

The committee convened at 8.30 am.

### POWER AND WATER CORPORATION

**Madam CHAIR:** Good morning, everyone. Welcome to the final day of the Estimates hearings for the committee. Welcome to the team before us.

I acknowledge the Larrakia people and pay my respects to the elders past, present and emerging.

Mr Wilson, could you please introduce the officials accompanying you today.

**Mr WILSON:** Good morning, Madam Chair and members of the committee. Many of the officials with me today will be well known to you. On my right and your left is Djuna Pollard, the CEO of Power and Water; Deputy CEO John Pease immediately to her right and your left; and Graciano Chatikobo, who you know from last time, our CFO. On my left is Michael Besselink, who runs Core Operations as Executive General Manager; and Belinda Small, Executive General Manager of Power Services. We have other people in the wings, depending on the nature of the questions.

**Madam CHAIR:** In a minute I will ask you to make a brief opening statement if you wish. If you could please make sure your microphone is on when you speak and you say your name so that Hansard knows who is speaking.

The shadow minister will get the first question and then we will move to other committee members. It has been agreed that if there is a line of questioning other members can jump in. It seems to have been working well over the last few days, so hopefully we can hold it together for today.

Mr Wilson, did you wish to make an opening statement?

**Mr WILSON:** I do, thank you, Madam Chair.

My name is Peter Wilson. I have the good fortune to be the Chair of Power and Water Corporation. I will make some opening remarks.

We welcome the opportunity to discuss Power and Water's work in meeting the essential service needs of our customers across the Northern Territory.

Each day I am impressed with the dedication and commitment of our people who are working hard 24 hours a day, seven days a week on many occasions to keep the lights on, the water running and the supply of gas flowing.

Over the last 12 months it has been a period of significant growth, achievement and challenges for us as we operate in a world of rapidly changing technology, regulation and customer expectations, particularly the move to greener and more renewable energy and water sources.

We received a significant milestone on 30 April this year when the Australian Energy Regulator released its final determination on Power and Water's investment and revenue plans for the Northern Territory's regulated electricity networks over the 2024 to 2029 period.

Our plans were extensively co-designed with customers. We had many customer forums and got a lot of buy-in to the challenges we were facing to understand their expectations and to try to build our system to meet those expectations.

We endeavour to respond with the priorities of balancing customer affordability and uplifting infrastructure and technical capabilities in the transition to a renewable energy future.

We are committed 100% to supporting the Northern Territory Government's target of 50% renewables by 2030. I am pleased to advise that all six large-scale solar projects in the Darwin–Katherine electricity network are connected and continuing to progress through testing, commissioning and, indeed, commercial dispatch over the last few days.

In recent months we have seen the results of a successful collaboration with Defence, with the opening of the 3.25-megawatt RAAF Darwin solar farm and the 10-megawatt Robertson Barracks solar farm. We are continuing to work through with other proponents to safely progress their projects.

As all Territorians are aware, Power and Water has been managing the reduction in the supply of gas from Eni's Blacktip field since we had curtailment beginning in 2021. We are continuing to pursue Power and Water's legal rights and entitlements under the 25-year gas supply agreement with Eni. Our priority remains above all else to ensure the ongoing supply of safe and reliable power to customers and to ensure that long-term gas supplies support the Northern Territory's economic development.

To ensure there has been no impact to Territory homes and businesses extensive contingency plans have been implemented, including new gas sales agreements and upgrading the pipeline infrastructure to source gas from alternative LNG producers. These necessary actions along with the inability to sell gas to contracted customers continue to have a significant negative commercial impact for Power and Water.

As a government-owned corporation our objectives are to operate with the efficiency of comparable businesses and to maximise sustainable returns to the government on behalf of all Territorians. We are committed to doing so without compromising the reliability and the quality of the services we deliver to customers.

This year, unfortunately, Power and Water does not expect to meet all key financial performance indicators outlined in the 2024 statement of corporate intent. Due to gas curtailment entirely, we anticipate not achieving targets for earnings before interest in tax, return on capital employed, return on assets and free cash flow from operations this year. Nevertheless, net profit after tax, for example, when you exclude the impact of gas curtailment is closely aligned to budget.

The financial year 2025 SCI sets long-term targets that position year-on-year improvements in the key metrics that will enable dividend payments to the Territory. We project \$120m in returns to Territorians that way from the 2025 to 2030 financial years, while managing the gas curtailment and working to control cost escalation.

Our debt-to-equity ratio, a key financial metric, is projected to remain stable, peaking at around 1.3 in 2029–30, despite investing more than \$1.5bn in assets for the benefit of Territorians and the supply of those essential services.

The 2024–25 Statement of Corporate Intent identifies 13 priority trends and opportunities facing Power and Water and how we are working to address them. These include managing our networks for the long term; uplifting our systems, our capabilities and culture; addressing water quality and demand in remote areas; and facilitating growth in the Northern Territory. We certainly aim to continue our role to assist in enabling and facilitating initiatives, including the remote housing program, electricity market reform, the Territory Water Plan, economic regulation and tariff reform.

Our people are our greatest asset. Just a few weeks ago eight of our people were recognised as finalists in the 2024 GTNT Group Awards. Oliver King was named the Southern Region Outstanding Apprentice Stage 1; Tom Marsh, Outstanding Apprentice Stage 2; and Steven Budd was recognised as Supervisor of the Year. For the third time Power and Water has been recognised as Host Business of the Year, an accolade we are very proud and humble to receive.

I am pleased to take questions.

**Madam CHAIR:** Thank you, Mr Wilson, for that statement. I will go to the shadow, Member for Braitling.

**Mr BURGOYNE:** Mr Wilson, last year you highlighted the issues with the Blacktip field. Once again, those significant issues have been raised. How many terajoules of gas are you currently receiving from the Blacktip field per day?

**Mr WILSON:** That is a matter we follow very closely. I pass that to Ms Pollard who has the update.

**Ms POLLARD:** Currently we are receiving approximately 15 terajoules per day of gas from the Blacktip field. That information is publicly available on AEMO's gas bulletin board.

**Mr BURGOYNE:** How many terajoules of gas are you contracted to receive per day?

**Ms POLLARD:** It is fair to say that we are in a formal dispute process at the moment, as Mr Wilson referred to in his opening statement. It is fair to say that the current volume we are taking falls materially short of the obligations or the entitlements available to us under the contract.

**Mr BURGOYNE:** The 2022–23 Power and Water Corporation Annual Report does not show any onerous gas contract costs but, by the end of the 2023 Blacktip gas supply, and from what you have just told us, the production was well down on where Power and Water Corporation would like it to be over previous years. Given Power and Water Corporation has several contracts to supply gas, would this large reduction of gas from Blacktip and its replacement with higher price gas have made these sales contracts onerous?

**Mr WILSON:** As I said in my opening statement, we have put supply reliability as our highest priority for Territorians and have been working closely with Eni as they make efforts to restore production. As the CEO said, there is a legal dispute about that. Separately, however, we have had to take our own independent approach to ensure that we access gas from alternative sources in the Northern Territory and have done that in the short to medium contracts while we cover the bridge between. Our hope is that Eni will come back on full production.

**Mr BURGOYNE:** Can Power and Water Corporation fulfil your current contractual obligations to supply gas to other proponents?

**Mr WILSON:** We are confident of meeting supply for all essential customers.

**Mr BURGOYNE:** What about other customers such as Incitec Pivot. I know there would be a contract with Territory Generation. Are you able to ensure that you meet all contractual obligations, or are you now also in breach as a result of the reduced gas supply?

**Mr WILSON:** Those matters are the subject of contracts we have with other industrial and commercial parties, and we are doing our best to fulfil those.

**Mr BURGOYNE:** Are you able to fulfil them?

**Mr WILSON:** We are meeting the demands for central customers, TGen, where the gas is converted to electricity, and there have been some other issues we are talking about but they are commercial-in-confidence so I cannot go into them.

**Mr BURGOYNE:** I understand the nature of those deals are commercial-in-confidence, but it is important that Territorians and this committee understand whether you yourselves are open for legal complications as a result of not being able to fulfil your own obligations as a result in the reduced gas supply. As it stands today, are there contracts that are not essential that you are currently unable to meet, as a result of the reduced gas supply?

**Mr WILSON:** Again, those matters are commercial-in-confidence, and we are doing our best to perform against them in all reasonable manner.

**Mr BURGOYNE:** It sounds as if there are.

**Madam CHAIR:** Member for Braitling, the Chair has answered the question and indicated to us that this is a legal matter. I know you are the shadow minister, and perhaps a further briefing could be provided offline. It is complex in the sense that Power and Water are in a difficult situation, and they are trying to ensure, as we heard, that central services remain. They do not say anything that may impact the legal cases afoot.

**Mr BURGOYNE:** Absolutely. I am not trying to get any details, just purely understand the financial viability of Power and Water Corporation and if there are any contracts that they are unable to fulfil as a result of the gas supply being reduced from the Blacktip field.

Territory Generation said, in their Statement of Corporate Intent, that it based its assumption on Power and Water Corporation gas sales agreement continuing. Should this have meant that Power and Water Corporation gas sales to TGen were an onerous contract or does the reduction in gas not affect the price at which Territory Generation pays to you to have their gas supplied?

**Mr WILSON:** In a former role as Chair of CPA Australia, I am well across all of the standards and can advise you strongly that we do not have any reason to declare an onerous contract on any front.

**Mr BURGOYNE:** Reading through the annual reports and Statements of Corporate Intent, why was it not highlighted more clearly the issues that we have been having in regard to gas supply as a result of reduced output from the Blacktip gas field?

**Mr WILSON:** There was quite a strong, sensible material disclosure in the statement of corporate intent. One question you were interested in last year is covered in the format on page 44, which is the earnings before interest and tax in the current and next financial year, excluding the impact of curtailment. You can see there the impact that has had. I indicate strongly that our financial performance as a utility experiencing something like this is extremely sound and there are no issues there at all.

**Mr BURGOYNE:** You highlighted that. What has been the additional cost to Territorians as a result of having to purchase additional gas from other producers?

