route. I am telling you, there are business problems with that port which fundamentally affect the AustralAsia trade route and its ability to grow. If you do not want to answer or address the questions, I will go to a junior minister. I would have thought you would be happy to be aware of them and would have the answers.

**Ms MARTIN:** You are coming in here and saying that there are business problems ...

**Mr BURKE:** There are and I will outline them to you. I would think that none of it would be new to you.

**Ms MARTIN:** They are most appropriately - I mean there are protocols for this estimates and it is to do with appropriations in any output, and that is quite clearly the responsibility of the port. We have a coordinating role in the Office of Territory Development over the AustralAsia trade route, but the specifics of the operation of the port are quite properly the port's operations.

**Mr BURKE:** So the Office of Territory Development ...

**Mr CHAIRMAN:** Member for Brennan, the Chief Minister has made a point very clearly that this is an operational matter belonging to another portfolio, and she suggests that you take it up with the appropriate minister. Now, that is it on this issue, so you have your answers. The Chief Minister has made it quite clear this is a matter more relevant to the minister who has responsibility for the port, so ...

**Mr BURKE:** I reckon it is a charade. It is an absolute charade.

**Mr CHAIRMAN:** Member for Brennan, I am not going to get into a debate on this.

**Mr BURKE:** If I cannot come in here and ask ...

**Mr CHAIRMAN:** Member for Brennan, I will draw your attention to rule No 38.

**Mr BURKE:** ... if they do not know the benchmark time for - you can throw me out if you like, I am telling you.

**Mr CHAIRMAN:** It is getting there, member for Brennan. I will draw your attention ...

**Mr BURKE:** Why doesn't the Chief Minister say she won't answer any more questions?

**Mr CHAIRMAN:** I will draw you attention – she has said that.

**Mr BURKE:** I cannot get an answer from the Chief Minister and the record you have today, you will stay as a backbencher.

**Mr CHAIRMAN:** That is the point I am making. Member for Brennan, I am making a point. I am the Chair of this committee and you will remember that.

**Mr BURKE:** Well, answer the question. Do you know?

**Mr CHAIRMAN:** Member for Brennan, I put you on a warning. Next question, please.

**Mr BURKE:** Are you aware, Chief Minister, of difficulties that have occurred with regards to containers coming across the Darwin port and the way that it occurs such as it is affecting Territory businesses in clearing those containers.

**Ms MARTIN:** There were some concerns raised with me over the last few months which were looked at in detail and probably, Dave, you could add more to that. But we certainly were concerned if there were operational issues, particularly to do with AQIS and have got the relevant bodies together to sort

out what are the issues. We do not want delays on the port, but it means that everyone has to be involved and follow the proper protocols and there is an issue on all sides, but I might get ...

**Mr BURKE:** That is what I would like to talk about so that I am comfortable that the coordination is occurring because if I am only talking to the minister for infrastructure, planning and environment, he has very limited responsibilities with regards to that port.

**Ms MARTIN:** No, he has not.

**Mr BURKE:** I am sure he will say to me: 'That is a Business and Industry problem, or that is an OTD problem'.

**Ms MARTIN:** He is the minister for the port! Just because you want to demean him and say he is a junior minister, he is the minister responsible, and a very fine minister responsible for infrastructure, planning, environment and the port. Now, can I just hand another aspect of the answer to Dave Malone.

**Mr MALONE:** If I could just make the point that the Office of Territory Development is responsible for development projects, not for all of the economic development activities across the Northern Territory government. We are a project management unit within government and take responsibility for those areas.

We have received some comments and certainly the Chief Minister has received some comments as well on matters in terms of clearances of containers, and there were conversations with the Department of Business, Industry and Resource Development about that with people from the business community as well who are making use of that port. There does appear to be, on occasions, problems with the port. Most of those complaints were about that time of the transfer of AQIS from the Northern Territory government to the Commonwealth government. I have not received any complaints recently.

**Mr BURKE:** Can I get back to the question? If they were temporary problems, you would know then that the containers are being cleared and they are being cleared in a certain amount of time.

**Mr MALONE:** I do not look every day to find out what the clearance rates are for containers going across the port. I have not received any complaints recently associated with that.

**Mr BURKE:** Do you know there are 39 containers down there now that have been sitting there for two weeks, from Bechtel?

**Mr MALONE:** No.

**Mr BURKE:** You don't. I would have thought that would be a strategic issue that when it comes to the increased shipping that is coming across that port, there are real problems in terms of business being able to get access to their own goods. I am told that the time on average across that port is three to four weeks to clear a container compared to benchmark ports down south of three to four days. Are you aware of that?

**Mr MALONE:** No, I am not.

**Mr BURKE:** I know there is an issue with AQIS. Can you tell us what the AQIS problems are?

**Ms MARTIN:** Again, I would say that is properly put to the ministers responsible. As Dave Malone said, quite properly, it is a coordinating role from the Office of Territory Development. Operational issues to do with AQIS are within DBIRD, and to do with port operational issues are the minister for ports responsibilities. That is not trying to be evasive, but there are specific targets for the Office of

Territory Development, and as both Dave Malone and I have said, we were aware of issues previously, and I think if there were major issues, they would have come to us again.

**Mr BURKE:** They are major all right.

**Ms MARTIN:** It is all very well for ...

**Mr BURKE:** I just cannot get them aired here.

**Ms MARTIN:** It is all very well for the member for Brennan to come in here and allege that there are major troubles. That is your allegation.

**Mr BURKE:** I think I am right. If we go back to the strategic issues, what is the cost of a container to move by direct call vessel from Adelaide to Singapore direct rather than moving from Adelaide through Darwin to Singapore by a vessel calling at Darwin? What is the cost per container?

**Mr MALONE:** I do not have those figures with me at this time. As you know, there are two prices that are available: the rack rate, which is published, and there is also a negotiated rate that each freight forwarding company would negotiate. I can ask our office to find the details of what their current understanding of those prices might be.

**Mr BURKE:** The figure I was told was US\$300 ex-Adelaide and US\$680 ex-Darwin. So in that context, how does the government see it is going to address that sort of issue alone in terms of building this gateway to Asia?

**Mr TYRELL:** The cost of the containers is one thing. The rates that FreightLink is able to do together with a shipping partner, say Swire, is another. I mean, what might be published may not be the rate that they can put in place. But the rate is one thing; the other, of course, is the time saving and that is a very important aspect of building the AustralAsia trade route. In fact, it is the overall logistical time saving, the overall transit time saving. Cost is one thing, inventory time is another, and they are the niches that we are exploring: what sort of products are time sensitive, that can come down the trade route, or be exported or imported, where there is going to be a value. It is not just a transit, it is not just a cost per container time, and what might be published may not be the rate that FreightLink can get together with someone like Swires and provide a customer. We are not privy to the final commercial rates they are happening, but what we do know is there is a lot of activity, a lot of work being done by the shipping companies and by FreightLink in developing these markets. And where we can do and provide research for products, we are providing that and assisting it. There is a whole range of activities to try to develop that trade route both ways. The issues of the port are not the main issues in terms of building that trade route. The whole thing is getting goods from here down to here, how much does it save the customer.

**Mr BURKE:** Can you tell me, in terms of infrastructure, where you feel the port is lacking in competitiveness because of infrastructure problems?

**Mr TYRELL:** I do not think it is lacking in competitiveness in terms of infrastructure. It is a catch 22, isn't it? It is about building sufficient quantities the size of the ships, so therefore you can get the cost per container down. And if that requires additional facilities at a port because the trade was building up at such a rate, I am sure that would be a great problem to have, and to provide that additional resource. But I do not think there is an infrastructure problem at the port at the moment.

**Mr BURKE:** The infrastructure problem I wanted to bring to your attention is where the areas of responsibility lie, and certainly where the Chief Minister's department, through OTD, I believe, needs to, and I thought you were involved, and that is that when it comes to clearing containers, there is an argument as to whether or not Darwin Port Corporation should put in the infrastructure, or whether the stevedoring company should put in the infrastructure. Now that is a dispute between those two organisations. The problem with that dispute is the reputation of Darwin port is getting worse and

worse, because containers are not being cleared from that port. I would have thought it quite likely that was where the Chief Minister's department would have gone and be very much across that particular issue. The Territory is suffering because that port is not able to perform to the level it should because of a turf dispute at that level.

**Mr TYRELL:** On infrastructure or facilities?

**Mr BURKE:** On infrastructure. For example, when a container comes off a ship, the first thing they have to do is debark the container. Any port in Australia would have at least three stands to put the container on so it can be debarked, so that if you have a problem with one container, the other containers can continue to be cleared. Darwin port has one stand. They are experiencing many problems with containers needing to be debarked and even more AQIS effort. The whole trans-shipping process slows down.

The reality is that, sadly, more often than not, the benchmarking clearance rates for Darwin port are more like four weeks than anything less. There is a lack of stevedores, there is a lack of AQIS people to clear the containers, there is a lack of clearing space to move the containers to so that they can be cleared quickly. Down south, competitive ports have clearing areas. They have contractors who do that sort of clearance, in assistance with AQIS. Those issues are turf issues out there at the moment, because it is an issue of who pays, who is responsible. Darwin Port Corporation says it is not us, and PNO says, when the trade builds up we will put in more infrastructure. I would have thought that whilst all this is happening, and the Territory government has pilot programs to attract ships to Darwin, the exact opposite is occurring. The large lines are looking at that and saying, why would you ever come through Darwin port when your containers sit there for three weeks?

That is a real issue, I would have thought. for the Office of Territory Development to be getting in there and making sure that those issues are resolved and resolved quickly. That is why I am not comfortable that a one-departmental minister would be across all of those particular issues.

**Ms MARTIN:** The issues you are raising are very clearly operational issues for the port and, of course, it is the responsibility of the CEO, the board has responsibility, and certainly so does the minister, and appropriately put to the minister. Again I would say that, if the issues are as of the quantum that you are saying they are that, those who are using the port have not rung me up. I met with Bechtel recently. I just do not ...

**Mr BURKE:** Because I talked to them and I said to them: 'Who do you talk to other than Darwin Port Corporation?' They say to me: 'Officers from the Office of Territory Development'. That is why I ask the questions. I assumed that you would be across those issues. 'Do you ever talk to minister Burns' office?' 'No'. 'Do you ever talk to minister Henderson's office?' 'No'. 'Who do you talk to?' 'The Darwin Port Corporation'. 'Who else - anyone in the Chief Ministers office?' 'Oh, we talk to someone in Office of Territory Development' - on these very issues.

One importer who brings his 400 containers worth of tiles in from India directly into the Port of Adelaide wants to put them through the Port of Darwin. Guess what he did? He came up here and saw that some of his containers sat at the wharf for four weeks. That is the end of him and his interest in the Port of Darwin. If you do not believe me, go and talk to Swires Shipping. Those are issues that are happening at that port now. The reputation of the port is suffering because the infrastructure and clearance issues are not occurring to the extent that they should be, and in a fashion that is competitive with down south. That is the point I am making. We all want this port to work. I would have thought that those were reasonable questions to ask - rather than being gagged by the Chairman - of the people who are responsible for coordinating all of this effort.

**Mr CHAIRMAN:** Let us get it right, you were not gagged by the Chairman, member for Brennan, you ...

**Mr BURKE:** I was about to be thrown out by you.



**Mr CHAIRMAN:** Yes, well, it is not over yet.

**Ms MARTIN:** The questions were not rejected, but they were clearly operational questions for the port ...

**Mr BURKE:** Well, can you get minister Burns briefed up, because I have a lot more to ask him when he comes in?

**Ms MARTIN:** Well, good, very appropriate. Do not worry, we will be out of here tomorrow morning checking the veracity of what you said - absolutely.

**Mr BURKE:** Yes, and you will find I am right. I will give you the names outside, if you want. Can I talk about the waterfront?

**Mr CHAIRMAN:** You have of most other things, member for Brennan. The Territory Development – do you have some questions?

**Mr MILLS:** Yes, I do.

**A member:** Well, you can leave it there, mate.

**Members** interjecting.

**Mr BURKE:** We have not finished yet.

**Mr WOOD:** Well, I just was not sure whether you were still on Territory Development.

**Ms MARTIN:** The Darwin waterfront development comes within the coordination role of OTD.

**Mr CHAIRMAN:** Do you have a question, Leader of the Opposition?

**Mr MILLS:** Chief Minister, do the forward estimates contain the \$100m contribution?

**Ms MARTIN:** No, they do not.

**Mr MILLS:** Can you explain why not?

**Ms MARTIN:** Perhaps to defer to a more technical explanation might be good - Mr Tyrrell.

**Mr TYRRELL:** Part of the bidding process - until we have the bids in, it was not possible to do that because, if you wanted to provide funding for that it could come out the capital works program over a number of years. That is one option. One of the other options we are looking for is for the proponents to provide a basis for offsetting the cost of land against, say, the infrastructure costs. Therefore, part of the bid will be a requirement from the government, say, per year over 10 years, offset by the cost of the land against that. As part of the evaluation of the bids, we will be looking at that what those costs are and, at that time, you can make provision for them.

**Mr MILLS:** When will these things be finalised? Will it come to the point where that decision is going to have to be made in terms of the commitment that has been made to induce a development of the port, our wharf? Where does that come to the point that you are going to have to make a decision how that \$100m is going to be acquitted?

**Mr TYRRELL:** We are looking to have a contract in place early next year – 2005 - to resolve that.

**Mr MILLS:** So, it is going to appear, somehow or other, in this budget cycle. It has to; it is a \$100m inducement for the development of our waterfront.

**Mr TYRRELL:** Yes.

**Mr MILLS:** And it is not in the budget?

**Mr TYRRELL:** There are two ways you can provide funding for, say, \$100m, or whatever the exact amount is at the time. One could be as construction proceeds - for example, over two or three years that the convention centre might be built and over, say, three or four years that the infrastructure might be provided which that can contribute to. Therefore, that would be spread over a number of years. That is one option to come out of the capital works program into the forward bids. Another could be an annualised payment over say 10 years or 15 years or 20 years, and of course what we need to do is to evaluate the bids that we have received to get the best value for money, a situation going forward.

**Mr MILLS:** All right. I will just move to another aspect of the wharf development. We know as a community only that there are three preferred tenderers. The community does not know what picture has been painted with regards to the development of our waterfront. Those three preferred tenderers are being currently assessed. Can you please describe the group that is assessing the preferred tenderers?

**Mr TYRRELL:** Yes, you are correct; there are three bids we received. There is a project evaluation group which consists of a number of senior public servants supported by a number of expert advisors, for example PriceWaterhouse on financial, Mallesons is legal, and a number of other expert advisors. There is a team assessing that, headed by a project director. That group provides recommendations to the major project groups, which consists of a group of CEOs, chaired by myself, and are to provide a final recommendation. In summary again, a team of people assisted by a group of advisors.

**Mr MILLS:** I get the idea that there are two groups. Notwithstanding that, how many in this whole set up?

**Mr TYRRELL:** There are about half a dozen from memory on the evaluation committee, with advisors from about five or six expert areas, because of the complexity of the project and the number of different aspects you have to take into account, and the number of features that are going to be important in evaluating the bids.

**Mr MILLS:** So on behalf of the Northern Territory community, we have senior public servants and senior advisors, and most of those appear to be engineers or financial experts.

**Mr TYRRELL:** We have architects, advisors on heritage, advisors on most aspects of the project.

**Mr MILLS:** What advice are you receiving directly from the community? An unqualified person who is a representative of the Northern Territory community?

**Ms MARTIN:** I will answer that. We have had extensive engagement with the public and I can go through it in detail if you would like?

**Mr MILLS:** No, I would prefer not, because it comes down to the crunch. I would prefer not. No, she said if I like, I would prefer not because that is not the issue.

**Ms MARTIN:** There has been extensive consultation with the community.

**Mr MILLS:** I understand that.

**Ms MARTIN:** But you are dismissing it. There has been extensive ...

**Mr MILLS:** Well, you said if I like and I said no, I prefer not. Because the point is when it gets to that critical moment, when there are now three, no one in the community knows what the three are and it is going to be a faceless and largely nameless group of public servants and undescribed advisors who are going to make the decision on their behalf. And I would think politically ...

**Ms MARTIN:** No, they will not. They will not. They will make a recommendation to Cabinet, and Cabinet is the representatives of our people.

**Mr MILLS:** Chief Minister, wouldn't it be wise to have at least the representative of the Darwin community like the Lord Mayor, or someone from a community group, involved in that process just to gain some sense of political integrity, and a sense of openness and transparency, so the community does feel it actually has a part of this project on their waterfront?

**Ms MARTIN:** I think as you listened to what Paul Tyrrell had to say about the complexity of this project in terms of its financial management, its risk and the other issues, that there are serious issues of commercial-in-confidence about the proposals before us now.

**Mr MILLS:** You can trust the Lord Mayor, for example, I am sure.

**Ms MARTIN:** The Lord Mayor does not even want to have the convention centre down at the waterfront. I mean that is a start.

**Mr MILLS:** Nonetheless, he has an important civic office and you should think at least of making a space for a community representative

**Ms MARTIN:** But there has been, even though you dismissed it, considerable community consultation and that has all been fed through to the consortia. When there is a preferred consortium selected, then the proposal will go out to extensive public consultation – extensive public consultation. That is the most appropriate way to proceed. You can sit there and say you have a group of faceless individuals who are doing it. Not so. They are offering expert advice on what is a very complex proposal in terms of how we manage the finances, the risk management, the construction of it and the selected tenderer will go out to wide community consultation.

**Mr MILLS:** I still you believe you have made a mistake in not having a senior member of the Northern Territory community, just a citizen, in that process. Anyway ...

**Ms MARTIN:** What I would also say is that underpinning the opposition's criticism of this, you really do not want it to get ahead. It does not suit ...

**Mr MILLS:** You budget ...

**Ms MARTIN:** No, I have time here as well. You fought against the waterfront. You have chosen every opportunity to criticise the waterfront, to first of all, say we were not going fast enough and then saying we are going too fast. You have criticised every aspect of it. Our community is bewildered by why you do not want to see a development of a waterfront like that, why you do not want to see a convention and exhibition centre with its benefits to our community be built as soon as possible.

I am bewildered by the negativity that you bring towards what is a major and iconic project for Darwin, and a very exciting one. All I ever hear is pulling it down, negativity and trying to see every aspect of it criticised. I have great confidence in the people who are guiding this process and it is one of the most exciting things we have done.

**Mr MILLS:** Chief Minister, it is the role of opposition to scrutinise ...

**Ms MARTIN:** To whinge and carp, whinge and carp. That is what it is.

**Mr MILLS:** ... aspects of process. You have made your decision and it is our responsibility and, in fact, our duty to ensure that you are held accountable for the decisions that you have made on behalf of the Northern Territory community. Otherwise we sit with you and we all join hands and sing happy songs and aren't we jolly good fellows? Our role and our duty is to criticise and to draw attention to the decisions and how you implement your decisions ...

**Ms MARTIN:** You criticised all the way along. Criticised all the way along.

**Ms Carter:** Check the front page of my newsletter.

**Ms MARTIN:** It is your Oppositions Leader's words that are telling here.

**Mr MILLS:** ... on behalf of the Northern Territory community.

**Mr BURKE:** Could I ask how draft the Draft Environmental Impact Statement is for the waterfront? How much of a draft is it?

**Mr TYRELL:** According to the normal process, it is a very good draft, actually.

**Mr BURKE:** So what stages does it have to go through and what changes can we expect to occur?

**Mr TYRELL:** It is out for public consultation and a report on the comments received plus a report from other agencies will be received and then it will be finalised.

**Mr BURKE:** Would you like to comment on section 4.4 that deals with the project site:

*The project site will remain under the ownership of the Northern Territory government and be handed to the developer as freehold as the project is developed.*

Can you tell me what that statement means? How many hectares?

**Ms MARTIN:** 25.

**Mr BURKE:** What does 'handed to the developer' mean?

**Mr TYRELL:** 25 hectares. The normal process would be that you would have an agreement that as developments were done, leases are converted to freehold. There would be certain conditions. It is not going to be a handover of 'here's a lump of land and away you go'. There is going to be an agreed process for handover of parcels of land, certain agreements on the sort of developments that would occur on those areas and then the conversion to the title at the completion of those requirements, including how the asset will be maintained and by whom.

**Mr BURKE:** The question we have continually tried to explore is to whether or not the developer will pay for that land. We cannot get an answer on that.

**Ms MARTIN:** Who have you asked on that? Have you sought a briefing on the waterfront?

**Mr BURKE:** You! Well ...

**Ms MARTIN:** I am just saying they are the issues.

**Mr BURKE:** Not only have we had a briefing, we have had you in parliament - correct your own language. On the one hand, you said it would be handed over and then you came back and said that is open to negotiation. We still do not know what the situation is. What does 'hand over' mean? Does it mean that you are going to sell it at the UCV or is that part of the \$100m, which it could not be because it is worth much more than that? How does that cash-up in terms of dollars to the development as the Territory's contribution, the handing over, in some form, of 25 hectares of the best land in the Territory? It is a reasonable question to ask: what is the developer going to pay for that?

**Mr TYRRELL:** There are a number of features of the project. As you know, it is quite a difficult site, and to turn it into something quite good is going to cost a lot of money from an infrastructure point of view. The question then is, could a private developer recover that infrastructure, plus having paid for the land, and develop the site. And that is where the competitive process comes into play, when you have three bidders competing for that project to provide the government with the best deal. That is a combination of what you would need to pay for, for the convention centre; what return might come back from improvement to the land value as the development occurs, because one possibility is that, as the development proceeds, the value of the land increases and the returns come back to the government over a period of time and that is balanced against the cost of the infrastructure needed to get the project underway. Going back to the railway project, of course, governments had to put a certain amount in to make the whole thing happen.

**Mr BURKE:** And a lot more over time, as you well know.

**Mr TYRRELL:** No, capped at the time that the deal was done, and no more. With this project, on a competitive basis, there is a cost that we have to put in for the convention centre. All governments pay for convention centres around the country. No private developer has ever built a convention centre and made it work. Governments pay for them. Hence the government's \$100m on the table, which will go towards the cost of the convention centre, a capped amount for operation, say, for the convention centre if it does not make money in the early years, and a contribution towards some infrastructure to make it work that cannot be recovered from a commercial sale of the properties. All of that gets mixed up, they are put in, and we have competitive bids coming back, and we are looking at what is value for money for the government.

No, it is not as simple as here is the 25 hectares and give us the money and away you go. It is all about how do we get a great waterfront development, a top convention centre, a capped amount for any operation for the convention centre, and what is going to be most attractive to the government. And that is part of the competitive process.

**Mr BURKE:** To clarify what you have just said, it is clear that it is more than \$100m. So whilst it is simplistic to say ...

**Mr TYRRELL:** Not necessarily, no. I did not say that.

**Mr BURKE:** Well, just hear me out. Whilst it is simplistic, you said, to say that the land will not be handed over for free, you have just said more than the Chief Minister has ever said, and that is that there will be a contribution to the capital cost of the convention centre, there will be a contribution to the ongoing cost of the convention centre, the land itself as land to be developed needs a lot of money in order to make it commercially viable, and all of this will be bundled up. So we are talking about a lot more than \$100m.

**Mr TYRRELL:** Not necessarily.

**Mr BURKE:** Well, tell me why.

**Mr TYRRELL:** A convention centre might cost \$70m or \$80m, for example.

**Mr BURKE:** To build.

**Mr TYRRELL:** To build, perhaps.

**Mr BURKE:** That is the box. We have the box.

**Mr TYRRELL:** Then there is a contribution that bidders will put on the table, requesting governments to provide towards, it might be sea walls, or it might be getting rid of the mud to ensure there is water all of the time and not mud.

**Mr BURKE:** Just stay with the operational cost of the convention centre before we go on to the other stuff.

**Mr TYRRELL:** In terms of anything that may be provided on the operational costs of the convention centre, anything would be part of a package capped.

**Mr BURKE:** Can we put it another way? Are you confident that the contribution of the Northern Territory taxpayer, in whatever shape or form you want to bundle it up, would not, in real terms, extend past the \$100m, which is the Chief Minister's statement?

**Ms MARTIN:** No, I have never said. I have said that \$100m, and we are looking at what the bids carry.

**Mr BURKE:** It is the government's contribution. It is in all your brochures. The Territory taxpayer believes they are going to get this great development down there for \$100m. Surely, you would accept that everyone out there thinks that is what it is going to cost?