**Mr WILSON:** You will see in the report we have consolidated the impact of curtailment. In financial year 2023–24 the earnings before interest and tax, excluding depreciation and amortisation and the impact of the gas curtailment, is \$232.5m, and including the impact of gas curtailment, it is \$189.1m, which means that the difference is \$43.4m. That is the impact in the current financial year, that we estimate. We will confirm that in our accounts. Next year we are looking at an impact of the same level of \$24.3m.

That is a very clear disclosure of the impact of gas curtailment. We cannot break it down into the commercial nature of contracts and prices to sum that up. But that is a very clear statement to Territorians that the impact of gas curtailment that we expect now and next year.

**Mr BURGOYNE:** In the financial statements, specifically the current statement of corporate intent on page 44 which you just spoke of, the current projection for 2023–24 as it relates to gas revenue was projected to be \$327m; however, the forecast figure is just \$220m. Can I assume from your own financial statements that you are predicting a loss for this current financial year of over \$100m due to a shortfall in gas supply and revenue?

**Mr WILSON:** I do not comprehend those numbers. I will ask my colleague, Graciano, to clarify that. Could you please go through those numbers again?

**Mr BURGOYNE:** On page 44 in the income statement, in revenue, the published figure for gas was meant to be \$327m. It is now forecast to be \$220m.

**Mr CHATIKOBO:** You are correct. There is a reduction in revenue but associated with that, if go to expenditure section, you will see there is a reduction in the cost of energy which compensates for the reduction in revenue. We are not buying as much gas as we would buy from Eni, which is why the impact is approximately \$43m on a net basis.

**Mr BURGOYNE:** I like how you say that—on a net basis. We always like to try and make things look a bit rosier than what they are. When I look at the financial statements and the revenue that we were expecting to receive as a result of gas, there is a clear \$100m difference there, which I can only assume would be of great frustration to you.

**Mr WILSON:** It is a significant change but as Graciano has just indicated, the revenue is down but the cost of gas we are selling to customers is down. It is a significant challenge but I am extremely proud of our people in the way they have responded to put contingencies in place to ensure the maintaining of gas supply to enable electricity for essential services in the Territory. That is very sound.

**Mr BURGOYNE:** How much will you forecast to spend on all fuels—gas, diesel, all the rest of it—compared to the forecast?

**Mr WILSON:** I will seek the assistance of my CFO.

**Mr CHATIKOBO:** On page 44 of the income statement, the line for energy reflects a combination of gas and electricity and diesel. It is fair to say that this set of financial statements is only reflecting the Power and Water Corporation part of the business; it does not include the remote communities.

**Mr BURGOYNE:** For yourselves to access gas and everything else you need to have to meet your contractual obligations is there a total figure that you can give me? I can see that it is broken down somewhat, but I am looking at an overall figure of what it has cost Power and Water Corporation to supply all your contractual agreements in regard to fuels as a total figure.

**Mr CHATIKOBO:** The total cost of fuels is the \$257m that we show in our forecast.

**Mr BURGOYNE:** Last year net debt was \$1.185bn. Do you have an updated figure for net debt?

**Mr WILSON:** Yes, we do. I will ask my CFO to give the updated statement on debt.

**Mr CHATIKOBO:** Our current debt is \$1.276bn.

**Mr BURGOYNE:** What is the expected net profit for the current financial year? You spoke about that somewhat in your opening statement, Mr Wilson.

**Mr WILSON:** Do you mean before tax or after tax?

**Mr BURGOYNE:** After tax.

**Mr WILSON:** After tax the net profit, including the impact of curtailment—from the date of the SCI there would be an update of that, but our best number at the moment is \$15.5m deficit.

**Mr BURGOYNE:** I can see that figure in your SCI, so you do not have an updated figure in regard to that. Are you on track to see that loss of \$15.5m after tax?

**Mr WILSON:** Yes, we are doing our last-minute activity that one does in June to close off financial accounts that get to be audited, but the \$15.5m loss is our best estimate currently.

**Mr BURGOYNE:** As you have mentioned that is a serious downgrade from the \$21.2m profit after tax that you forecast. Can you put all of that down to the lack of gas in regard to the Blacktip gas field?

**Mr WILSON:** On the last two bottom lines, the blue and the grey, the difference between \$15.5m and \$14.8m is the impact of curtailment, which is approximately \$13m turnaround.

**Mr BURGOYNE:** When I look at your total liabilities for 2024–25 it is budgeted to be \$2.248bn. Just two years ago in the 2023–24 statement of corporate intent these total liabilities were budgeted to be about \$2bn, so a 10% worsening of total liabilities in two years or some \$200m. What has led to a worsening position and total liabilities of \$200m over two years?

**Mr WILSON:** I strongly advise that we look at the net position, the net equity, of the organisation. We borrow to invest in productive assets for the Territory. We are going through a major upgrade of our digital capability to incorporate renewables and their management, the movement towards an energy market, so the liabilities are directly focused on asset creation, and we believe that is what Territorians want. The finances in terms of the net position of asset creation after liability creation are very stable for an organisation like us.

**Mr BURGOYNE:** That is wonderful to hear. You are pointing out the fact that the \$200m in increased liabilities will be as a result of asset creation. You will obviously spend a lot of money. I would have thought that the assets will somewhat level that out. At the end of the day, are you taking on additional liabilities as a result of the failure of gas supply from the Blacktip field?

**Mr WILSON:** In accounting terms the movement from an expected profit to a loss by \$30m does *ceteris paribus* reduce your net equity to that extent and that has impacted. It is a \$30m adjustment. Over time with a hopeful restoration of gas or the movement to other sources or both, I would say we do see that growing to \$1.5bn net equity by 2029–30. Yes, it has been a challenge but against those numbers we are strongly placed to withstand it and respond to it and that is what we are doing.

**Mr BURGOYNE:** You spoke about the commissioning of solar farms in your opening statement. How is the commissioning phase of the large-scale solar farms in the Territory going since last year? How many have been able to be connected to the grid? I note you stated all six large-scale solar systems had been connected. That is news to us. We have had different members come before the committee stating different things. Can you confirm how many large-scale solar systems there are in the Northern Territory to your knowledge, and how many are connected and producing?

**Mr WILSON:** I will get assistance from my CEO on that, but perhaps a point of distinction between connection and dispatch. Connection is when they are technically proven to be competent to produce—they have performance standards and they meet the network requirements—and then we look at dispatching and putting them into the system, into the poles and wires headed towards the homes of Territorians. That distinction is important, but I will pass to Djuna Pollard to give you a run-down on where each one is up to.

**Ms POLLARD:** I can confirm that there are six large-scale solar generators in the Darwin–Katherine system. All six of those large-scale solar generators are connected and there is a number going through the compliance testing processes and stages of the broader connection process.

In terms of the plant that is dispatching currently, as you would appreciate or most likely be aware of, RAAF Darwin has a solar farm with capacity of 3.25 megawatts. That has been dispatching at 100%. The official opening was on 31 January this year. It has been fully tested and has been achieving 100% generation.

The second Defence solar farm at Robertson Barracks has a total capacity of 10 megawatts. It is going through some final internal approvals at Defence, but we fully anticipate that it will be well and truly operating within the next few months.

To give an example that demonstrates how these solar farms are operated I will refer to a day from last week, Friday 14 June, when we had four of the six solar farms dispatching at varying capacities. We had in total 18.1 megawatts of solar generation being dispatched across four of those solar farms. In terms of on-grid generation we also had generation coming from our thermal generators or synchronous generators, such as Territory Generation, totalling 103.3 megawatts. Behind-the-meter solar, which is another form of renewable generation, was generating at 98 megawatts last Friday.

We had total generation—if we think about our on-grid and off-grid generation sources at 219.4 megawatts and 116.1 megawatts of that was generated from renewable generation. Essentially, we were able to achieve renewables contribution of 52.9%. That is an example from Friday last week at the peak of the day when the sun is shining and the solar is doing what we fully expect it to do.

In terms of the two of the six that we did not have operating last Friday, had the internal approvals been reached with Defence and one of the other proponents we would have been able to dispatch a further 10 megawatts from both of those two solar farms combined.

**Mr BURGOYNE:** It is probably a question for Territory Generation, but how much spin reserve is in the system when you are producing that 219 megawatts? What is the demand on that day?

**Mr WILSON:** That may well be a question for Territory Generation, but I have a colleague who is knowledgeable. Mr Besselink, could you help on this?

**Mr BESSELINK:** Our operators need to look at security of the system as well as requirements to cover fluctuations in solar load because the solar will vary up and down based on shadows that come through.

Under our normal circumstances if there was no solar on the system, the normal spinning reserve requirements is to have about 25 megawatts in reserve. When we add solar we need to then look at what the additional fluctuation capabilities may be.

The solar proponents who do not have batteries as part of their generation setup are required to look at what they would call firming services. They negotiate with Territory Generation around those firming services. That then depends on how far those plants will fluctuate in operation. For a plant that is 10 megawatts that might be that they need to have five or six megawatts of firming services. Depending then on the number of plants that are on, those firming services will then need to increase to cover those differences ...

**Mr BURGOYNE:** Do we know what the demand was on that day? We know what we were producing in electricity—219 megawatts. Do we know what the demand was for electricity on that day?

**Mr BESSELINK:** The demand would be 219 megawatts because we cannot produce any more than what is being used. Oh, you mean the net of the behind the meter?

**Mr BURGOYNE:** No, the reality is that you always have a spinning reserve. You essentially have more electricity that you producing that what is being dispatched at any one time. If there is 219 megawatts of power being produced—some 100 from solar and whatever else—how much is actually being consumed at that time in that Katherine–Darwin grid?

**Mr BESSELINK:** The consumption is the same as the production. The spinning reserve ...

**Mr BURGOYNE:** You do not count the spinning reserve?

**Mr BESSELINK:** No, the spinning reserve is only the capability of the machines to actually produce more power if required. We cannot, for example, have all of our gas machines running flat out because then there is no headroom for them to increase if there is a requirement. All the spinning reserve means is that when we have machines on, those machines are capable of taking up more, but they are not producing it at that time; the production is exactly matched to the demand. The spinning reserve is what those machines are capable of if called upon—when more gas is put into the turbines.

**Madam CHAIR:** We have two electricians here.

**Mr KIRBY:** If my colleague needs an explanation from a linesman about how spinning reserve works, I am more than happy to provide that later.

**Madam CHAIR:** We have been collegiate. Clearly there is a difference there.

**Mr BURGOYNE:** Previously you stated that Power and Water spent \$1.9m supporting the Alice Springs Future Grid project. Now that the Roadmap to 2030 has been formulated, what is Power and Water planning to do to realise the report handed down by the Alice Springs Future Grid and support our town as it moves towards allowing further renewables into the Alice Springs grid?

**Mr WILSON:** It is quite a complex situation, the detail of which the CEO and others are well across. I will pass to her to answer that one.

**Ms POLLARD:** If there is any additional information required, I will also call in Mr Besselink to provide further technical information.

Power and Water has been involved with the Alice Springs Future Grid project and the consortia involved in delivering the Alice Springs Future Grid road map report which was released in April this year. That report articulates three phases. We are considering that report and what our plans are into the future.

If there is any further information requested, I will call on Mr Besselink to address those questions.

**Mrs LAMBLEY:** There were four scenarios proposed within the road map report for the Future Grid project for Alice Springs. In the briefing that I received, there was acknowledgement that there is a divergence of opinion regarding what the future should be in Alice Springs. That was reflected in the scenarios.

Which scenario is the most favoured by Power and Water?

**Mr BESSELINK:** We were one of the consortium members putting that report together. Our area was sub-project five, which was the future grid deployments. It is a comprehensive report that outlines a number of the options. My understanding is the government is currently working through that report to look at what options it would consider. We are there to assist with whatever outcome results from that.

**Mrs LAMBLEY:** Are you unable to put on the public record which scenario Power and Water was advocating for through the consortium and consultative process that underpins the report?

**Mr BESSELINK:** We did not push for any particular outcome. We were part of the consortium that produced the report with the options.

**Mrs LAMBLEY:** My understanding was that each scenario reflected a different stakeholder's preference rather than everyone landing at one position. That is why there are four scenarios.

**Mr BESSELINK:** I am not aware that was the situation.

**Mr BURGOYNE:** I want to go back to gas because it is a big topic of conversation. The government and yourselves knew about the reduction in gas from Blacktip well before the 2023–24 SCI was published, as evidenced by a stock exchange press release issued by Incitec Pivot on 6 June 2023. The more recent AEMO data confirms the large reduction in gas supply from Blacktip. When I look at the budgeted and projected forecasts for gas revenue into the future, they continue to increase. Can you please explain to the committee what that is based on?

**Mr WILSON:** Can you please re-express that question at the end? I am not sure which characteristic you are going to.

**Mr BURGOYNE:** As I look at your revenue in the projected forecast for 2025–26 and onwards, there are increasing figures. What is this based on, seeing as there seems to be no immediate resolution to the Blacktip gas issues?

**Mr WILSON:** The situation is complex. We are in dispute with Eni but it is also clear that Eni is working very hard to restore supply. It has a contract with us. We both understand that. In addition, the Territory has huge reserves of gas which are expected to come online over that period. We are working hard to secure and support our position for essential service production with contracts from others. We are optimistic about the role that gas will play over the balance of the SCI period and it is reflected in the numbers.

**Mr BURGOYNE:** Optimistic is one thing; realising the reality is another. Even if I look at the budgeted \$297m from gas services for the next year if we have reducing gas supply. How will we realise further gas revenue as we go into the next financial year?

**Ms POLLARD:** We do have a contract with Eni for gas from Blacktip, and due to the formal dispute process that we currently have with Eni we are not able to disclose all details. It is fair to say that the main reason we are in the dispute process is to get back to our full entitlement under the gas contract we hold with them. ENI has been working closely with us regarding their plans for the future and has indicated that there will be some intervention work coming in the next one to two months—is the latest estimate—where we will see its predicted small uplift in gas supplied from Blacktip.

There is a further drilling and development campaign planned for later this year, which is intended to realise an improvement in the gas supply levels. That is essentially the assumptions that are underpinning our forecast at the moment but we do anticipate that we will get back to the full entitlement under the Blacktip contract.

**Mr BURGOYNE:** That is interesting. For some time now it has been well documented and spoken about that additional wells have been drilled to increase gas supply. To your knowledge how many wells have been drilled in the last financial year? And, as you spoke about further drilling and development, what is the expectation regarding additional wells that you hope will increase gas supply?

**Ms POLLARD:** There have been to date three wells drilled and developed at the Blacktip field. I cannot recall if any of those happened in the last financial year. I believe it was prior to that. I could clarify in terms of the third well. The next well is scheduled to be drilled and developed later this year.

**Mr BURGOYNE:** A number of wells have been drilled over past years. We are having another one drilled in this next financial year, but we do not know if there will be any net additional gas brought forward because of that gas well. We are putting all our hopes, dreams and the forecast in the SCI on the hope that we will see an increase in gas supply. The very reality is we may be sitting here in another years' time with the published and actual forecast figures once again showing a huge gap in gas revenue.

**Ms POLLARD:** The primary purpose of the formal dispute process we are in with Eni is clearly to get back to the full entitlement of our gas supply contract with them. The second purpose for pursuing that process is also to receive or obtain data that allows us to better understand the gas supply profile out of Blacktip field into the future.

**Mr BURGOYNE:** You have spoken about some of that dispute resolution. From the questions taken on notice from last year, it was revealed that you had spent \$150,000 paying Eni's court costs in relation to a previous dispute. Power and Water Corporation's costs for legal proceedings totalled \$395,000 for the current reporting period. Are you able to explain to taxpayers how much you have spent as a result of those legal disputes?

**Ms POLLARD:** We would have to take that question on notice.

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#### Question on Notice No 9.1

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

**Mr BURGOYNE:** For the current financial year reporting period, what have taxpayers paid out in legal proceedings dispute resolution in regard to Eni?

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



**Mr WILSON:** Yes.

**Madam CHAIR:** The question asked by the Member for Braintree has been allocated the number 9.1.

**Mr BURGOYNE:** The Treasurer's Annual Financial Report on page 126 states that the Northern Territory's non-cancellable expenditure contract commitments are mostly for gas. As at 30 June 2023 were valued at nearly \$5bn. Does the Northern Territory have to pay this amount even if the gas specified in the contract is not delivered to the Northern Territory? For those who do not understand, it is a take-or-pay contract agreement that we have with Eni. Are we still paying for the contracted gas even if we are not receiving it?

**Mr PEASE:** As a take-or-pay contract, we are obliged to pay for a nominated amount under the contract but there is a similar obligation on counterparty to supply the nominated amount. We are not required to pay for gas that is not supplied.

**Mr BURGOYNE:** I am glad to hear that as I would not want to be paying twice. The gas under the \$5bn or so contract was for a defined price. How much more is the Northern Territory having to pay as a result of the shortfalls of Blacktip?

**Mr WILSON:** Could I clarify at what level of accounting evidence are you talking about shortfall?

**Mr BURGOYNE:** The reality is we are contracted to pay at a certain price, and we are now paying a different price for gas from another proponent, what is the difference?

**Mr WILSON:** I will pass to Djuna on the breakdown of that.

**Ms POLLARD:** The shortfall has already been addressed previously by Mr Wilson. It is the difference of \$43.4m that appears on page 44 of our Statement of Corporate Intent.

**Mr BURGOYNE:** What has not been addressed? It is my understanding that the Northern Territory also has rights to additional gas at a lower price. as part of that arrangement. Obviously, if we have not been able to access the gas under the take-or-pay arrangement, we have not been able to access the gas at the lower price under that agreement either. Therefore, there could be hundreds and hundreds or tens of millions of more dollars that have been essentially not able to be sought or raised in revenue through Power and Water Corporation. What is that loss to Power and Water Corporation in regard to revenue; not being able to obtain the additional gas under those agreements? How much foregone revenue?

**Mr WILSON:** Yes, I understand the question. I will pass to Djuna.

**Ms POLLARD:** We are in that formal dispute process, that I keep referring to, and that is the primary reason why we are in that process so that we can reach or obtain our full entitlements under the contract. That is not just from a gas supply perspective for the current situation but also into the future. I cannot go into the specifics today, because we are in a formal dispute process, but we are progressing that dispute process for that reason.

**Mr BURGOYNE:** I will ask the next question because it is important. You are in negotiations and in dispute resolution. Will you be seeking damages in regard to the shortfalls of gas, and to what total, in what order will those reparations be sought, as a result of Eni not being able to realise their contractual obligations?

**Mr WILSON:** I will pass that to John Pease.

**Mr PEASE:** As has been foreshadowed we do not want to prejudice our position in the formal arbitration proceedings, but suffice to say that Power and Water are seeking to be kept whole in terms of what it is entitled to under the contract and hold Eni to account for its full responsibilities under the contract.

**Mrs LAMBLEY:** You may not be able to answer, but publicly what can you tell us about why Eni is not fully supplying the gas under your contract with them? Why they are not able to supply data from Blacktip? Are there any lines that are publicly available around an explanation as to why Eni have taken that position?

**Mr WILSON:** That is at the heart of the legal matter in this. We are asking questions ...

**Mrs LAMBLEY:** We are all asking why.

**Mr WILSON:** We are asking questions as to why the gas was shut off and we are pursuing the reasons for that.

**Mr BURGOYNE:** I refer to the Australian Energy Regulator draft decision with Power and Water Corporation in regard to distributions determination. In the AER draft decision Power and Water indicated the number of customers of various meter types totalled 88,961. That is an increase of 682 meters each year for the next five years. I am interested in one-phase meters, including prepayment. How many one-phase meters over the next five years would be for commercial properties and for residential properties?

**Ms POLLARD:** As you correctly state we had our final determination handed down by the Australian Energy Regulator on 30 April this year. It was pleasing to see that we have had the rollout of electricity smart metering continue.

In our original plan that we put up to the regulator we sought to continue that rollout over the next two regulatory periods, which essentially for us is 10 years. However, interestingly the Australian Energy Regulator and with support from some of the other electricity retailers requested that we accelerate that program. We will be over the next five-year period essentially rolling out electricity smart meters across the three regulated systems, being Darwin, Katherine, Alice Springs and Tennant Creek.

Obviously we have been progressing this rollout for quite a few years now. The estimate, which we are on track for, for the end of this financial year is 50,000 electricity smart meters, and then the next five years will see approximately another 45,000 smart meters rolled out.