**Ms MARTIN:** The assessment we have is for a sum of about that amount. We can get what we require, which is a 1500 plenary session convention centre and 4000 m<sup>2</sup> of exhibition space. That is our advice. However, as Paul Tyrrell has outlined, it is a very complex bidding process. That is what is being examined now by the Opposition Leader's group of faceless people. We are looking at significant expertise to do that evaluation to get the best deal for Territorians.

**Mr BURKE:** But you have accepted now that the wharf redevelopment is going to cost a lot more than \$100m?

**Mr TYRRELL:** I did not say that. Not at all.

**Mr BURKE:** Well, I will put it another way ...

**Mr TYRRELL:** No, no. What we have said is that, as you know, when you go through a project like this, you do an estimate of costs of what it might be. You cannot be precise. The government has indicated that it is prepared to put \$100m on the table. It might cost \$90m, or if it cost a few more - the decision of government then is to proceed. That is with all estimates of cost. You provide a best estimate cost and you proceed on that basis ...

**Mr BURKE:** And you have accepted the hard argument ... Sorry.

**Mr TYRRELL:** Sorry.

**Mr BURKE:** Can I? You would accept that the hard argument is going to occur once you decide on a preferred developer, and then when you are dealing with that one developer only in order to seal the

deal? That is when you are going to really get down to whether or not we talk about \$100m or a lot more.

**Mr TYRRELL:** Yes, obviously, the recommendations put to government are going to cover a whole lot of aspects from the architectural look to the convention centre facilities, to the way they are going to develop the whole site, and the financial aspects. The financial aspects will be the up-front infrastructure costs which is, of course, the convention centre; some infrastructure as opposed to what might be provided by way of returns to government, for not just the cost of land but it could well be that there could be a very attractive stream of income to come back as the value is increased. Those things need to be brought together to work out what that cost is going to be.

**Mr BURKE:** But, if we do not put a fine thing on it, can we agree that, from what you have told me tonight, the contribution to the convention centre by the taxpayer is \$100m, and the contribution to the development of the waterfront, aside from the convention centre, is something else?

**Mr TYRRELL:** No, I did not say that. I said that ...

**Mr BURKE:** Well, I thought that is what you said!

**Mr TYRRELL:** No, I said that the government has indicated that they are prepared to put on the table \$100m - I cannot recall 'up to \$100m' ever being used, I believe it was \$100m on the table - to get this project under way, because it was a reasonable estimate of what, at the end of the day, it might cost to contribute towards the convention centre, some infrastructure and, then perhaps, some offset coming back from increased value of the land going forward over 10 to 15 years. It will be a 15-year exercise to work out what those costs would be, and the \$100m is not necessarily going to be \$100m up-front, or \$100m over three years. It might be X millions over 10 years or 15 years, with interest ...

**Mr BURKE:** Okay, I will not labour that anymore. We will look at the *Hansard*.

**Ms MARTIN:** Can I add that I have always been very clear that it was \$100m, and part of that was contribution towards infrastructure in the area. That was always a very clear line.

**Mr BURKE:** Right. Can you tell what role the Development Consent Authority will play in this development?

**Mr TYRRELL:** The master plan the preferred developer will put on the table will go through a public consultation process, and that will be handled through the development authority.

**Ms MARTIN:** Each individual development at the waterfront will go through the DCA.

**Mr BURKE:** I tell you, it is a pretty blurry process. You are going to commit 25 hectares of government land - a convention centre as well - on a concept that will be developed in stages, that will still need the approval of the Development Consent Authority after you have already signed the deal?

**Mr TYRRELL:** No, that will happen in October - the public consultation. That provides the opportunity for the public to provide comment on the proposal, and then it would go back to the authority and that would go through that and be finalised - that process will be finalised before the deal is signed next year.

**Mr BURKE:** Okay. Can you tell me if it will be rateable land?

**Mr TYRRELL:** Of course. No reason why it would not be.

**Ms MARTIN:** The building is on land like everything else.

**Mr BURKE:** So Darwin City Council can expect to get the normal rates that they would- well, is that going to be a consideration in the preferred tender?

**Mr TYRRELL:** Part of the arrangement is to finalise arrangements with the Darwin City Council to take over the normal things they do in urban areas. It is not going to be a special zone or area.

**Mr BURKE:** Darwin City Council might want special considerations and contracts for the cost they might have to bear to maintain it?

**Mr TYRRELL:** They are not going to agree to take over something that is not constructed appropriately and I am sure the developers that we have bidding and the standards they will build to, there will not be a problem.

**Mr BURKE:** I will leave it there.

**Ms MARTIN:** I would just like to say that we have the publications for OTD for 2003-04. I can table them now.

**Mr CHAIRMAN:** Any more questions on output 2.0?

**Mr MILLS:** Chief Minister, are they the promotional publications? The research ones are still coming, are they?

**Ms MARTIN:** They will have to be assessed. Quite appropriately.

**Mr WOOD:** I have a few questions. I might ask a question about the wharf. I did ask one before but just following up from what the Leader of the Opposition said. It is probably sad that the community has not got more involvement in the design. I am not talking about the engineering design or what are the cost implications and all of those sorts of agreements. But, here we have a major project which will stand out as part of, I suppose, one of those projects that you can now recognise as being part of Darwin, which I think Darwin has lacked, and yet the community will only have a say when the final design is finished. Could not the broad outlines of the three designs be displayed to the community and just let them have at least some say in which one they would prefer?

That may complicate things because the owners of the most popular site might not fit within the guidelines you have set out for them. You have this major project which you have made a lot of noise about, and I support it, and it is important for Darwin. But I feel that a Labor government which I always felt was out there fighting the good fight when it was in opposition about planning matters seems to have gone a little bit soft when really in this case it should be very inclusive of the public. Chief Minister, what I am asking is, could not the public at least have a look at the broad outlines of these designs and just so that they can be included in this decision making process?

**Ms MARTIN:** When you hear the complexity of the project, there are not simple decisions to be made here. Certainly, we put in extensive effort and when you say a Labor government should be consulting, we have had, I believe, effective consultation where the community articulated what they would like to see in that development. Now, it is partly a public/private partnership, it is partly a private development; there are some very complex issues about the financial aspects and return to government which have to be dealt with very appropriately so it becomes affordable to taxpayers as well. The consultations really did produce a lot of very detailed views of the community about the proportions of building to public space, to the recreation aspects that our community would like to see there, to heritage, to indigenous culture, a whole range of things that have all been fed into those proposals. The selected tenderer will be chosen on a whole range of different criteria and then that proposal will go to our community.



**Mr WOOD:** But the land is our land. Public or private agreements – big deal. The land is our land that you, as government, are giving to this group to develop, and they will not develop it at a loss, otherwise it would to work. So, wouldn't it be nice for the government to say these are the designs that we have come with, put it out there for people to say?

**Ms MARTIN:** But we have not come up with them. They are private designs and there is intellectual property issues here and commercial-in-confidence and it has to be respected.

**Mr WOOD:** That is why I am saying very broad. You now have the broad brush plans? I have seen the department of Infrastructure and Planning draw up some wonderful designs for the wharf years ago. No-one said that there was any intellectual property rights on those because they were so broad, but you had an idea of how things were going to fit and what they would look like. They were not down to the nth detail of the size of the door and the width of the road, but they at least gave people an idea what that particular architect was looking at in designing, what that one was looking at and what that one was looking at.

All I am saying is that we are missing an opportunity here to be inclusive of the community. They will only find out when it gets to the Development Consent Authority. Fair enough, they can their say then. Could you imagine the Development Consent Authority turning around and saying: 'We do not like the look of it'? Not likely. The community loses an opportunity. It is begging for you as a government to let them have a look at something that will be there for a long time. It is on our land and it will be a landmark for Darwin for the future.

**Ms MARTIN:** And it will be a very fine landmark.

**Mr WOOD:** I tried.

**Mr TYRRELL:** Just to add to what the Chief Minister said, Mr Wood, and to emphasise: the extent of the consultation that occurred beforehand was quite extensive. Interest groups in terms of National Trust, Tourism Top End, Darwin City Council, Darwin City Promotions, Property Council, public displays, reference groups, information evenings, stakeholder workshops - a whole lot of information was collected in terms of what was required, where were the trade-offs, what sort of front to the water did you want to see, what sort of facilities on the marine, whereabouts did you want the convention centre located, high rise, low rise, nothing against the escarpment.

All of those things were extensively sought from the public and put into a brief that was given to the three consortia and their bid, knowing that they have to comply with all of that, to go through the process as part of also being attractive financially and all the rest of it, and there are all those trade-offs. From what I can gather in looking at similar projects around Australia and how they have been done, which have been similar to this, it was probably the best and most extensive public consultation process that has occurred to provide that input.

You have that, and you have the best creative people in the country working to translate that into products and then, at the end of the day, the public will have another go at having a look at that to see if there are any comments that they might want to put into it to finalise the deal.

You have had to have a competitive process to make sure you get the lowest cost for government and the best deal, but you have also had a process to provide all of that input in probably – I cannot recall anything like that being done before in such an extensive way. So, no it is not appropriate to have public input in comparison to the three tenders at this stage because of the commercially sensitive arrangement, but you can be assured that they all have taken account that very extensive input.

**Mr WOOD:** I accept that. I have no questions about that at all. You could end up with something that looks like a mechanical cow. It could fit all the requirements you ...

**Mr TYRRELL:** It is not engineers doing it!

**Mr WOODS:** ... but what is missing out of all that is the architectural value to Darwin. I argued about this with a 33-storey building, but no-one seems to care two hoots whether you have five storeys of louvred car park up against a street reserve in Darwin. People just do not seem to bother. Surely, what we need to know is, what is the architectural merit of this project going to be?

**Ms MARTIN:** Architectural merit is very much in the eye of the beholder, as both you and I know.

**Mr WOOD:** I know.

**Ms MARTIN:** You could have one building that somebody feels warm and cuddly about and the same building someone else will reject absolutely. It is a very personal thing, even amongst the building community.

**Mr WOOD:** That is my very point. By opening up for people to see what architectural merit of three projects are, you will get an idea of what people are thinking about the merit; whether this is something that they would like and feel warm and fuzzy about.

At the moment, we will get one thing and for all I know it could be a copy of Stuart's Spire, and I know how popular that was. It might fill all the requirements, not affect the environment, everything is right on the outside, but the thing that people are really concerned about is what will it like in the finish. I think we are missing an opportunity.

**Ms MARTIN:** We have done much consultation; it has been taken on board. This is a different kind of project. It is not perhaps the simple one that you would like to see it be, and it just has to be done in a different kind of way. We are not excluding - this will be a failed project unless our community owns it, unless our community actually engages with this project. The last thing that I want to see is taxpayers' money wasted on something our community says: 'don't like'.

**Mr WOOD:** And traffic lights down there.

**Ms MARTIN:** Oh, many, but then I will fight minister Burns about it!

**Mr WOOD:** Chief Minister, there is \$1m in the budget for investment missions led by yourself to position the Territory as a great place to live, work and invest. Over the past year, you have led similar missions to most Australian capitals. Is there proof that these missions are working? Is there any evaluation or follow-up, or is this \$1m being allocated because the missions might be working?

**Ms MARTIN:** One of the questions you asked previously about Roy Morgan and the impact of our advertising is part of that follow-up. We did those investment missions last year, and there were a number of different components to them. There was television, radio advertising, print advertising, meetings with business groups, both in large numbers and quite discreet groups. What we are doing now is looking at the next stage of that. The \$1m is there because we are committed to doing it. It probably will not take the same form as what happened last year, and certainly I think it is a key element of growing the population, growing confidence in the Territory, getting new investment here, and something that, even though we have not formulated as yet exactly what the next 12 months will hold, it will need the sum of the kind of \$1m. Maybe Dave Malone has more to add.

**Mr MALONE:** As you know, Mr Wood, in terms of marketing the Northern Territory, this is an investment that will pay a dividend over many years. It is not just a result for today or tomorrow. The program for this year is reinforcing the work that was done last year. It was interesting to note that, when we first did some primary research of the perceptions of people outside the Territory to investing in the Territory, they did not have any perceptions whatsoever. In actual fact, the Northern Territory was not on the radar. I still recall one result was that only 5per cent of people in New South Wales even knew there was a railway from Adelaide to Darwin, for example. So the Northern Territory needs

to stake its position in the national investment market, and this campaign is very much aimed at doing exactly that.

In the first program, through last year, the focus was very much on general awareness-raising. We will continue to do some of that again in the next financial year. But also, a lot of our work will build on the research we have been doing as well, in terms of targeted business cases, for example, where we actually target investment opportunities. You also asked the question about whether we had any evidence that it was working. It is very early days, but if the traffic through our office, in particular, from firms all over Australia is any indication, then certainly the Northern Territory is much higher on the radar today than what it was 12 months ago. People are coming to understand not just what is occurring today, but where the Northern Territory's vision is for the longer term. They may not necessarily be saying: 'I am going to invest today'. It is now on the radar and they are contemplating where they may fit in the future.

**Mr WOOD:** Chief Minister, following on from that, you have been spending money on trying to get people here. Have you done any work on stopping people leaving here? I can say, in the last month, and there are probably more people than that, just in my electorate, three families have left, and there were quite a few before, just in the last 6 months or 12 months. They have left, for probably two reasons: they are getting on a little bit, they are probably in their late 50s. One is the weather, two is, there is no family here to hold them, and three, is looking for another place to live. Are we trying to put enough attractions into our community for these people to stay? For instance, in the rural area, there is no retirement village, although I have been pushing for an area of land to be set aside for that. Are we making enough effort to retain long-term residents? I am sad to see these people go, because they are just familiar faces. I met somebody in the bakery yesterday who said to me, 'We are going next week to Ravenshoe, up in the Tablelands'. And I think, 'There is another familiar face gone'. I do not think this is isolated. I think this is fairly common at the present time. When I saw the figures from the Electoral Commission saying there were less people enrolled, I heard the reasons, but I have a feeling that one of the reasons is some of our older people are leaving. Does the government have a program to try to retain people in the Territory?

**Ms MARTIN:** I am heartened. There has always been a turnover of our population. One of the things that we would like to see slow down is that turnover. Older people have, traditionally, said: 'I am off to go and be with family', or 'The weather is too much'. It is very hard to do something about the weather. However, I am also heartened by the number of people who have moved here, particularly older people, and I celebrate it. I have met a number of retired couples who have moved here because their families are here, and they speak very highly about – they want to have airconditioning, there is no doubt about it, they do have airconditioning in their houses and, particularly, for older people with arthritis, they just think it is heaven.

The issue of our seniors is a serious one. I do not think we can be a wholesome, healthy community unless we have that component of people who are growing old here. Certainly, there are growing numbers of activities for people who have retired, and they have a terrific life here. There is not a lot you can do about the weather; it is a fact of life. You either love it or you find it difficult. Hopefully, those here in this room love it.

**Mr WOOD:** Chief Minister, onto another topic. What benefits does the Territory get from the Wickham Point LNG plant, apart from the jobs in the plant itself and the money the workers might spend? I know it gets money from taxes, but what other revenue will the Territory get once this is up and running?

**Ms MARTIN:** Predominantly payroll tax in terms of direct to government, and then that flows-on into the community - people wanting to build houses, use restaurants, have their hair cut, buy clothes, doing all those kinds of things in our community, and also the supply side for our businesses. That is also an important component of the LNG plant, and that is ongoing.

**Mr WOOD:** Any direct benefit from ConocoPhillips once it is established?

**Ms MARTIN:** Sorry, what do you mean direct benefit?

**Mr WOOD:** It is a big industry using our gas and sending it overseas. Is there any way we get we any benefit from that?

**Ms MARTIN:** The federal government gets revenue - significant amounts. I cannot give you the absolute - we do not have the figures, but it is significant revenue.

**Mr WOOD:** Do we get any of that back or does it just go via through the normal channels? We do not get a special slice of it?

**Ms MARTIN:** Normal channels.

**Mr WOOD:** So we do not really get any?

**Ms MARTIN:** The Commonwealth Grants Commission determines the funding that comes to the Territory, and we have good and less good news. Certainly, that is part of the federal arrangement.

**Mr WOOD:** Chief Minister, given that the Northern Territory's role has been written out of the Greater Sunrise unitisation agreement, will there be any financial benefits to the Territory if the project goes ahead offshore?

**Ms MARTIN:** The Territory has been written out of? We do not determine those unitisation agreements. They happen between countries ...

**Mr WOOD:** That is right. But if we ...

**Ms MARTIN:** ... and, in this case, between Australia and East Timor.

**Mr WOOD:** Isn't it the case that federal parliament was told earlier this year that developers of the Greater Sunrise gas field had a very narrow window of opportunity to develop the field to produce gas by 2009, and that is why the unitisation law was pushed through parliament on urgency? If the developers are pushing hard to meet that window of opportunity, has the government heard yet whether, for instance, Woodside and Shell plan to produce LNG onshore or offshore?

**Ms MARTIN:** We fought a very strong battle about not having LNG produced offshore on a floating facility, and at this stage, are much more confident that, if Sunrise does go ahead, it will be onshore. The Sunrise development does have - and this I articulated recently at SEAAOC - has a window of opportunity. It is probably somewhere over the next six to nine months. That is why I was suggesting to the federal government that the issue of maritime boundaries be de-linked from the revenue from the Sunrise field, because critical to the Sunrise field proceeding is to have that unitisation agreement signed by the East Timorese parliament.

**Mr WOOD:** If it stays offshore, will there be any benefits to the Territory?

**Ms MARTIN:** There would be some level of benefit for the Territory but, as we fought very hard for over the last couple of years, not the same benefits as having that gas onshore.

**Mr WOOD:** Thanks, Chief Minister. The last question through the Chair: in March, a \$1m tender from your department was awarded to PricewaterhouseCoopers so that they can act as financial and commercial advisors for the proposed waterfront development. In the same month, a Western Australian company was awarded a \$50 000 contract to provide *ad hoc* advice on industry policy. Why were these two tenders issued with certificates of exemption and were other companies approached for these tenders?

**Mr TYRRELL:** The Pricewaterhouse contract – the certificate of exemption does not necessarily mean it was just the one firm. What that does is exempt you from going to public tender and in the case of getting financial advice, there was a handful of companies in Australia that could do that. The certificate was to have select tenders; in other words, still have competition but from those firms which could do it and that was the way that one was done.

The other one I think you are probably referring to is ACIL. They are locally based here and they have particular expertise in a range of issues both from their local presence, which is unique, and the extent of the offices and expertise around the country.

**Mr WOOD:** What exactly is *ad hoc* advice on industry policy?

**Mr TYRRELL:** It could be to do with energy policy, for example; for developing a case for the Northern Territory in pushing with the Commonwealth in terms of aspects of an energy policy we might want to put in place. Anything else, Dave?

**Mr MALONE:** That was principally it. There are occasions where we need urgent advice and with the opportunity with a firm like ACIL, it is a broad brush economic house. So you have access not just to the industry specialists but econometric modelling and we do need that on occasion with the pretty rapid turnaround and that was the rationale behind that. ACIL does have an operation here and we do make use of the local representative here.

**Mr WOOD:** You do not look at period contracts for that type of consultancy?

**Mr TYRRELL:** Could do, but in this case there was a local representative and from my recollection, from my knowledge, the only firm with a local representative that could provide the sort of advice we are looking for, it was appropriate to go to them to get that advice. If you called tenders for a period contract you would end up with ACIL anyway because you would be looking for a local presence here anyway. I think what we did was probably the best way to go.

**Mr WOOD:** All right, thanks.

**Mr CHAIRMAN:** Are there any other questions under that output? That concludes the consideration of Output 2.0 – Territory Development. The committee will also break for five minutes.

The committee suspended.

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**OUTPUT GROUP 3 – NT Railway**  
**Output 3.1 – NT Railway**

**Mr CHAIRMAN:** Chief Minister, the committee will now proceed to consider the estimates of proposed expenditure contained in the Appropriation Bill 2004-05 as they relate to the NT Railway. I will now call for questions on Output Group 3.0, Output 3.1, NT Railway. Leader of the Opposition.

**Mr MILLS:** Shadow for transport.

**Mr BURKE:** In terms of the draw down of monies for the railway, has all the money that can be drawn down for the railway been drawn down? If not, what remains to be drawn down, or possibly drawn down?

**Mr TYRRELL:** The commitments of the government in terms of the government works program, equity payments have been drawn down and that is complete. The equity payments were something like \$17.7m, half of which were paid for by the Commonwealth, and the mezzanine debt, \$10m, half of

which was paid for by the Commonwealth. There is the contingent equity outstanding of \$25m, which could potentially be drawn down, and that was part of the \$79m support package negotiated at financial close on commercial terms. I guess there is a reasonable chance that that could be called upon at any time over the next three years.

**Mr BURKE:** Where does that money appear in the budget papers?

**Mr TYRRELL:** I do not think it is allocated.

**Mr KIRKMAN:** Yes. It is not allocated as such to an agency which considers it as a contingent liability in whole-of-government statements.

**Mr BURKE:** So, can you refer me to where it is in the budget papers, known as a contingent liability of \$25m?

**Mr CHAIRMAN:** Would you be able to identify yourself as well, for *Hansard*?

**Mr KIRKMAN:** Andrew Kirkman, Chief Financial Officer. It is not in Budget Paper No 3. I would have to find exactly which set of budget papers it is in, but it is not considered part of this particular budget 2004-05.

**Mr TYRRELL:** I do not know how it is catered for in the budget, but it is not a payment that needs to be budget for that has to be made because, if the business case is established there is no need to make a payment. However, it is a contingent requirement to a cap of \$26m - half of which is to be provided by the federal government, should they be called upon.

**Mr BURKE:** Could I put a question on notice to ask - that the explanation of how that contingent liability is recorded in the budget or in consolidate revenue or whatever. It just seems to me that it needs to be, or it would be shown somewhere. I just wonder where it is.

**Mr TYRRELL:** Sure.

**Mr BURKE:** Could I ask ...

**Mr CHAIRMAN:** One moment, please. Chief Minister, will you accept that?

**Ms MARTIN:** Yes, I am happy to accept the question, yes.

**Mr CHAIRMAN:** All right. To assist *Hansard* and to ensure the minister is fully aware of the question, would the member for Brennan please restate the question?

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**Question on Notice**

**Mr BURKE:** Could you detail where the contingent liability ...

**Mr Tyrrell:** Contingent equity liability.

**Mr BURKE:** ... equity monies that are a possible liability to the Northern Territory government as a result of the railway appear in the budget?

**Mr CHAIRMAN:** Minister, do you accept that as a question taken on notice?

**Ms MARTIN:** Yes.

**Mr BURKE:** Enough to get me an answer, anyway.

**Mr CHAIRMAN:** That being the case, I will allocate number 3.1 to the question. Please continue, member for Brennan.

**Mr BURKE:** So, that contingent equity, what are the circumstances which – well, firstly can you confirm for me that none of that money has been drawn down?

**Mr TYRRELL:** No, that is right.

**Mr BURKE:** Can you confirm for me the circumstances in which it would be drawn down?

**Mr TYRRELL:** Yes, if there is a call by the banks on the owners of the railway. The way it would work is that – well, if I could go back a step. The banks required, as part of the financial deal, that a certain amount of contingent equity be committed in case the project required it during the ramp-up years, and from - let us say it was in the order of \$60m, the arrangement we had with the owners of the railway was that their equity requirements would be called first with the government's requirement called last. Should equity be called by the banks because, let us say that the business case did not quite match – let us say the freight projections did not quite match what the business case specified, and the banks thought that the cover ratio was dropping below what they had specified in terms of equity to revenue coming in, they could call upon a certain amount of contingent equity to bring that back to the right level.

If they do that, they call the company's contingent equity first and, once that is used up, then they could call the government's contingent equity, which is a capped amount of \$25m and shared equally between the Commonwealth and ourselves. That is over the next three years, so it could be called. That is a potential commitment of the Northern Territory government of \$13m over the next three years. However, there is also a good chance it will not be called.

**Mr BURKE:** Are you able to say whether or not any of the contingent equity from the operators has been called?

**Mr TYRRELL:** Yes, in a refinancing arrangement that the consortium put in place in the last 12 months, there was an amount of contingent equity called. From memory it was \$15m or \$20m; we could find the exact amount of that. The equity provided an additional \$90m equity into the project which reduced the senior debt. I believe there was also an amount of contingent equity that was called at that time of \$18m.

**Mr BURKE:** Is it true, therefore, to say that the calling of that contingent equity is a demonstration of the lack of performance to objectives of the railway?