I do not have the breakdown with us today on commercial or residential, but if you would like that information, I am more than happy to take that as a question on notice.

**Mr BURGOYNE:** Before we take that on notice, the government has indicated that there will be 11,000 homes built in the Northern Territory over the next five years. There are the additional meters that Power and Water is expecting to roll out. The changeover is different—changing over people from an old meter to a new smart meter—but for 682 additional meters per year there seems to be between government departments a bit of a difference in ideas about the aspirational target of 11,000 homes built over the next five years and the expectation of 682 meters. Obviously every new home needs a new meter. What are your assumptions based on? Is that in regard to how many homes will be built over the next five years?

**Ms POLLARD:** Our assumptions are very much best estimates at the time. From the Australian Energy Regulator we get approved a certain allowance, or a program of work to do over five years, but that program varies between years within that five-year period.

One of the factors we take into consideration in all of our planning is future connections—be that electricity meters, water meters et cetera. Those estimates or assumptions are informed by housing developments, greenfields, brownfields et cetera. We have some flexibility in the numbers.

I do not have the exact estimates with me here today, but if you would like that we are more than happy to take that question on notice.

**Mr WILSON:** To add to that the determination of the AER covers five years. If housing infrastructure growth in one area accelerates so can we. We can bring things forward. They are quite flexible about that. It is a five-year cover so we manage year by year based on the actual ...

**Mr BURGOYNE:** Absolutely. I am highlighting the discrepancy in the numbers. It is all right, I will move on.

**Mrs LAMBLEY:** Where do you get the smart meters from? Where do you buy them from? How much are they?

**Mr WILSON:** I think Michael Besselink can answer that.

**Mr BESSELINK:** We buy the meters from two companies; the same companies that are used on the east coast. They are recognised meter supplying companies.

If you want the exact figure I will have to find it for you ...

**Mrs LAMBLEY:** Yes, just ballpark.

**Mr BESSELINK:** They are in the \$300 to \$350 category for a meter.

**Mrs LAMBLEY:** How long do they last?

**Mr BESSELINK:** The electronic smart meters are 15-plus years.

**Mr BURGOYNE:** Where do they come from? It is my understanding the old meters came from England.

**Mr BESSELINK:** You probably have a better understanding than I do. I am sorry.

**Mrs LAMBLEY:** Are they manufactured in Australia?

**Mr WILSON:** No, I do not believe so.

**Mrs LAMBLEY:** They are supplied through interstate companies?

**Mr WILSON:** Yes.

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

**Mr WILSON:** It is a \$189m project overall. We have just issued a contract to Exact Contracting. It is building up.

The to date cost spent by Power and Water on the return to service as of May was \$23.1m.

**Mr BURGOYNE:** What is the current time line for the completion of that project?

**Mr WILSON:** Into the 2025–26 financial year.

**Mr BURGOYNE:** What is the current projected time line for the beginning of the construction and completion of the AROWS project—Adelaide River.

**Ms POLLARD:** At this stage we are still working with the Department of Infrastructure, Planning and Logistics. DIPL is the lead on that project. Power and Water is the lead on the Manton Dam return to service project. That is our focus at the moment.

In terms of the AROWS project and the activities we are currently undertaking, they are what we are calling pre-construction activities. That essentially will feed into the submissions and so forth that DIPL is ultimately leading at the moment.

At this point there is no fixed date as such or commencement of the AROWS project. We just have firm dates for the Manton Dam return to service project.

**Mr BURGOYNE:** As part of the pre-construction, are you assessing what the water allocations will be? Is there a provision of water for agriculture as part of that AROWS project?

**Ms POLLARD:** Part of the detailed business case work has been to cater for a couple of things—water supply for the future for Territorians and to promote economic growth going to the heart of water supplies for agriculture and industrial growth.

**Mr BURGOYNE:** What is that total expected output for the AROWS dam upon project completion?

**Ms POLLARD:** It is approximately 60 gigalitres or slightly above that once the catchment area has been filled.

**Mr BURGOYNE:** We have previously spoken about the board members on the Power and Water Corporation. How many board members currently reside in the Northern Territory?

**Mr WILSON:** One of the six members of the board resides in Darwin.

**Mr BURGOYNE:** Last year five of the six resided outside, so that is still the case.

**Mr WILSON:** Yes.

**Mr BURGOYNE:** Have you had any board member resignations in the past year?

**Mr WILSON:** No. It is the same board at the beginning and end of the year.

**Mr BURGOYNE:** And no vacancies?

**Mr WILSON:** No vacancies.

**Mr BURGOYNE:** Can Power and Water please provide a clear breakdown of the number of full-time employees employed at each level as per your organisational structure across the whole corporation?

**Mr WILSON:** Yes, there are about 880 people on a full-time basis, and we can provide that. It would take a bit of time to read out, but we can provide that document to you. What would you like to do?

**Mr BURGOYNE:** If you take that on notice, that would be fantastic. Then we can get the numbers. Or you can table it.

**Madam CHAIR:** There are two options. You can take the question on notice and before we end the session provide it, or you can table that document. Or you can read to it.

**Ms POLLARD:** Can I clarify to what level you would like the breakdown, Member for Braitling?

**Mr BURGOYNE:** In the past, and I do not mean to be rude, there has been a view from some outside the corporation that it is top heavy. It is to further see, at each level of the organisation, how many employees there are. There will be those working on the ground, those in a management level, and those higher up. It is to virtually see at what levels of the organisation, how many people you have.

**Ms POLLARD:** I do not have that specifically in front of me at the moment, but I believe we provided that as part of our written questions. I will see if we can take that on notice and try to provide it by the end of this session.

**Madam CHAIR:** We will take it on notice; that way, if it does not correspond with the written question, there is the ability to follow up. There is no pressure to do it during this session, but I am sure the member would appreciate it.

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#### **Question on Notice No 9.2**

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

**Mr BURGOYNE:** Can Power and Water provide a clear breakdown of the number of full-time employees employed at each level as per your organisational structure across the whole corporation?

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

**Mr WILSON:** Yes, we do.

**Madam CHAIR:** The question has been allocated the number 9.2.

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**Mr BURGOYNE:** As part of Power and Water Corporation's structure, you also employ a lot of labour hire and consultants. Can you please provide how many consultants and labour hire employees you have, and the different levels and various contract arrangements you have?

**Mr WILSON:** As with the last, we will take that on notice.

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#### **Question on Notice No 9.3**

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

**Mr BURGOYNE:** Can you please provide how many consultants and labour hire employees are employed to perform works, and at the different levels as part of the organisational structure on various contract arrangements?

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

**Mr WILSON:** Yes, we do.

**Madam CHAIR:** The question has been allocated the number 9.3.

**Mr BURGOYNE:** Does Power and Water currently have a full-time employee cap?

**Mr WILSON:** Yes, it does. A cap on the executives.

**Mr BURGOYNE:** But not on the employees? That 880 figure—how many vacant positions are there currently?

**Mr WILSON:** It does vary. I will let Djuna give you the latest.

**Ms POLLARD:** In addition to Mr Wilson's response, we are budgeted in our Power and Water Corporation statement of corporate intent for 835 full-time equivalents. We have a further 100 full-time equivalents funded for the Indigenous Essential Services work that we also perform across remote communities.

**Mr BURGOYNE:** Is that 835 funded?

**Ms POLLARD:** That is 935 in total funded if we include the work that we do across remote communities. As at the end of April this year, our actual FTE was 876, excluding board members. We still have some head room and vacant positions until such time as we reach our budgeted FTE level.

**Mr BURGOYNE:** Can we work that out as basically 935, take away the 876, and that gives us the number of vacancies?

**Ms POLLARD:** Yes.

**Mrs LAMBLEY:** What is your cap on executives?

**Ms POLLARD:** Our cap on executives is 68.

**Mrs LAMBLEY:** How many do you have?

**Ms POLLARD:** As at the end of April this year, we had 63.

**Mr WILSON:** Given your comment earlier, I would add that from my experience across all different types of utilities, Power and Water is not top heavy. It is the reverse. We have more high-vis jackets than I have seen any organisation of its ilk. Our people are out there, primarily.

**Mr BURGOYNE:** I am glad to hear it.

**Mr KIRBY:** What are the retention rates at Power and Water across the board? Many years ago, there was a reasonably high turnover. My suspicion would be that has probably plateaued out now. Can you please shed some light on that?

**Ms POLLARD:** As you would expect, the retention rates vary across in the different lines of work across the business. In terms of our frontline staff, we still tend to be at approximately 2% turnover rate per annum. It is quite low by comparison.

**Mrs LAMBLEY:** With the move to renewables, do you envisage your workforce will increase, decrease or stay the same? What is the planning regarding that?

**Ms POLLARD:** Our FTE levels will largely continue to be maintained. We expect to see capability shifts in terms of the skill sets that are required in the business to perform the various functions. We have already

been seeing that in relation to how manage the power system. Yesterday will not be how we manage the power system compared to today and tomorrow.

We are mindful of that. There will be a capability switch. In terms of our FTE levels, they will be as they are today.

**Mr BURGOYNE:** How many employees, whether that be employees or people that you have on contracts, are working interstate for Power and Water?

**Mr WILSON:** We have to distinguish between employees and those on contracts. They will be different numbers.

**Mr BURGOYNE:** That is fine. You can give us both figures. How many Power and Water employees are working from interstate? How many contractors do you have that are currently living interstate?

**Mr WILSON:** Of the executive employees, we have two in Queensland and two in Western Australia. We will take question on consultants or advisers on notice.

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#### Question on Notice No 9.4

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

**Mr BURGOYNE:** How many Power and Water employees are working from interstate? How many contractors are you currently contracting from interstate?

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

**Mr WILSON:** Yes.

**Madam CHAIR:** The question has been allocated the number 9.4.

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**Mr BURGOYNE:** How many apprentices are currently employed by Power and Water and through Group Training NT?

**Ms POLLARD:** As of today, Power and Water currently has 38 apprentices. We are also having our next apprentice uptake. It will commence in mid-August this year. We fully expect to bring on another 10 apprentices through that intake, which would take us to a total of 48 apprentices.