**Mr TYRRELL:** It is true to say that that is a result of a revised business case and assessment of a freight load and the freight company in and out of the Territory, and the freight that could go onto the railway, have reduced in approximately 12 months ago.

**Mr BURKE:** How does that measure with the FreightLink statements today that they are performing in terms of their freight loads. On the one hand the story in today's paper is they are performing extremely well in relation to gaining their freight loads; on the other hand, you are telling me the business case has been adjusted because, and their freight loads have been adjusted, with a calling of more equity from the offloaders.

**Mr TYRRELL:** Yes, that was about 12 months ago. The revised business case that was put in place at that time is obviously the one you are comparing the performance of the company with now and it

is going quite well. So, I guess in some respects, because of that arrangement that was put in place 12 months ago reduces the chances of the government contingent equity being called because it is a more robust business case. It is going quite well.

**Mr BURKE:** Are there government monies going into the railway in other forms that could be seen by some as subsidies?

**Mr TYRRELL:** No, not at all.

**Mr BURKE:** I am sure you are right. But I have raised the issue before in parliament. You are aware of the *Alice Springs News* article and the assumption by many in the transport industry that the railway is being subsidised in some way.

**Mr TYRRELL:** Yes, that is right.

**Mr BURKE:** It would be true to say that The Ghan would be getting some subsidy in terms of making its marketing case?

**Mr TYRRELL:** I do not know if there is a joint arrangement on marketing between the Tourism Commission on that. But in terms of its operations, there is no such thing.

**Ms MARTIN:** No, the only funds that went towards that were for the inaugural celebration.

**Mr WOOD:** Chief Minister, what ongoing Alice Springs to Darwin railway costs are paid for by the Northern Territory? I am probably asking question about ...

**Ms MARTIN:** Sorry? What ongoing ...

**Mr WOOD:** ... costs are still paid for?

**Ms MARTIN:** Costs of?

**Mr WOOD:** Maybe I will rephrase that. Who actually owns the rail corridor? Because when I went for a walk the other day at Berry Springs, it says 'do not enter here; private land', more or less. Who actually owns from fence to fence on the rail corridor?

**Mr TYRRELL:** The AustralAsia Railway Corporation - part of the corridor is owned by the government; and part of it is a long term lease from, say, indigenous owners of ALRA land, whereby there is a 99 year lease plus an option for another 99 years, so it is almost a 200 year lease. The consortium has a concession for 50 years. It has rights to that land just like a long term lease. So when it says private property that is correct. It owns the corridor, in terms of a concession, for 50 years.

**Mr WOOD:** Who pays for the maintenance of that corridor? I am referring to weed control, fire breaks and repairs to the fences?

**Mr TYRRELL:** Repairs to the fences is the responsibility of the adjacent owners, because the railway does not require the fence. The fence was put there as part of the compensation package when the corridor was first acquired and the arrangements were that the government put in the fence on the basis that the owners maintained it.

**Mr WOOD:** Fire breaks?

**Mr TYRRELL:** It would be the railway operator.



**Mr WOOD:** So, there will not be any budget items in the Territory budget for fire breaks nor weed control?

**Mr TYRRELL:** No.

**Mr WOOD:** They were a couple of issues that were raised in the Katherine area and in the Adelaide River area recently. What about the repairs and maintenance to the passenger terminal? Who owns the passenger terminal?

**Mr TYRRELL:** The government owns the passenger terminal but it is a long term lease to GSR.

**Ms MARTIN:** The Darwin Passenger terminal.

**Mr WOOD:** That is right, yes.

**Mr TYRRELL:** I am not across the details of the lease; the Department of Infrastructure, Planning and Environment manage that.

**Mr WOOD:** Is it true that the Territory government had to pay for the line to the passenger terminal, that section of the line there? Is that a cost to the government?

**Mr TYRRELL:** We are not sure, but I have some recollection that it may have been part government provided to provide the passenger terminal, but I cannot recall. We will see if we can find out before the end of this session.

**Mr WOOD:** All right. My follow-up question would have been if we had paid for it, why didn't Great Southern Railway pay for it? After all, it is there just for their train. No one else's train, is it? It is just the passenger train.

**Mr TYRRELL:** Their position is that they do not pay for the railway; they rent it from the owners and use it and pay access fees.

**Ms MARTIN:** On the same basis, they do not do terminals.

**Mr WOOD:** It would not look too good if we let them off at the port. Anyway, it would be interesting to see what the answer is.

**Ms MARTIN:** We will get back to you on that one.

**Mr WOOD:** Thank you.

**Mr CHAIRMAN:** The time is now 10:16pm and for the *Hansard* record, I wish to advise that pursuant to section 12 of the Terms of Reference of the Estimates Committee, Madam Speaker has nominated the member for Araluen to replace the member for Drysdale. Are there any other questions in regard to that output? That concludes consideration of Output Group 3.0, NT Railway.

**OUTPUT GROUP 4.0 – Government Business Support**

**Output 4.1 – Support to Executive, Ministers and Leader of the Opposition**

**Mr CHAIRMAN:** I call for questions on Output Group 4.0, Government Business Support, Output 4.1, Support to Executive, Ministers and Leader of the Opposition.

**Mr MILLS:** Chief Minister, the cost of maintaining eight ministerial offices and the Leader of the Opposition's office - could you please inform me of that amount? Well, let us say: is it the \$17m as I

see in the paper?

**Ms MARTIN:** No, the cost of - let me just get the figures out. The estimate for 2003-04 is \$12m and the 2004-05 budget is \$11.8m.

**Mr MILLS:** Chief Minister, when stating your position prior to assuming government, you made a commitment to the Northern Territory community that you would be reducing the cost of running ministerial offices by \$2m per year. At a time when the CLP was in government, it was \$9.9m to run nine ministerial offices plus the opposition office. What happened to the commitment?

**Ms MARTIN:** I made it clear when I made the announcement to put on an eighth minister that we had done that for a number of reasons, and that the work load was an issue for seven ministers. I recognised that and simply said there would be an additional cost, so I have been quite upfront about that.

**Mr MILLS:** Chief Minister, how many staff do you have on the fifth floor?

**Ms MARTIN:** In the ministerial offices on the fifth floor, 81 staff, and another five in Alice Springs.

**Mr MILLS:** How many are seconded? How many positions on the fifth floor are secondments from departments that are not on your books; that are on the departmental books?

**Ms MARTIN:** As of May, there were nine departmental liaison officers.

**Mr MILLS:** How many consultants? Do you have a category for consultants who are not a staff member?

**Ms MARTIN:** Unlike the previous government, we do not, no.

**Mr MILLS:** They are not a staff member, and not a secondee, but fit in the category of consultant.

**Ms MARTIN:** No.

**Mr MILLS:** Thank you. A position you once about held clear and dear was that in accordance with your now largely discredited Labor's Good Governance policies was:

*Labor will cut the waste, restricting advertising to the promotion of legitimate government needs, not de facto political advertising*

You made a clear commitment to that. Change of position?

**Ms MARTIN:** Not at all. But it seems as though yourself as Opposition Leader has a very different view of this. Even though we as government has clear guidelines about document production and advertising, I have a raft of blatant breaches here. Let us just try a few blatant breaches from the opposition about breaching the guidelines that are clearly given when taxpayers pay for newsletters. In fact, it is through time and time again. This kind of document - clear breaches. This kind of document - clear breaches. Again, this kind of document - clear breaches. This one, can I say, got it right. But the others, in terms of using 'CLP', 'CLP leader', when you know clearly in terms of the guidelines that have been developed, that it is 'CLP Opposition Leader', and simply then saying, as you have gone through a newsletter, using 'CLP' rather than 'opposition', 'Labor' instead of 'Labor government', and you then have the nerve at the back of it to say taxpayers will pay for a reply paid. So, absolutely blatant breaches of guidelines from many different publications from the Opposition Leader, when those guidelines have been made very clear.

**Mr MILLS:** I actually have the guidelines here in front of me, and none of the assertions you made violated the guidelines. However, the issue I would like to raise, Chief Minister, about the use of the NT government web site for political purposes, would that be something that you would condone?

**Ms MARTIN:** What are you talking about?

**Mr MILLS:** Well, when the web site is used, the Northern Territory government web site, which is maintained and funded by Northern Territory taxpayers for their benefit, with their funding, this web site has been used to promulgate political comment, consistently, from your ministers.

**Ms MARTIN:** Political comment is part of the nature of politics.

**Mr MILLS:** Surely a minister would be carrying a message that is in regard to their departmental responsibilities, wouldn't you think?

**Ms MARTIN:** What are you claiming? Press releases from ministers, perhaps?

**Mr MILLS:** These are press releases that sit on the Northern Territory government web site, that are clearly - well, in many cases - plainly false and, in every case, blatantly political. This is on the Northern Territory government web site. Also on the Northern Territory government web site, Chief Minister, you have press releases, and you also have biographies and so on, that contain links to the Australian Labor Party. Do you think that is political?

**Ms MARTIN:** The issue of press releases, or media releases, is one that, a media release is in itself political and, of course, you can simply say they are wrong, but, again, I say to you, and I think we have said previously in estimates, I said to you, just because you think something is wrong it is not necessarily wrong. It is quite the norm to put media releases on the web site. We still know that the member for Katherine has one up there when she has disclaimed it, saying that Katherine is a war zone.

**Mr MILLS:** And on which web site would that be, Chief Minister? Which web site would that be on?

**Ms MARTIN:** I do not think you should yell. I do not think it becomes you.

**Mr MILLS:** I do not believe that you are doing anything to support your own position here. The Northern Territory government web site is being used to support plainly politically motivated correspondence.

**Ms MARTIN:** In terms of media releases, it is what happened previously. Press releases, media releases from the Country Liberal Party were there on the web site, quite properly. Just because you are showing some level of sensitivities, what I believe should be quite properly done is your use of taxpayers' money when you put brochures out that blatantly – blatantly - breach guidelines that you know about.

**A member:** Obviously sensitive?

**Ms MARTIN:** No, not only are they full of rubbish - and I will dispute quite clearly they are wrong - but the guidelines you are given are absolutely blatantly breached. These are party political efforts, and you have the nerve to say at the end: 'Do a reply paid to the Opposition Leader'. Do a reply paid to the Leader of the Opposition - they are a disgrace.

**Mr MILLS:** Chief Minister, we can dispute issues with regard to the guidelines that you have established, but the point here is that the Northern Territory government web site - the government web site - is holding volumes of press releases and material that is plainly political in its message – plainly, blatantly political - in complete violation of the position that you once held dear.

**Ms MARTIN:** Not at all, not at all. So stop ...

**Mr MILLS:** Absolutely, in accordance with Labor's good government policies: 'Labor will cut the waste, restricting advertising to the promotion of legitimate government needs, not *de facto* political advertising'. Your position, Chief Minister, whilst in opposition. Hypocritical!

Chief Minister, the Office of Central Australia: why have you engaged a consultant to assess your office in Central Australia?

**Ms MARTIN:** The office has been in place for nearly three years, and it was considered important to make sure that the interaction between the Office of Central Australia and the community of Central Australia - which includes government operations, the non-government sector and the private sector - that those links were clearly established and they were working well. We needed to have a review - quite legitimate.

**Mr MILLS:** No one up here could do that? No one in the Top End could do that?

**Ms MARTIN:** Metis Consulting, who gained the contract, had previously done work in Central Australia, and were very expert, in our view, at doing that kind of review process and engaging those who were part of the review and the outcome. I believe they will do it very successfully.

**Mr MILLS:** Chief Minister, how many people engaged in marketing, communications or media relations are employed in the Office of the Chief Minister?

**Ms MARTIN:** Hold on, I will just look that up. Three in my office.

**Mr MILLS:** Three in your office. That is in your own ministerial office or in the ...

**Ms MARTIN:** The Office of the Chief Minister.

**Mr MILLS:** Could you provide me with the budget for this section? How many other marketing communications perform media functions? Media relations people are employed in ministerial offices on the 5th floor. Are there any others?

**Ms MARTIN:** Well, each minister has a media officer.

**Mr MILLS:** Mmm. So you say there are only three - okay.

**Ms MARTIN:** I am saying there are three in the Office of Chief Minister, from my office. Each minister has a media officer. Sorry, one in the Office of Central Australia.

**Mr MILLS:** So, three in your's and one in each of the other ministers? Okay.

Chief Minister, how much has your government spent on marketing your 2004-05 budget?

**Ms MARTIN:** All the costs for marketing the budget were met by Treasury. I believe that question was asked of the Treasurer and appropriately answered by him.

**Mr MILLS:** Chief Minister, just going back to the matter that you raised – obviously you were sensitive to the issues that you predicted that I would raise ...

**Ms MARTIN:** No, I found this and was outraged that they were such a blatant breach of guidelines ...

**Mr MILLS:** I just ask ...

**Ms MARTIN:** ... particularly in relation to the budget one.

**Mr MILLS:** I just ask if you could table those so that I could be illuminated as to what has caused great offence to you.

**Ms MARTIN:** No, you will be formally let know that you have breached the guidelines. You obviously have copies of all these. You do not have to table them.

**Mr MILLS:** I would like to see where your pink highlighters have been applied so that I can ...

**Ms MARTIN:** Every time you say 'Labor' that is a breach of guidelines. Every time you say 'CLP' that is a breach of guidelines, and a blatant breach of guidelines. And then, when you have nerve to say in this party political document, 'send the reply to the opposition leader', that is another breach.

**Mr MILLS:** Chief Minister, going back to the issue of a Northern Territory government web site, you are of the view that party political press releases under the CLP would be lodged on the Northern Territory government web site. That would have been permitted?

**Ms MARTIN:** Media releases from ministers are the legitimate work of government; the absolute legitimate work of government. You can describe them as party political, but they are the legitimate work of government.

**Mr MILLS:** I would agree with what you have just said.

**Ms MARTIN:** Thank you.

**Mr MILLS:** However, a legitimate press release from a minister of the crown seeking to discharge their responsibilities as a minister of the crown with responsibility for governing, responsibilities under their care, is one matter. But if you have headlines such as, 'Opposition abandons censure motion to avoid embarrassment', 'CLP second censure like actions of a punch drunk boxer', and so on and so on. These are clearly intended to deliver your message to public servants and beyond. I put to you, Chief Minister, that that was simply not permitted under the CLP.

**Ms MARTIN:** Media release from government ministers were on the web site.

**Mr MILLS:** I would accept that.

**Ms MARTIN:** Thank you.

**Mr MILLS:** Of this nature, no.

**Ms MARTIN:** Oh, do not be so naïve. Don't be so naïve.

**Mr MILLS:** Well, previously ...

**Ms MARTIN:** You can sit there and posture about it, but that is just naivety.

**Mr MILLS:** I will go back and assess whether there were links. Would there have been links direct to the CLP on minister's press releases and entries on to the web site? Direct links to ...

**Ms MARTIN:** I cannot speak for that detail of what happened before. I cannot.

**Mr MILLS:** You asserted that earlier, Chief Minister.

**Ms MARTIN:** No, I asserted that CLP media releases which were often, and they were there on the web site, incredibly negative about the opposition, and incredibly negative about the opposition leader, if I remember at the time. But I did not take them personally.

**Mr MILLS:** The issue here is not that I am personally upset that you are posting these. I think it is a clear violation of your own guidelines in a position that you once took. Also, I put to you that the web site was managed ...

**Ms MARTIN:** They would be party political if they said, 'The CLP'. They say, 'The opposition', in that case that you read out.

**Mr MILLS:** Sorry?

**Ms MARTIN:** Look, they are to do with the work of government.

**Mr MILLS:** So, what do you say – you said that if it said, 'The opposition'?

**Ms MARTIN:** Well, in that case that you read out, it said, 'The opposition'...

**Mr MILLS:** I could say, 'CLP', 'CLP opposition', 'Burke opposition', 'CLP', 'CLP', 'CLP' ...

**Ms MARTIN:** All right. [Inaudible].

**Mr MILLS:** Sorry? Who maintains the site?

**Ms MARTIN:** They're how the press releases come out.

**Mr MILLS:** Who maintains the site? Who maintains the Northern Territory government web site?

**Ms MARTIN:** It is within DCIS.

**Mr MILLS:** I understand, Chief Minister, there is a link in terms of supervision from your political office.

**Ms MARTIN:** Look, as I understand it, I probably need to get some more advice.

**Mr MILLS:** I think you need to.

**Ms MARTIN:** No, stop – the media releases are put on the web site by the media staff, as I understand it, but the web site is maintained by DCIS.

**Mr MILLS:** DCIS therefore would create the link from that media release to the Australian Labor Party on the Northern Territory government web site? So DCIS would be doing that, would they?

**Ms MARTIN:** I have no information about that.

**Mr MILLS:** I think you need to. It is a clear violation of your own standard and I believe it will be a clear violation of any principle of good governance. The issue is not whether a press release from a minister should or should not be entered on a Northern Territory government web site; they should be. But the issue here is the political nature of them. In fact, I just understand that the web site is actually

maintained by the Office of the Chief Minister. It is maintained by your own office.

**Ms MARTIN:** I think it is both. I mean there is access. I am not quite sure of what point you are trying to make. I am not quite sure.

**Mr MILLS:** That the Northern Territory government web site is being used for blatantly political purposes by the Australian Labor Party. That is the point I am making. Otherwise there would be no link to the Australian Labor Party on a Northern Territory government web site. There would be no glossy profiles and biographies of the ministers in all their glory with a connection to the Australian Labor Party.

**Ms MARTIN:** The ministers are members of the Australian Labor Party ...

**Mr MILLS:** Yes.

**Ms MARTIN:** What is the problem of having a biography of a minister on the web site?

**Mr MILLS:** It is the way in which it is done, Chief Minister. If you have a ...

**Ms MARTIN:** The way in which it is done, like too grand and glorious about the ministers, too nice about them. What is the way it is done?

**Mr MILLS:** It is the link straight across to the Australian Labor Party. Chief Minister, your electorate office, for example, are you allowed to put on the front window there 'Australian Labor Party' on your electorate office?

**Ms MARTIN:** There are rules about electorate offices.

**Mr MILLS:** That is right. You would not violate them, would you?

**Ms MARTIN:** In terms of what is put on the front window, it is very clear. Mine says, 'Clare Martin, member for Fannie Bay'.

**Mr MILLS:** I would put to you that there are very clear rules about the way the Northern Territory government web site should be used, isn't there?

**Ms MARTIN:** I am confident that we are following appropriate protocols.

**Mr MILLS:** You are, are you?

**Ms MARTIN:** Absolutely.

**Mr MILLS:** Yes, in fact, they are in violation of your own standard.

**Ms MARTIN:** I think the problem with the Opposition Leader saying, 'You are in violation of your own standard', is that you tend to just make it up most often ...

**Mr MILLS:** No, no, I have your own words here, Chief Minister.

**Ms MARTIN:** ... and interpret to your own purposes what those standards are.

**Mr MILLS:** Your own words, Chief Minister.

**Ms MARTIN:** When we look at what you have done in terms of breaching written guidelines about document production, it is absolutely blatant. We are maintaining the protocols that are quite appropriate ...

**Mr MILLS:** I am not talking about the Northern Territory government web site.

**Mr BONSON:** Through the Chair, could I just get a clarification from the Opposition Leader. Are you alleging that there are ALP links on the actual media releases ...

**Mr MILLS:** Yes.

**Mr BONSON:** ... or on the bios?

**Mr MILLS:** I do not have the last page of all of these, but I have evidence of links to the Labor Party. I also have here a media release that is on the [www.nt.gov.au](http://www.nt.gov.au) Northern Territory government, media releases, related links, etcetera, this page is maintained by the Office of the Chief Minister.

**Ms MARTIN:** DCIS does the maintenance of the web site broadly. Those media releases go on from my office.

**Mr MILLS:** I think there is a real concern there, Chief Minister.

**Mr CHAIRMAN:** Any more questions? That concludes consideration of Output 4.1.

#### **Output 4.2 – Legislation Production**

**Mr CHAIRMAN:** The committee will now consider Output 4.2, Legislation Production. Do any members of the committee have any questions under Output 4.2? That being the position, that concludes consideration of Output 4.2.

#### **Output 4.3 – Support to Administrator and Government House**

**Mr CHAIRMAN:** The committee will now consider Output 4.3, Support to Administrator and Government House. Do any members of the committee have any questions? That being the case, that concludes consideration of Output 4.3. That concludes the consideration of Output Group 4.0.

#### **OUTPUT GROUP 5.0 – Community Engagement**

##### **Output 5.1 – Women's Advancement**

**Mr CHAIRMAN:** The committee will now move onto Output Group 5.0, Community Engagement. I now call for questions on Output 5.1, Women's Advancement.

**Ms MARTIN:** Mr Chairman, I introduce Alix Goodwin, the Director of Community Engagement.

**Ms CARNEY:** Thanks, Mr Chairman. Chief Minister, the hour is late and we are behind time, I will be brief. You are aware, I take it, that I wrote to you on 10 June, providing a number of written questions; there were 14 in total. I have not heard anything from you to the contrary, so can I assume that you have those answers and that you are happy to table them?

**Ms MARTIN:** No, because we do not accept written questions. You were told that quite clearly.

**Ms CARNEY:** Well, it seems to me ...

**Ms MARTIN:** Can I just explain without having an argument about this? We do not have written questions in the estimates process. If you want to have written questions you can put them on notice, or send me a letter, but this is not a written process in the estimates.



**Ms CARNEY:** That is interesting, Chief Minister, because you are at odds with your Attorney-General, who has said very clearly on the floor of the parliament that he will accept written questions, and I thanked him very much for the kind invitation to that effect. I am not wanting to suggest too strongly that you are all at odds, but I came here in the expectation and, I might say, in the absence of receiving a reply to my letter of 10 June, that I would be able to receive written answers.

**Ms MARTIN:** If you are happy to put them on notice, I will be happy to answer them in the other context of the parliamentary process. Very happy to do that. A number of them do not apply to this portfolio, but I am happy to get answers from, in some cases, Justice, or whatever.

**Mr CHAIRMAN:** Member for Araluen, it is clear and it has always been clear in the standing orders and was debated in the House, that written questions would not be accepted as part of the estimates process. All that being said, whatever the Minister for Justice has said about his delight in receiving written questions, they do not form part of the estimates process and, clearly, everyone was advised of that.

**Ms CARNEY:** Thank you Mr Chairman. I note, Chief Minister, in the Leader of Government Business' press release of yesterday, he refers to the estimates process and says it 'enhances the openness and accountability of government'. Why are you not prepared to cooperate? You have been given two weeks notice of those questions. I did not exhaust the questions, as I am sure you know. You may not have read them, but I am sure someone has told you ...

**Mr Mills:** The Leader of the Opposition got a letter.

**Ms CARNEY:** ... it is offensive, in my view, that your government on the one hand issued a press release yesterday that says, 'We are open and accountable' and yet, two weeks ago, you received some questions in relation to the area of women's policy – and I know this is a weakness for you - that you refused to answer. What I will do them ...

**Mr CHAIRMAN:** Member for Araluen ...

**Ms MARTIN:** Can I just respond to that, Mr Chairman?

**Mr CHAIRMAN:** You do not have to, Chief Minister.

**Ms MARTIN:** There are different processes within government. This estimates process, very clearly, does not have written questions. There are other mechanisms within government: you can write letters, you can put questions on the parliament ...

**Ms Carney:** Yes, I know what else I can do, thank you ...

**Ms MARTIN:** No, no. It is important not to try to distort what the reality of this estimates process is, and to deal with it properly. I am sitting here now. I will answer the questions you want to ask about my appropriation in women's advancement, and then move onto the other ones.

**Mr CHAIRMAN:** Chief Minister, as the Chair here I would like to read out this letter which went to the Leader of the Opposition ...