Of the 38 we have today, 29 are employed through GTNT—Group Training Northern Territory—with Power and Water as the host employer and nine are directly employed by Power and Water and managed GTNT.

**Mr BURGOYNE:** For the reporting period—essentially the last financial year—how many new apprentices have come onboard?

**Ms POLLARD:** Eleven new apprentices have come on board in the last reporting period.

**Mr BURGOYNE:** Do you have a total figure of how much Power and Water Corporation is spending on consultants and labour hire for the last financial year?

**Mr WILSON:** Graciano, do you have some advice for us on that question?

**Mr CHATIKOBO:** Is that forecast for this financial year or for the last financial year?

**Mr BURGOYNE:** For the reporting period, up to 31 March.

**Mr CHATIKOBO:** For this financial year it is shown on page 44 of our statement of corporate intent. Professional services are forecast to be \$35.3m.

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

**Mr CHATIKOBO:** We can take the question on notice and I will get you the number.

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**Question on Notice No 9.5**

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

**Mr BURGOYNE:** For the current financial year we know that there has been \$35m spent on labour hire and consultants. Can you please provide how much has been spent on labour hire and consultants for the previous financial year?

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

**Mr WILSON:** Yes.

**Madam CHAIR:** The question has been allocated the number 9.5.

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**Mr BURGOYNE:** We have spoken about the smart meter rollout. Is this something that you have had to design? Are you stepping through a phased rollout of smart meters across the Northern Territory?

**Mr WILSON:** Yes, we are. It is a phased program and one reflecting the characteristics you mentioned before, swapping out old meters that are becoming too old and accommodating growth. There is a program for that.

**Mr BURGOYNE:** Are you employing interstate consultants to help deliver this project?

**Mr BESSELINK:** The meters themselves are being rolled out with a number of subcontractors who work with us and in certain areas with our own teams. Those meters use technology very similar to smartphones. They have a card in them that will send information back to our systems with the data in them. That whole system is in and working and operating, so we are not using any additional interstate consultants now for this rollout of meters.

**Mr BURGOYNE:** You have spoken about the subcontractors that are being paid to do the rollout. How many Power and Water employees do you have working on the project?

**Mr BESSELINK:** The Power and Water employees working on the project are generally in our remote areas. Where we are doing large rollouts, we have our subcontractors who are given packages of work.

**Mr BURGOYNE:** Predominantly is this meter changeover being conducted by subcontractors?

**Mr BESSELINK:** You would say predominantly.

**Mrs LAMBLEY:** How many do you plan to install this year? Is it 682?

**Mr BESSELINK:** This year we have done around about 16,000.

**Mr BURGOYNE:** In regard to water a range of people have gotten in touch regarding what is happening with the old asbestos water mains in Palmerston. There seem to be a range of large failures that have occurred over the last financial year. Are you able to explain exactly what is happening in regard to the failures, and what you are seeking to do in regard to the replacement of the old asbestos pipe?

**Mr VLAHOVIC:** From time to time we have water main failures, and we work to replace the water mains as they fail. We are focused on providing safe, reliable and secure water supply. There is no risk from the asbestos water mains. The reliability risk associated with the asbestos cement construction, from time to time, will fail based on a number of factors, including variations and pressure or movement in the ground that is associated between the Dry Season and the Wet Season.

**Mr BURGOYNE:** Is it not true that there has been a number of significant failures that have occurred in the Palmerston region over the last financial year?

**Mr VLAHOVIC:** The significance of the failures—I do not have numbers to hand in terms of how many customers have been affected by them. We have a monitoring program where we replace asbestos cement

pipes and other pipes as well as they fail. We have a program by which we monitor the performance of those pipes and when the performance deems that they requirement replacement we go about replacing them.

**Mr BURGOYNE:** You are not currently working through replacing the old pipes, you are just replacing them as they fail?

**Mr VLAHOVIC:** We have a replacement program for sewer mains and for water mains based on their performance. Their performance is not only measured in terms of the failures but also in the condition of the assets. We construct a variety of programs. Some of the programs are at Palmerston.

**Mr BURGOYNE:** How much have you spent in the last financial year replacing water pipes there?

**Mr VLAHOVIC:** I do not have a figure to hand as for the Palmerston region. I can take that on notice.

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#### Question on Notice No 9.6

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

**Mr BURGOYNE:** Can you outline the amount of money spent replacing underground water infrastructure in the Palmerston region for the last financial year?

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

**Mr WILSON:** Yes.

**Madam CHAIR:** The question has been allocated the number 9.6.

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**Mrs LAMBLEY:** I was flicking through my old files on Estimates and Power and Water, and I remember that theft was a problem for Power and Water going back some years ago. How much equipment, to your knowledge, has been stolen from the Power and Water over the last 12 months, and what would the value of that be?

**Ms POLLARD:** If I recall correctly, the theft that you were referring to from our previous appearances have been around copper theft, particularly from our main facility or workshop that we have at the Ben Hammond Complex. I am pleased to say that we have done a lot of work on improving security and so forth, and there has been a reduction in the instance of copper theft. However, we are no different to our peers across the industry where this happens from time to time. There are spates of it, but we have increased and improved our security measure around that.

**Mrs LAMBLEY:** Have there been any recent incidences of theft, like copper theft within Power and Water?

**Ms POLLARD:** Not that I have been aware of recently.

**Mrs LAMBLEY:** Not within the last reporting period?

**Ms POLLARD:** Not since we appeared last.

**Mr KIRBY:** I think Josh has covered the majority of my questions. There were a few thefts, and I remember the copper drum used to be located close to the fence at Ben Hammond Complex and people used to jump over the fence and try to wheel it through the fence; that was when copper price was high. Quite dangerously, people used to steal it off the towers where it was bolted to the side as an Earth protection. Hopefully those practices are not going on any more.

You have answered a few questions on apprentices, trainees and renewables. Would you like to expand on what is coming for the energy industry, renewables and what the focus will be for Power and Water Corporation about training and retaining the workforce in the future?

**Ms SMALL:** The focus for our early careers pathways is our frontline trades staff. In particular, line workers are in high demand across the utility industry at this point in time and for the foreseeable future. It is important for us to maintain those numbers within our early career pathways. We are looking forward to the renewable



space, and our engineering graduate program takes on a number of engineering graduates each year. They get a diverse range of opportunities across the business including renewables engineering.

**Mr BURGOYNE:** In regard to the undergrounding power program that is being rolling out in Darwin, can you please give us an update on what is happening currently with that program?

**Ms SMALL:** The underground power project has completed the first phase of the program undergrounding nine schools in the northern suburbs. We are currently working on preliminary construction works, including designs for the first three suburbs that will have underground high-voltage power installed. These preliminary works include design, environmental reports and engagement with key stakeholders, including the City of Darwin.

**Mr BURGOYNE:** Could you outline the three suburbs?

**Ms SMALL:** The three suburbs are Nakara, Alawa and Wagaman.

**Mr BURGOYNE:** How much has been spent to date undergrounding the power? I believe the program started in April 2022.

**Ms SMALL:** The first phase of the project was \$3.3m to underground power to the nine schools. I would have to take the question on notice on what has been spent, in addition to that, at this point in time.

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#### Question on Notice No 9.7

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

**Mr BURGOYNE:** To date, what has been spent by Power and Water Corporation undergrounding power in the Darwin region?

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

**Mr WILSON:** Yes.

**Madam CHAIR:** The question asked by the Member for Braitling has been allocated the number 9.7.

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**Mr BURGOYNE:** Under the current time line, how long do you expect the undergrounding power project to take?

**Ms SMALL:** Our focus is on the first three suburbs, and we are looking at completing those at a rate of one suburb per year over the next three years. Post that exercise, we will be able to look at efficiencies in delivery, and delivery time frames would depend on available contractor workforce to support the program for future suburbs.

**Mr BURGOYNE:** Was it initially estimated that it would take 30 years to underground all the power?

**Ms SMALL:** The original plan had a number of iterations, from undergrounding the entire network—high-voltage, low-voltage and services—to sticking to undergrounding the high-voltage network only as our current project. At a rate of one suburb per year I would expect the high-voltage to be completed, if the program were to continue, in 13 to 15 years.

**Mr BURGOYNE:** Has Power and Water, as part of this program, received a grant from the NT Government?

**Ms SMALL:** We are in the process of final negotiations for the funding agreement.

**Mr BURGOYNE:** For the work that has been conducted to date, has that come out of Power and Water Corporation's own-source revenue?

**Ms POLLARD:** I understand the nine schools program was funded by the Northern Territory Government, and the second phase of work that we are working on across the three suburbs of Nakara, Alawa and Wagaman will also be subject to Northern Territory Government funding, which Belinda Small has mentioned we are in the final stages of negotiating funding agreements on.

**Mr BURGOYNE:** Is it your expectation that you will be given additional funding to complete those works?

**Ms POLLARD:** Yes, that is correct.

**Madam CHAIR:** I think the Member for Port Darwin has a question. I will allow some latitude for comment.

**Mr KIRBY:** I acknowledge the hard work done and the awards night the other night. Some of those people will be farewelled at the awards in a few months' time. I also acknowledge how close-knit the Power and Water team is, and that they have suffered some recent tragic news. We pass our best wishes on to the Power and Water team, the family and the close friends. People involved will be hurting for a long time and they will be sorely missed.

Power and Water has done a lot of work over the last few years to emotionally look after their workforce, because it is a high-risk industry. It does a lot of work—as the Chair stated, 24/7, 365 days a year. Thank you for your work, and we acknowledge the tough times. Thank you for all your services.

**Mr WILSON:** Thank you very much. Your thoughts and concerns are very much appreciated. Wellbeing is a major priority.

**Madam CHAIR:** Thank you. The Northern Territory is a vast area with huge climatic changes in conditions. We are very grateful for the utilities and public assets that keep the lights on. It is tough work, as the Member for Port Darwin knows firsthand. We appreciate the ability to flick a switch and the lights come on, and the taps work.

Thank you for the opportunity today to ask questions and provide that oversight; it is very important. That concludes our session. The committee thanks you for your time today and wishes you a good day.

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The committee suspended.

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### **JACANA ENERGY**

**Madam CHAIR:** Thank you so much for joining us. I welcome Mr Trevor James, the Chair of the Jacana Energy Board. Could you please introduce the officials accompanying you today?

**Mr JAMES:** Louisa Kinnear is our Chief Executive Officer; Jo Conway, our Chief Customer Officer; and Marco Di Somma, our CFO.

**Madam CHAIR:** Did you wish to make a brief opening statement?

**Mr JAMES:** Yes.

**Madam CHAIR:** When you speak could you please make sure your mic is on and state your name for Hansard purposes.

**Mr JAMES:** We had another good year at Jacana Energy. We have continued to improve its performance across most metrics in 2023–24 and will report a much improved profit—potentially our largest profit in five years. It is a material turnaround from our losses incurred in 2020 and 2021.

Over the past few years the business has worked to improve its bottom line by better aligning costs and revenue, optimising cash flow from net operating activities and changing the way we purchase environmental certificates.

Our hard work has paid off and Jacana Energy has now successfully executed the first two stages of the strategy—financial sustainability and business fundamentals. Without those in place you cannot move a business forward, so it is important that those things are sorted out first.

Our improved position ensures that we can now invest in the next stages of our strategy which is growing our business by delivering new products and services for our customers. This strategy supports the achievement of our vision of leading smart energy solutions for the Territory with a focus on delivering affordable, clean energy solutions for residential, business and large commercial customers.

Our 2024–25 Statement of Corporate Intent is reflective of our ambition to achieve our vision where we have chosen to reinvest our profits into the development of products and services that help our customers navigate the renewable energy transition. I stress the word ‘transition’.

I am pleased to say that Jacana Energy is on track to deliver on its current and future commitments. In 2023–24 Jacana Energy continued to perform strongly against all of the strategic metrics. We are on track to achieve our gross margin targets for the first time in a number of years, and profit continues to improve year on year.

While we are likely to fall just short of our 80% target for first call resolution this year, performance is still improved and customer effort and satisfaction entries continue to outperform forecasts, with customers consistently rating Jacana Energy services as excellent.

Employee engagement also continues to improve significantly in 2023–24, with Jacana Energy increasing its employee engagement score by another nine points over the year to 82%, which is quite an outstanding result and complimentary to Louisa and her executive team in the way they have managed the organisation over the last couple of years. Employees continue to report significant increases in motivation, inspiration and, more importantly, pride in working in Jacana.

I have no doubt that this investment in our employees’ wellbeing and a culture focused on giving trust and assuming positive intent is a key reason that our financial customer metrics have improved so much over the past few years.

Moving into renewable energy, we have large and small-scale solar installations. We will continue to play a significant role in the Territory’s energy transition. Once again I stress transition; it is a long transition.

Jacana Energy has continued to progress the tender process for up to an additional 100 megawatts of large-scale renewable energy. There has been strong interest in the renewable energy industry, which is encouraging for the Territory.

With rooftop solar system installations continuing to increase, Jacana Energy also plays a role in ensuring that customers can maximise use of the value of this energy in a way that ensures grid reliability and security.

This year, as part of the ARENA-funded Alice Springs Future Grid program, we completed the Northern Territory’s first virtual power plant trial, demonstrating how customers with solar and battery systems can support the grid and benefit from different tariff structures at the same time.

We also are focusing on those customers who cannot afford to own their own homes or purchase a rooftop solar system to ensure they can benefit from the renewable energy transition. With the support of the NT Government we have also kicked off a trial to install rooftop solar systems on public housing. This includes customers with prepayment meters in regional areas like Tennant Creek.

We are also proud to support Original Power, a First Nations energy company providing renewable energy to the remote community of Marlinja by sharing the cost reductions associated with the solar microgrid directly with Marlinja customers through the NT’s first solar-sharing scheme.

We also focused on reinvesting our profits to continue to improve our customer experience where they interact with us. Jacana manages 25,000 call centre and email interactions with customers every month, as well as 12,000 Facebook messages every year. Pleasingly, 64% of our customers now request electronic bills, which helps us in terms of reducing our costs to serve.

For 2023-24 our net promoter score remains high at +39, and 79% of all customer inquiries are resolved on the first interaction which is a key focus for us to make sure that we can resolve customers’ situations very quickly. Both those metrics have improved since last year. As part of our future technology roadmap, we will also be investing in a new telephony system to manage our peak volumes.

As we progress to the next stages of the Jacana strategy we will transition from small-scale product trials to developing a suite of products and services designed to support customers who transition to clean energy. This includes our continued commitment to working with our large commercial and industrial customers to help them decarbonise by procuring more renewable energy and purchasing environmental certificates on their behalf.

For our residential and small business customers, supporting renewable growth and ensuring excess renewable energy for all customers will continue to be a key focus for us. Underpinning this investment is increased capability to deliver more relevant products, supported by technology infrastructure to better service our customers in the future.

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

**Mr BURGOYNE:** What is the average quarterly power bill in the Northern Territory?

**Ms KINNEAR:** The average bill for residential customers on a quarterly basis, on a rolling 12-month average, is approximately \$566.

**Mr BURGOYNE:** How many customers are currently in default on paying their power bills?

**Ms KINNEAR:** We do not describe it as being in default. We describe it as the number days payment is overdue. We do not have the figures at that level.

**Mr BURGOYNE:** Could you read out what you have in regard to customers who are obviously struggling to pay their power bills? That would be appreciated.

**Ms CONWAY:** Our average residential debt per customer is \$1,404. Then we have customers who are on a payment plan. That is 1,267 customers. That is year to date, to March 2024.

**Mr BURGOYNE:** Are you seeing an increase in people who are having to go on payment plans as a result of the cost of living?

**Ms CONWAY:** There has been a small increase from 2023.

**Mr BURGOYNE:** What is the increase in real numbers?

**Ms CONWAY:** In 2023 there were 1,189 customers on payment plans; as of March 2024, there are 1,267.

**Mr BURGOYNE:** There is very little financial information regarding to Jacana in the SCI. Does the Northern Territory community not deserve to know more about what it going on within Jacana?

**Mr JAMES:** My understanding is that we meet the requirements set out in the legislation for the statement of corporate intent, where we disclose our profitability or our balance sheet issues. I am not aware of the concerns that you have. My understanding is that we comply with the same level as other GOCs.

**Mr BURGOYNE:** You spoke about revenue in your opening statement. How is revenue increasing over the last financial year?

**Mr JAMES:** In percentages?

**Mr BURGOYNE:** Yes.

**Mr JAMES:** I will pass to our chief financial officer.

**Mr BURGOYNE:** Even if you have forecast revenue for this current financial year compared with last that would be good.

**Mr Di SOMMA:** Our electricity revenue compared with last year has increased by about 3.5%.

**Mr BURGOYNE:** As I look at the SCI I can see that over the next three years from 2024–25 to 2027–28 you are expecting the total revenue increase to be 13.1%. What is driving the increases in revenue?

**Ms KINNEAR:** Basically, around 90% of our cost out is wholesale generation costs and network costs. If they increase our revenue generally increases in some form. For the four-year period outlined in our SCI, the main driver of revenue increases relates to increases in network and wholesale generation costs.

**Mr BURGOYNE:** The cost essentially of you to provide electricity to customers. Over the next four years you are projecting revenues to increase by 13%. Can we then safely say that the cost to customers will be increasing by 13% over that same period?

**Ms KINNEAR:** No, that is not necessarily the case. As you are aware, the relationship between cost and revenue, given that it is the NT Government that sets retail electricity prices, there is not a direct link between them.

**Mr BURGOYNE:** As I look at the SCI I can see the cost to serve was previously forecast to be \$212 for the 2024–25 financial year. One year on it is now going to be \$274. Can you explain what is driving this increase in serving each customer?

**Mr JAMES:** As I said in my opening presentation, we are looking to reinvest our profits back into building a new telephony system and improving our options to customers in terms of improved customer service and products. There will be a payback at the back end of that period, but we are investing up-front to improve our responses to customers and available products and services.

**Mr BURGOYNE:** That represents a 30% increase. Is the investment that you are making going to see a reduction in costs down the line?

**Mr JAMES:** It will be a mix of reduction in costs and better services and products to customers.

**Mr BURGOYNE:** As you look forward are you expecting your cost to serve to decrease in the forward estimates as a result of that investment? When I look at the statement of corporate intent it does not look like it is going down too much.

**Ms KINNEAR:** The cost to serve is driven by a number of different elements. Almost 50% of the cost to serve is labour. We need to account for things like our wage price increases as associated with EBA negotiations and having been in an inflationary environment and continuing to be in one we would expect a lot of that to continue into the forecast period. A proportion of the increase in cost to serve is also around ensuring that salaries are meeting expectation and meeting par with the market.

In regard to the remaining investment, some of it is also escalation in supplier cost; everyone has seen that. There is an additional investment on top of that to sustain the delivery and development of products and services for customers as well as a technology road map that underpins that service delivery.

As our chair mentioned, we have been quite conservative in our assessments. We would still be expecting some potential cost decreases that we may not have fully backed in, or revenue increases associated with that strategy.

**Mr BURGOYNE:** On page 6 of the SCI, you say Jacana Energy has entered into long-term power purchase agreements with the solar facilities in Katherine, Manton Dam and Batchelor. Is this as a result of the tender expression of interest that Jacana issued last year?

**Mr JAMES:** That process is ongoing. We had an expression of interest and are now moving to a formal tendering process which will start in the next couple of months. The ones we have entered into are with Eni, as everyone knows about, in those areas.

**Mr BURGOYNE:** Are you currently purchasing electricity from those solar facilities?

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

**Mr BURGOYNE:** Are you able to outline how much solar you are accessing from those farms over the last financial year?

**Ms KINNEAR:** In total it equates to about 1% of our total generation portfolio. While that might seem like a relatively small amount, when you think the total amount that customers consume in a year is about 1.4 terawatt hours, it is still a relatively decent amount of renewable energy being pushed into the system. It is an improvement on the year per hour.

**Mr BURGOYNE:** It has been quite interesting; I have had a number of people get in contact with me in regard to what they believe is an increase in their bills, especially as it relates to meters being changed over. Has Jacana seen an increase in people contacting you complaining about increases in power bills?