**Mr Mills:** When?

**Mr CHAIRMAN:** It was dated yesterday, I believe ...

**Members** interjecting.

**Mr Mills:** Yesterday, thank you.

**Mr CHAIRMAN:** It was a reiteration of the standing orders, so you can chuckle all you like. I am going to read this, because it should put to bed all the member for Araluen's concerns:

*I refer to correspondence sent by some opposition members to ministers in recent days regarding the Estimates Committee hearings. Combined, the Estimates Committee and the Government Owned Corporations Committee to be conducted this week will be in session for more than 42 hours. Most of that time will be available for opposition MLAs to ask questions.*

*It is a matter for the opposition to determine how it utilises its time. This includes the opposition determining how much time you choose to spend on areas within a minister's portfolio, and the questions individual opposition members decide to give priority to and ask during the hearings.*

*As discussed exhaustively with your Deputy Leader in the Standing Orders Committee, and repeated during the parliamentary session on 18 May 2004, questions asked during the hearing will be responded to by the relevant minister or senior official. This process enables the meaning of questions to be explained if there is ambiguity; information to be provided in context and in appropriate detail; and for supplementary questions to be asked.*

*The manner in which the Estimates Committee is conducted has been determined by resolution of the Legislative Assembly passed on the 18 May 2004. It is largely in line with the resolution of the previous year, and provides for questions to be asked during the hearings. Contrary to what the correspondence sent by some opposition members appears to demand, the resolution does not provide a facility for answers to be tabled en masse to questions that are not asked during the hearing. As is always the case, opposition and Independent members of parliament have at their disposal the facility to lodge Written Questions on Notice directed at ministers pursuant to standing orders. I urge you to ensure that you and your colleges become familiar with the relevant resolution and standing orders before next week.*

*I look forward to seeing you next week at the Estimates Committee hearings.*

*Yours sincerely  
Paul Henderson.*

Member for Araluen, I hope that clears up any aspects about the questions.

**Ms CARNEY:** And about three minutes of valuable time.

**Mr CHAIRMAN:** Well, look, it is not for me ...

**Ms CARNEY:** Okay, thanks, Mr Chairman. We both know what is happening here. This is a clear attempt by this government to limit the questions that can be asked in the very process invented and created by this government. Members will recall that in the first year there were written questions. Why is government refusing to do it? Because too much information was provided. I resent that, and I know that very many people – well, you can pull all sorts of faces, Chief Minister, but we know that is why the Labor system changed. Written questions one year; no written questions another.

This process is a farce, if you expect, as Chief Minister, four-and-a-half hours to be asked about your numerous portfolios. It is all very well for government to say we need to prioritise. Indeed, we do. I happen to think that the area of women's policy is really important ...

**Mr CHAIRMAN:** You are wasting precious time, member for Araluen.

**Ms CARNEY:** I know that you have a contrary view. However, I am conscious of the member for Katherine wanting to ask some tourism questions so what I will do, because I am forced into a position of so doing, those questions that I sent to you on 10 June to enable you and your department plenty of time to answer them, I will put them on notice. Alternatively, I might write to you by letter. I would have thought that was cumbersome. However, that is your call.

Chief Minister, the Attorney-General has said that the increase in violence that we are witnessing around the Northern Territory and in particular, in Katherine, is due in part to domestic violence. Can you indicate whether the resources allocated to the government's domestic violence strategy has increased in 2004-05. If so, is it adequate?

**Ms MARTIN:** Very sadly, I would say that if you are expecting, and can I respond to some of the comments you made?

**Mr CHAIRMAN:** Yes, certainly.

**Ms MARTIN:** The estimates process in the first year. This is an estimates process you would find in any other part of Australia. The written questions were a transitory mechanism to go to a full estimates. To imply, or even say outright, that we are somehow or other not being transparent and accountable is simply rubbish. I sat here and had questions asked of me by the member for Brennan which were totally inappropriate to my portfolio and time was spent ...

**Ms Carney:** Rubbish!

**Mr Mills:** No they were not.

**Ms MARTIN:** It was totally inappropriate, and should have gone to another minister.

**Ms CARNEY:** You go gallivanting through China saying how important the wharf is and you know nothing about it.

**Mr CHAIRMAN:** Member for Araluen, please allow the Chief Minister to respond.

**Ms MARTIN:** So, in terms of the issue of domestic violence, and it is interesting that the member in the House the other night was attempting to either misquote or slur something I had said about domestic violence, implying that I had some very strange views on it. Let me say very clearly it is a most serious issue for this government. When you look at figures like the ones produced by the Office of Crime Prevention on the level of - and I would argue that it is not really domestic violence, it is assault. It just happens to be in the home and we should deal with it in the same rigorous methods that we deal with any other assault. But just let me say that the issue of what we call domestic violence is one that needs to be tackled. There are programs in place from women's policy but they have to work effectively with other measures we have put in place like increased police resources; right across the Territory, 200 more police officers.

Certainly, the community patrols we have in place, the indigenous family violence that has funds for growing the strength of families in all over the Territory, particularly in our communities, to be able to deal with the issues that confront them in the home. We are taking it very seriously. It is very sad to hear the member for Araluen somehow imply that this government does not take it seriously. This government takes domestic violence, right across the Territory, most seriously and in stark contrast, with the measures we have put in place, compared with the CLP in government.

**Ms CARNEY:** Chief Minister, my question was: what resources have been allocated to the DV strategy, that is this one, in 2004-05? Would you mind answering that question specifically, please?

**Ms MARTIN:** That question is properly in the policy advancement output.

**Ms CARNEY:** It may well be in the policy advancement output but it being the domestic violence strategy, a number of glossies, good stuff some of it, from community engagement, from your department. Can you please tell me what resources are allocated for 2004-05?

**Mr CHAIRMAN:** Member for Araluen, the Chief Minister has advised that she will address it ...

**Ms CARNEY:** She is still thinking about it I would suggest, Mr Chairman.

**Mr CHAIRMAN:** You can suggest all you like.

**Ms CARNEY:** Refusing to answer that question in this output area?

**Ms MARTIN:** No, I am just saying that in terms of this issue it is actually dealt with, and if I can get the Chairman's permission to do this, I will deal with it in the wrong output. Is that okay?

**Ms CARNEY:** Thank you.

**Mr CHAIRMAN:** If you are comfortable with that, Chief Minister. I think we have to be indulgent sometimes.

**Ms MARTIN:** Thank you. \$1.48m for whole-of-government domestic violence strategies this financial year, with another \$100 000 announced for domestic violence legal services in Darwin and Alice Springs to date.

**Ms CARNEY:** Thank you. That was not hard. Chief Minister, your Attorney-General in his ministerial statement on indigenous people and the justice system in October 2002, said that your government was, '... committed to tackling domestic violence and Aboriginal violence'. You went on to say:

*Violence will not be tolerated in the lives and wellbeing of those most affected will protected.*

Can you tell me why it is that in the government's Domestic Violence Strategy, under the heading of Outcomes, nowhere is there reference in the proposed outcomes to the reduction of violence against women? Why is that? I am happy to pass it over if that assists.

**Ms MARTIN:** I am not aware of every detail in the policy now at the top of my head, but I would have thought that the Northern Territory government is committed to reducing the incidence of domestic violence in the Northern Territory and a major point was talking about reduction

**Ms CARNEY:** But it is not listed as an outcome. Do you think that is peculiar?

**Ms MARTIN:** It is listed as a commitment.

**Ms CARNEY:** It may well be a commitment. Governments across the country and, indeed, across the world commit to all sorts of things. Territorians would like to see it as an outcome desired by government.

**Ms MARTIN:** What you are referring to in outcomes refers to those strategic approaches which are specific to those. So we have strategic approaches that extend the *Let's Stop It Now* mass media community education program and expand the information on Territory-wide domestic violence data collection project and the outcomes relate to that if you see it in the context of the brochure.

**Ms CARNEY:** I just make the point that I think it is terribly disappointing - and if I could have that back

I would be grateful - in any event that it is not listed as an outcome because I am sure Territory women would like to see that.

**Ms MARTIN:** You are misquoting what that document says. Those outcomes are specific to those strategic actions above them.

**Ms CARNEY:** Priority actions, strategic approach, outcomes. You can call it what you like, with respect, but it is not listed as an outcome. I think that is a crying shame.

**Ms MARTIN:** Yes, but you also have to listen the answer, member for Araluen, because simply making it up does not help.

**Ms CARNEY:** Thank you for your gobbledegook, as usual, answer and ...

**Mr CHAIRMAN:** No, no, member for Araluen!

**Ms CARNEY:** ... that concludes my questions, and I look forward to hearing from the member for Katherine. Thank you, Mr Chairman.

**Mr CHAIRMAN:** Good, because it is late in the afternoon and I really hate us to get into arguments. It may conclude them for you, member for Araluen. Does any member of the committee have any questions?

**Mr WOOD:** Yes, I do. Chief Minister, you asked me before to refer this question to the Community Engagement section. Last week, there was a \$34 000 consultancy for community engagement by Socom from Victoria. What are they doing and why?

**Ms MARTIN:** Socom is tasked with facilitating the development of community engagement charters for all government departments and agencies. Do not roll your eyes; it is very important. How our departments actually talk to our community and let them know about government policies, how they listen effectively to our community, is really important. It is one of the things that, as the way communities get their information changes, there is no point talking to a 17-year-old through the newspaper. They do not read them. How do you talk to a 17-year-old? How do you talk to a 45-year-old? They have different needs and we have to communicate effectively with them in terms of developing policies, and actions government wants to take to get proper community feedback. That is what this project is about. I think it is a most important one.

**Mr WOOD:** I rolled my eyes mainly because I could not understand the terminology a bit there; it was government-speak. But we have ...

**Ms MARTIN:** A community engagement charter is how agencies engage with our community.

**Mr WOOD:** We have all these other ways of contacting people. We have youth forums, we have seniors groups and we have local representatives. There is a whole range of ways of consulting with people.

**Ms MARTIN:** Take a planning application; do you just put something in a letterbox and say, if you see it, good luck, or do you put a little ad in Friday's *Northern Territory News*, or are there better mechanisms for making sure. That is just one example, making sure that initiatives from government that need to be properly consulted, are effectively consulted.

**Mr WOOD:** I understand that, but I query whether we need someone to tell us how to do that. You have been in government three years. There was a government before that. We have departments with people who you hope have got a brain up there that can work on some of these things. You know, we employ a lot of people in government, and then we go along and get someone else to tell

government how to do it.

**Ms MARTIN:** No, it is not telling government how to do it. It is facilitating the process. Agencies are working with Socom to do this. It is a facilitation process. To be fair, when you have communicated things in various ways over years, there needs to be a facilitation to start to think maybe afresh how you do it. I would say one of the most important things we have done is to work out new mechanisms and effective mechanisms to communicate between government and the community.

**Mr WOOD:** Yes, thank you.

**Mr CHAIRMAN:** Are there anymore questions under that output?

**Mr MILLS:** Chief Minister, this output, Community Engagement ...

**Mr CHAIRMAN:** No, Women's Advancement, output 5.1.

**Mr MILLS:** Oh. We can only talk about that one?

**Mr CHAIRMAN:** That is where we are at, yes.

**Mr MILLS:** Oh, all right.

**Ms MARTIN:** If you want to close that one, we can move on to another one.

**Mr MILLS:** No. Rather than have to say the same question each time, I thought if you would indulge me ...

**Mr CHAIRMAN:** No, I won't. I want to make sure that we roll through this.

**Mr MILLS:** It will save time, believe me. Women's Advancement, Youth, Multicultural and Seniors - this will be one question that will kill four birds with one stone - could you please provide a list of all ...

**Mr CHAIRMAN:** Output 5.3, Multicultural Advancement, will be addressed by Minister Vatskalis on 24 June.

**Mr MILLS:** All right then. Two birds with one stone, then. Could you please provide a list of all the grants given under the heading of Women's Advancement and Youth Advancement?

**Ms MARTIN:** We are just having those prepared for you, and they will be there.

**Mr MILLS:** I am happy to have this provided, say, at the end of tomorrow.

**Ms MARTIN:** We have them for you now, so we will get them to you.

**Mr MILLS:** There could be more, but I am not allowed to ask that question just yet.

**Mr CHAIRMAN:** Are there anymore questions for Output 5.1, Women's Advancement? That concludes consideration of Output 5.1.

**Ms MARTIN:** I just put on the record my disappointment about the shadow on women's policy not investigating what we are doing in the area, and doing a very cursory and an angry kind of discussion here. For somebody who spends so much time blustering about what is this government doing about women's policy, I thought that was disgraceful.

**Mr MILLS:** Mr Chairman, could I put on the record please that, in the interests of providing adequate time for scrutiny of tourism, that is why the shadow has restricted her inquiry.

**Mr CHAIRMAN:** Well, I will have the last say on this. I will put on the record that, as the Chair, that I found that the questions have been interminably long and they are more like statements. They are not addressing the points out of the outputs. The various ministers have been gracious in answering them. If they had have stayed with the output, then we would get to these questions. Now, moving right along, there are no more questions on Output 5.1 so that concludes the consideration of Output 5.1.