**Ms CONWAY:** When the rollout commenced, or lifted, there were more complaints about smart meters and billing issues. Many of those were resolved and were not related to the exchange of the smart meter. However, we have done more with customers to explain smart meter installations and things that could impact their bill with smart meters, that being that the other meters may not have been functioning correctly et cetera. We have had a slight increase, but they seem to have slowed down in the last six months or so.

**Mr BURGOYNE:** That is what I find interesting. Have you noticed an increase in revenue in relation to those meters being changed over? Are you generating more income than you expected from that?

**Ms KINNEAR:** No, we are not noticing a material increase in our revenue as a result of that process.

**Mr BURGOYNE:** What about electricity usage?

**Ms KINNEAR:** No. Year on year, we are looking at residential electricity consumption being relatively consistent, and the average bill is still relatively consistent with prior years.

**Madam CHAIR:** If a customer believes that is an issue, what is the best process for them to raise this with you and have their concerns addressed and looked into. People have come to me as a local member, as I am sure my other colleagues have.

**Ms CONWAY:** Customers can approach us directly, and then we work with Power and Water Corporation to understand what occurred when the meter exchange has occurred. Then we usually do a detailed review of their bill or billing cycles over a number of periods, depending on when the meter was replaced. We work closely to look at their consumption and any other issues that might impact their electricity bill other than the meter replacement. We maintain that customer relationship, so they can come directly to us for that to be resolved.

**Mr BURGOYNE:** In relation to the old grandfathered feed-in tariff, how many people are still on the old tariff?

**Ms KINNEAR:** I believe it is about 1,700 still on the feed-in tariff, but let me just verify that for you.

**Mr BURGOYNE:** And just to confirm after that, if they are due to come off in the next two years.

**Ms KINNEAR:** Yes. Confirming 1700 customers remain. We are anticipating that all customers will be off within the next financial year. We may have a few push into the following financial year but it would be few.

**Mrs LAMBLEY:** What does that mean? They are not on smart meters?

**Mr BURGOYNE:** It relates to the people that were receiving the dollar for dollar as part of their solar feed-in tariff. It was grandfathered so there are few people left on it now. How much are you paying out in solar feed-in tariffs? Do you have a figure for the amount of money it is costing Jacana or how much electricity is being generated because of the solar?

**Ms KINNEAR:** The amount that we purchase off customers represents about 5% of our wholesale electricity portfolio; it is fairly significant. The total value that we purchased the energy for this year is just under \$10m.

**Mr BURGOYNE:** Have your purchase agreements from Territory Generation increase over the last financial year? We have heard today from Power and Water Corporation regarding the gas supply. I wondered whether that has affected Jacana's agreement regarding the purchase of electricity that you sell to your customers?

**Ms KINNEAR:** We are currently in negotiation with Territory Generation. Generally, we enter into rolling contracts with Territory Generation for a three-year period. At the moment we are working through what our revised contract looks like. I cannot confirm what those prices look like now but we are speaking with them.

**Mr BURGOYNE:** When does the contract cease?

**Ms KINNEAR:** The way the contract is structured is that it does not necessarily ever cease. There is a rolling mechanism to it. What we are now doing is agreeing what the forward price path looks like.

**Mrs LAMBLEY:** This may have been asked already. What percentage of the market do you hold at the moment?

**Ms KINNEAR:** The total market is about 90%.

**Mrs LAMBLEY:** That has not changed from last year?

**Ms KINNEAR:** No, it is relatively stable.

**Mrs LAMBLEY:** I have to say, as a local member of parliament, the only time I think about Jacana apart from when I receive your bills personally is when people come into the office and complain about the billing. I received an email complaint from one of our cherished residents.

There is never more than a few, but it is ongoing. I approached you about six months ago, and you were fantastic. You gave me lots of great advice and were able to directly help one of my constituents who was in a real pickle. It still is a problem. I am sure we all have a few cherished people who cannot navigate your system. What do you advise?

**Ms KINNEAR:** We advise customers to speak to us directly. We can provide insights into why it might be happening. I know for some customers that it has not helped, which was the situation we worked through together to resolve the issue successfully.

Understanding electricity is complex at times. I think as retailers we need to try to make it as simple as possible for customers. I encourage people to reach out to Jacana Energy and to work with us first because we are the ones with the information and will be able to help the customer. For those customers who may have more complex or ongoing issues, we can provide a more resource-intensive resolution pathway working with specialist members of Jo's team. We find that when we work closely with these customers the issues can be resolved quite quickly.

**Mrs LAMBLEY:** When you say to contact you directly, that is the problem; they have difficulty doing that. What do you advise about that? This particular man, who emailed us over the last day, said that it is about emailing you and it not going to where it was meant to go and not getting the response that he wanted.

**Ms KINNEAR:** When you remember we are dealing with 25,000 interactions per month, not every customer has a process that works out smoothly. Thankfully it is a small proportion of our customers who might have a customer experience that is not ideal. Generally, they are the ones you might see as a local member, because they feel it has not been resolved at the first port of call. We have a resolutions area which can deal with those issues when things have not gone as smoothly as possible. We can provide that information on request.

**Ms CONWAY:** We always encourage customers to call us directly ...

**Mrs LAMBLEY:** Telephone?

**Ms CONWAY:** Yes, calling is the quickest way to get a response. As Louisa said, we have a resolutions area and I am close to that; I see every single complaint which is raised and I am across that. If something is escalating I can deal with that straightaway and make other arrangements that are sometimes outside of our general or normal processes, like meeting with the custom in person if we need to that. We are flexible about having a bespoke solution if we need to do that.

**Madam CHAIR:** Member for Araluen, can I ask a question or make a point. We are all, as elected members, in regular contact with our community via Facebook and newsletters. Some short words with the phone number and email address we can put in our newsletters. I know you put it on your bill—I could probably go and find the bill to have a look—but it may be helpful to give them that information to encourage them to come directly to you.

**Mr KIRBY:** Some queries may be about the transition to smart meters. There are a lot of reports that people feel that their bills have gone up, whether their usage has gone up or they have had estimated readings for a long time. That is why the smart meters are handy.

Is there anything you can explain to people about what might be behind some of the media reports about a large number of people having the smart meters installed and their bills going up?

**Ms KINNEAR:** We are aware of that sentiment. There are some cases where customers may experience an increase in their bills as a result of a change of meter. I believe Power and Water Corporation have been speaking about this publicly as well.

If a customer has a meter that is several years old, beyond 10 or 15 years—I think the members here who have an electrical background would be well aware that if they are dial meters they will not record electricity as accurately as possible—they potentially will be slowing down. As a result, the customer may have been underbilled for a long period of time.

When the meters are replaced with a new smart meter which will record consumption more accurately, there is a small number of customers who may actually experience a significantly increased bill. We are not seeing that happen extensively across the meter rollout.

People also need to be mindful that a few other things will be triggered once they have a new meter. Obviously there will be a change in the meter reading cycle. If someone has that change in meter during a Wet Season, when your bill is normally higher, it will look abnormally high compared with the last bill you may have had, because we would have been billing you for the Dry Season when consumption is lower.

We need to make sure customers are comparing apples with apples and what their bill may have been the year previously; not the quarter previously. The Member for Nightcliff's point is that customers do not necessarily want to dig out their bills from a year ago either. At that point we can assist customers in doing a bit more of an analysis and understanding what might be behind the perceived change in billing as a result of the meter change.

**Madam CHAIR:** Understanding it is a very small number that might see—because it has been misreporting for a period of time then that would be made up on that bill. Do you identify at a certain threshold and put some information to say that this can be paid off over a plan, or the reasoning why with a bill?

**Ms KINNEAR:** Yes. That is correct. If a bill is prior, on the old meter, we do not recover any lost consumption there so it does not catch up in that sense, but what you find is from the date that the new meter is installed, consumption might have increased.

**Mr YAN:** Mr James, in relation to the federal announcement on the \$300 rebate in power, I am getting questions from people I represent in the bush on how it will work for those on power cards and things like that—how this rollout will help people there?

**Ms KINNEAR:** We have been providing energy bill relief payments this financial year and we will continue to do so following the finalisation of the announcement that came with the federal budget recently. Essentially, those customers are credited that amount in a similar way that your credit meter customers are. For this financial year's energy bill relief those customers had the pre-payment meter automatically credited with that value on a quarterly basis.

**Mr YAN:** Are they are getting a credit on their meter quarterly?

**Ms KINNEAR:** Correct, yes.

**Madam CHAIR:** That concludes consideration of Jacana Energy. Thank you for appearing before the committee today. We appreciate your time and knowledge. On behalf of the members, thank you.

## TERRITORY GENERATION

**Madam CHAIR:** Thank you for joining us, Mr Bree. As the Chair of the Territory Generation Board, please introduce the officials accompanying you.

**Mr BREE:** Madam Chair and committee members, please allow me to introduce our Chief Executive, Gerhard Laubscher; Chief Financial Officer, Joel Dwyer; General Manager Assets and Engineering, Minh Tran; and General Manager Commercial and Business Development, Rebecca McKenzie.

In the Elsey Room, we have General Manager Legal, Governance and People, Hieu Nguyen; and General Manager Operations and Maintenance, Tim Danby.

**Madam CHAIR:** Thank you very much. In a minute I will ask you to make a brief opening statement and then I will call for questions relating to the statement. Do you wish to make a brief opening statement?



**Mr BREE:** Yes, please.

I am proud to be here representing Territory Generation, to provide you with an update on TGen's activities over the past 12 months and provide an overview of our 2024–25 Statement of Corporate Intent, and thereafter address any questions you might have.

Our organisation takes great pride in embracing technological advancements in electricity generation and investing in our dedicated staff.

Over the past year we have made significant strides towards advancing the government's target of 50% renewables by 2030. Our commitment to providing increased essential systems services has resulted in increased solar generation, further reducing the Territory's reliance on fossil fuels. Notably, we have completed the construction of the Darwin–Katherine Battery Energy Storage System which is now at the point of online commissioning.

Once completed, the 35-MVA high-specification battery will contribute to additional essential system services in the Darwin–Katherine interconnected system. This project exemplifies our dedication to sustainable energy solutions and future proofing the Territory's essential system services.

Improvements in predictive maintenance practices and maintenance planning have further minimised unplanned maintenance downtime and improved overall generation reliability and availability where it matters. This has resulted in improved effectiveness, machine efficiency and cost savings.