#### **Output 5.2 – Youth Advancement**

**Mr CHAIRMAN:** Output 5.2; the committee will now consider Youth Advancement. Are there any questions from the committee?

**Mr MILLS:** Was that question that I asked before, that ...

**Mr CHAIRMAN:** You bundled it.

**Mr MILLS:** Okay, my question has been asked.

**Mr WOOD:** Can I ask clarification from the Chief Minister if this is the right place for the question ...

**Mr Mills:** You cannot be too careful.

**Mr WOOD:** That is right. In Youth Advancement, if I was going to ask a question about bands at the *BassintheGrass*. Is it in the youth ...

**Ms MARTIN:** Bands at the *BassintheGrass*?

**Mr WOOD:** I wanted some information on who is playing at *BassintheGrass*. Is it this one or further down? I can do it here?

**Ms MARTIN:** It would be in Youth Advancement.

**Mr WOOD:** All right.

**Ms MARTIN:** No, it is actually in Major Events, which is Support to Community Organisations and Events, the last output.

**Mr WOOD:** Did you have to say that?

**Ms MARTIN:** Sorry. Grinspoon, Super Jesus, Frenzel Rhomb ...

**Mr WOOD:** Okay.

**Mr Mills:** Back out! Come back later.

**Mr CHAIRMAN:** Are there anymore questions on Output 5.2? That concludes consideration of Output 5.2.

As stated earlier, questions on Output 5.3, Multicultural Advancement, will be addressed by minister Vatskalis on Thursday 24 June 2004.

#### **Output 5.4 – Seniors Advancement**

**Mr CHAIRMAN:** The committee will now consider output 5.4, Seniors Advancement

**Ms CARTER:** Unfortunately, there is not enough time, so I will not ask any questions. I thank any staff who have attended for this area.

**Mr MILLS:** Chief Minister, the question I asked before but was unable to is this: could you please provide a list of all the grants that have been provided in the area of seniors?

**Ms MARTIN:** I believe we have already given them to you.

**Mr MILLS:** I did not need to ask. Thank you.

**Mr CHAIRMAN:** Are there any more questions under Output 5.4? That concludes consideration of Output 5.4.

#### **Output 5.5 – Policy Advancement**

**Mr CHAIRMAN:** The committee will now consider Output 5.5 – Policy Advancement. Are there any questions?

**Ms MARTIN:** I believe we tackled some of those with Women's Advancement, with your indulgence, Mr Chairman.

**Mr CHAIRMAN:** There being no more questions, that concludes consideration of Output 5.5.

#### **Output 5.6 – Support to Community Organisations and Events**

**Mr CHAIRMAN:** The committee will now consider Output 5.6 – Support to Community Organisations and Events.

**Mr WOOD:** Chief Minister, I just wanted some clarification on this. I hope it is not right, but there was an article in the *NT News* regarding one of the *BassintheGrass* bands ...

**Ms MARTIN:** *BassintheGrass*. Come on, Gerry.

**Mr WOOD:** I like thinking it could be Bass Strait. I just like things to rhyme. There was an article in the *NT News* saying that one of the bands was promoting drug use on its web site. I just thought that, if you wanted to put this in budget terms, the *BassintheGrass* is an input of however much money – what? - \$300 000 towards running it?

**Ms MARTIN:** In both Darwin and Alice Springs.

**Mr WOOD:** The output is a local venue with lights and sounds, and the outcome is local bands showing their talent, young people enjoying the music, and a message that you can have fun without drugs. Will any of the bands playing promote drug taking, as obviously inferred by the *NT News* recently?

**Ms MARTIN:** The bands were chosen on their popularity - the ones that are coming from interstate. I do not know which one you are referring that there is said to be promotion of drugs on their web site. I do not know. However, the bands and the response that I have had has been terrific. We have five local bands as well. It is not just interstate bands, it is local. The *BassintheGrass* is very carefully run. There is no alcohol before 5 o'clock; there is free water. Last year, it was very well managed. I was delighted. I had parents ringing me afterwards saying: 'We were concerned about our child going, and



they had a terrific time'. So ...

**Mr WOOD:** If there was a band that did have a web site that promoted drug taking, would you reconsider its participating?

**Ms MARTIN:** On what basis?

**Mr WOOD:** Well, I thought it was a drug-free concert you are promoting.

**Ms MARTIN:** We are having alcohol in the evening.

**Mr WOOD:** I just thought you said it was an alcohol ...

**Ms MARTIN:** No, no, there is no alcohol before 5 pm.

**Mr WOOD:** When I say drug free, illicit drugs I am talking about.

**Ms MARTIN:** Right.

**Mr WOOD:** So, if a band was promoting that ...

**Ms MARTIN:** Look, bands would not be tolerated to be using drugs on the occasion, and if the band - whichever one you are talking about - is a popular band ...

**Mr WOOD:** I will try to get more information on it, but I am sure there was an article in the paper the other day which gave the name of the band and said what was on its web site.

**Ms MARTIN:** What our young people like to see in terms of their bands is something that sometimes slightly bewilders me, but they love it.

**Mr WOOD:** I would have thought in the light of government's policy on drug taking that they would not be putting their name to anything.

**Ms MARTIN:** I do not know which band you are talking about.

**Mr WOOD:** All right, I will find out. I just have to ask, what is the mechanism used for selecting local bands? There is a bit of a conflict of interest here because I have been playing ...

**Members** interjecting.

**Mr WOOD:** No, I am not playing this week! There is a band that used to play at Taminmin High School last year and I think I wrote a letter to you about them.

**Ms MARTIN:** That is in the hands of Music NT, and they manage the local bands. They call for expressions of interest. They said that they were trying to not just repeat the bands that came last year. They were not going to exclude them but they wanted to actually see if they could get some new bands to be part of that five.

**Mr WOOD:** I think these young people were not sure of the mechanism. They applied, they had not heard anything, and they were at that stage where they were getting a bit down that they had not been ...

**Ms MARTIN:** It depends who they applied to. If they applied to Music NT they would be in good

hands, or Major Events, also in good hands.

**Mr WOOD:** So, that is where they would have to find out if they were selected?

**Ms MARTIN:** Yes.

**Mr CHAIRMAN:** Or they could write to JJJ and good on them!

**Mr WOOD:** Thank you.

**Mr CHAIRMAN:** Are there any more questions for output 5.6? That concludes consideration of output 5.6. That concludes consideration of this output group. Are there any other non-output specific budget related questions?

**Ms MARTIN:** Can I just answer a couple of questions from before? Mr Wood's question on The Ghan service, we paid \$1.2m government money. In terms of the contingent liability, the \$25m for the rail, it is actually in Budget Paper No 2 and it does not need to be recorded in dollar values in budget papers as it is contingent only, but it is there on page 86.

**Mr CHAIRMAN:** Chief Minister, I understand that was in response to question 3.1?

**Ms MARTIN:** Was it 3.1? 3.1, okay.

**Mr WOOD:** Are we going to non-specific? Right that is what I was going to start to do at the very beginning. Chief Minister ...

**Mr CHAIRMAN:** I would remind the committee, however, that ...

**Mr WOOD:** It is a fairly important question here because this is the budget as a whole which I reckon we should have touched on at the beginning.

**Mr CHAIRMAN:** There was the opportunity, I think.

**Mr WOOD:** No, I asked that question and you said no. Now, Chief Minister, there was \$11m in operating expenses between 2003-04 and the actual estimate ...

**Ms MARTIN:** Sorry, in which area?

**Mr WOOD:** We are looking at page 35 of output costs for your department. There appears to be an \$11m difference between the actuals and the estimates of 2003-04. Is there any explanation in the key variations of why that occurred?

**Ms MARTIN:** Yes, all the explanations are there.

**Mr WOOD:** Does it add up to \$11m?

**Ms MARTIN:** I can give you greater detail on that. That says key variations; there would be some other smaller ones I could give you now.

**Mr WOOD:** If I could leave it on notice because I know we are running short of time. Could I get that at a later stage? So we can break up this? I do not think we need to ask the question but they just need to table the document.

**Mr BONSON:** Just for *Hansard* though, Gerry.

**Mr CHAIRMAN:** Do you want it on notice?

**Mr WOOD:** I will put it on notice.

**Ms MARTIN:** Look, part of that was I could just run through it quickly if *Hansard* can pick it up. The additions to the original expenses budget was the DCIS notional charging of \$3.2m; recognition of revenue related expenses at \$2.1m; investment missions \$1.5m; additional ministerial funding \$1.2; the research grant to Charles Darwin – \$1m; approved use of unspent cash balances from 2002-03, which was \$0.6m; 25th anniversary celebrations – \$0.3m; first train celebrations - \$0.3m, police recruitment marketing – \$0.3m, Electoral Commissioner establishment – \$0.1m; and other minor increases came to \$0.4m, and that was the \$11m.

**Mr WOOD:** Could I just say through the Chair, quickly, that it is a pity those things do not occur under the key variations. If we knew they were all there, we would probably never ask the question. We have a section here which relates to the blow-outs or the changes. It would be nice if all the departments had a little column to explain why they are overall below their budgets. It would just make it easier.

**Ms MARTIN:** We give the key. If you go back to Budget Highlights in the previous page, some of them are also in there as well.

**Mr WOOD:** Yes, but it just – I like a simpler budget.

**Ms MARTIN:** A few years ago there were no key variations; you had no idea what the difference was between one year and the next.

**Mr WOOD:** Just quickly, Chief Minister, you said that when you came to office you would reduce the amount of consultancies. DEET, in the last 18 months, spent \$3.4m on consultancies; the Commissioner for Public Employment spent \$1.4m on consultancies; Police, Fire and Emergency Services spent \$1.569m on consultancies; your department spent \$5.022m on consultancies; Justice spent \$1.436m on consultancies; Health - \$851 000; DBIRD - \$585 000; DCIS - \$2.043m on consultancies. Chief Minister, would you say that was less money than the previous government spent on consultancies?

**Ms MARTIN:** I do not have that overall figure with me, but I can assure you that consultancies are for very good reasons. We have discussed the waterfront here tonight, and those consultancies for the waterfront were critical to be able to assess this project and guide government in this project in the detail for legal and financial. There are other reasons that departments get consultants - the specific skills they need are probably not within their departments for the task to be done, and that is why the consultancy needs to be engaged. It is not done lightly, and it is certainly not done so that we are duplicating existing resources. They are things that complement existing resources.

**Mr CHAIRMAN:** Are there any further questions? That being the case, that concludes the interrogation of that particular output. On behalf of the committee, I would like to thank officers from the Department of the Chief Minister for attending today. The committee will now consider the Northern Territory Tourist Commission.

#### **NORTHERN TERRITORY TOURIST COMMISSION**

#### **OUTPUT GROUP 1.0 - Tourism**

**Mr CHAIRMAN:** Minister, I invite you to introduce the officials who are accompanying you, and, if you wish to, to make a statement on behalf of the Northern Territory Tourist Commission.

**Ms MARTIN:** Maree Tetlow, CEO of the Tourist Commission, and Valerie Smith, Manager of the Secretariat.

**Mr CHAIRMAN:** Do you wish to make an opening statement on tourism?

**Ms MARTIN:** I have done that already.

**Mr CHAIRMAN:** You have?

**Ms MARTIN:** I have. I wrapped that into DCM.

**Mrs MILLER:** Do I even get to say hello to these people that have waited half the night to speak?

**Mr CHAIRMAN:** The committee will now proceed to consider the estimates proposed expenditure contained in the Appropriation Bill 2004-05 as they relate to Northern Territory Tourist Commission. That concludes consideration of this output. On behalf of the committee, I would like to thank officers of the Northern Territory Tourism Commission for attending today this ...

**Mrs MILLER:** What a farce.

**Mr CHAIRMAN:** Well, it is 11.20 pm.

**Mrs MILLER:** Open and accountable. It is my first experience of open and accountable government.

**Mr CHAIRMAN:** Take that up with other members of your team. It is 11.20 pm.

**Mrs MILLER:** Not my team. You need to take it up with the – I will ask for a briefing with the Tourist Commission ...

**Mr Mills:** There is no more time?

**Mr CHAIRMAN:** No, it is 11.20 pm. That is it.

**Mrs MILLER:** ... and get my questions dealt with that way. I do apologise ...

**Mr CHAIRMAN:** Fay, it is finished.

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The committee suspended.  
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EDITOR'S NOTE: This is the end of Day 1 of Estimates Committee hearings.