As part of our commitment to net zero emissions by 2050, we have invested in research and development of carbon emission displacement through the modelling and testing of small-scale solar and batteries in microgrids and exploring the use of large-scale solar farms and technologies for long duration storage.

We have initiated a market sounding process to better understand the technology landscape that would assist in delivering these initiatives. Our research and development of these projects demonstrate our dedication to reducing our carbon footprint.

We have developed more clarity and confidence in our role in the power systems and other stakeholders are now starting to understand the critical role of the central system services in maintaining a functional system under all conditions and how that will enable decarbonisation.

Our workforce remains our greatest asset. Our 2023 employee survey results reflect that we prioritise employee wellbeing through training, mental health support, flexible work arrangements and more. Of the 89% of TGen staff who responded, 73% reported high satisfaction in their work. As a technical company, we are extremely pleased that 92% of our employees feel empowered to stop work due to a safety concern. Everyone in TGen is authorised, no matter what their role is, to stop work if they think it is an unsafe situation.

Our team's dedication and expertise have been instrumental in achieving operational excellence in maintaining a positive workplace culture, making TGen a great place to work. We continue to achieve our goals in the employee relation space. Our efforts on diversity and inclusion programs, succession planning for critical roles and a health and wellbeing program continue to show results.

Our enterprise agreement was negotiated and agreed with by the bargaining unit and approved by the Fair Work Commission, achieving positive outcomes in line with government policy.

I will now turn to our 2024–25 statement of corporate intent. Our SCI has been developed to effectively provide reliable energy capacity and essential system services to all power systems and with a continued focus on supporting the stability and security of the power system to enable the increase of renewable energy penetration.

The ongoing expansion of solar energy penetration within the Territory, encompassing both behind the meter, distributed generation and utility scale solar farms, continues to present challenges for the electricity system, including an increased demand for essential system services.

Territory Generation recognises that it is currently the default sole supplier of essential system services under the system control technical code. We are committed to continue providing support services for new solar generation while the electricity system market reforms are being implemented.

Our key focus over the next few years will be on providing essential system services more efficiently through battery energy storage systems and other technologies to unlock a greater level of renewable penetration responsibly. Our 35MVA Darwin–Katherine BESS at Channel Island Power Station, once commissioned, will be the start of delivering some of these services.

Our second round of batteries will provide even more stability and target essential system services, which in the coming months is progressing to a market tender stage.

In line with the recently released future grid studies, we are exploring investments in new batteries and synchronous condenser technology to support the Alice Springs power system.

The smaller, faster hydrogen cable TM2500 gas turbine is under construction. This is an important step in our fleet transition which will progressively replace some of our ageing turbines with smaller and faster technologies which will be better suited and more efficient in the future power system.

Our oldest power station, Ron Goodin Power Station in Alice Springs, continues to be utilised in the power system by providing additional capacity, redundancy and essential system services. The machines at Ron Goodin are expected to be utilised until adequate grid-forming batteries are installed. Then in a controlled manner they will be put into cold storage.

The old and new technologies at Ron Goodin and Owen Springs respectively provide diversity which enables a combination of efficient generation and the required machine characteristics which contribute to stability in the power system at this stage. Financially we continue to make a modest profit which will be reinvested in our renewable energy transition.

As I do every year I will conclude by paying tribute to the management and staff of Territory Generation who carry out their roles so diligently 24/7, 365 days per year to provide power to Territorians safely and to ensure energy security.

Thank you for the opportunity to make an opening statement. I will now answer questions.

**Madam CHAIR:** I will ask the shadow minister to ask questions first, followed by other committee members. Other participating committee members may jump in on a line of questioning.

If you could please make sure your microphone is on and say your name before you respond for Hansard purposes.

**Mr BURGOYNE:** Is the Northern Territory's electricity system fit-for-purpose?

**Mr BREE:** I can only comment on Territory Generation; it would be inappropriate for me to do otherwise. From Territory Generation's point of view, noting that we are in a significant transition, we feel comfortable about where we are at present. As I mentioned in my opening statement, with treatment of our machines and ongoing maintenance I think our statistics are improving. We are pretty comfortable.

**Mr BURGOYNE:** From a Territory Generation standpoint what are the chances of a blackout or system black caused by a lack of gas in the next 12 months?

**Mr BREE:** I would think incredibly low. We had an incident where we had a technical issue that cut off gas to us, so it can happen. In terms of supply of gas we are confident that the diversity of supply available through Power and Water is more than adequate.

**Mr BURGOYNE:** Outside of the supply of gas you spoke about the ageing infrastructure. From a Territory Generation standpoint, what are the risks or chances of a blackout or system black due to machinery going offline?

**Mr BREE:** We are working with machinery that can break down; there is no question about that. We have capacity in our system to take care of any normal event that occurs. Our maintenance program is such that even though some of our machines are quite old, they are more than adequate for what we are trying to do.

**Mr BURGOYNE:** Are Power and Water Corporation and Territory Generation using the same gas price in their respective SCIs? Do you have a purchase agreement with Power and Water Corporation and is it ongoing? Are you being affected by the changes that Power and Water Corporation have outlined today in their ability to purchase gas?

**Mr BREE:** Nothing has changed in our gas contract with Power and Water.

**Mr BURGOYNE:** How long has the gas contract been established and how long does it run for?

**Mr BREE:** Someone may interrupt if I am wrong. The contract has been running since TGen started. It tends to be essentially a rolling 12-month contract but fulfilled at the same conditions.

**Mr BURGOYNE:** That is the point I am trying to get at. The price or cost for Territory Generation in regard to its gas supply has not changed over the last three years.

**Mr BREE:** Other than inflation, which is built into the contract.

**Mr BURGOYNE:** Outside of those inflationary pressures Territory Generation is not being affected by the lack of gas supply?

**Mr BREE:** No, we are not.

**Mr BURGOYNE:** How much is Territory Generation's gas usage reduce this year, if at all?

**Mr BREE:** I will have to get advice on that.

**Ms McKENZIE:** I have it on a region-by-region basis. Would you like that for the three regulated networks?

**Mr BURGOYNE:** Fantastic, yes.

**Ms McKENZIE:** To 31 May, for the current financial year, we used 14,153 terajoules in Darwin–Katherine; 1,878 in Alice Springs; and 392 in Tennant Creek.

For the full year 2022–23 in Darwin–Katherine we used 14,701; in Alice Springs 1957; and in Tennant Creek 387 terajoules.

I guess it is likely that with June coming in we will see a slight increase in total gas utilisation for the current financial year.

**Mr BURGOYNE:** For the Darwin–Katherine region, you will be using much more this year, or there will be an increased usage compared to last year?

**Ms McKENZIE:** Yes.

**Mr BURGOYNE:** That is good information to have. What is Territory Generation's net debt position as of today, or as you can best explain it?

**Mr DWYER:** As at 31 May net debt is \$199m.

**Mr BURGOYNE:** Where were we at last financial year?

**Mr DWYER:** From memory, \$196m.

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

**Mr DWYER:** Our current financial year's borrowings has been \$22m. We have current borrowings at 31 May of \$272m.

**Mr BURGOYNE:** What is the estimates interest expense for this current financial year?

**Mr DWYER:** Current forecast to 30 June is \$10.6m.

**Mr BURGOYNE:** Are you able to explain to me—we always ask for projections—what was the actual interest expense for Territory Generation paid for the previous financial year?

**Mr DWYER:** Total interest expense for last financial year was \$8.7m.

**Mr BURGOYNE:** What is the total projected cost of the BESS? It has been moving along every year and getting a bit more as it is built, I imagine, having been out there. We are in the commissioning phase now—what is the projected total cost of that BESS?

**Mr DWYER:** For the project to date for the Darwin–Katherine BESS1, we have spent \$45.4m. The total estimated cost is \$48.7m.

**Mr BURGOYNE:** I want to confirm because I have read it many times—for the 35 megawatts it was expected to be \$45m. Was it?

**Mr DWYER:** Correct.

**Mr BURGOYNE:** How are we going in regard to the commissioning of the BESS? At what stage are we?

**Mr BREE:** We are in the commissioning stage. I will get Minh to talk about it.

**Mr TRAN:** We are excited with regard to the BESS project. We have entered into the commissioning phase on the project. We have the connection agreement executed between TGen and PWC, which allows us to connect to the network. The BESS, since the start of this week, has been energised. It is receiving powers to the transformer as well as the module, and we will progressively test the battery online over the next six months.

**Mr BURGOYNE:** The ability for the BESS to generate instant output—the electricity being tested but it is not currently online all the time?

**Mr TRAN:** No. We are still in commissioning phase. Depending on the test schedule sometimes we will be operating online and sometimes we will be off. Towards the end of the end of the year we expect it to be fully commissioned, and will be online all the time providing that service.

**Mr BURGOYNE:** Are there costs in regard to—part of the agreement, was it with Hitachi in regard to maintenance as well? We spoke about it last year; you were a bit funny about it. Do you have the ongoing cost to maintain the BESS as a whole because I image there will be not just ...

**Mr BREE:** Yes, it was a bit funny and the reason being ...

**Mr BURGOYNE:** You did not want to let us know.

**Mr BREE:** I did, but I was advised it is a confidential matter.

**Mr BURGOYNE:** That is all right. I understand that in some instances you cannot say exactly how much it will cost when it is a private entity because someone else might come along and say that they will maintain it for less. Are there costs incurred in the forward estimates? Will there be only one person to maintain that battery?

**Mr TRAN:** In terms of maintenance costs going forward we have made some allowances for R&M costs to do with the BESS. The long-term maintenance agreement with Hitachi, as you alluded to, is to cover the main batteries and the main core components. In terms of maintenance from our side we also maintained all the auxiliary equipment like the switch gear transformers.

**Mr BURGOYNE:** Are you able to elaborate on the costs that you are expecting to incur on R&M?

**Mr TRAN:** I do not have that information on hand, but we can take it on notice.

**Mr BURGOYNE:** Thank you, I appreciate that.

**Mr BREE:** Madam Chair, we might be able to give an answer that is satisfactory.

**Mr DWYER:** For the 2024–25 financial year we have budgeted \$27.5m in total as maintenance costs across all regions.

**Mr BURGOYNE:** Is that all batteries across the Northern Territory?

**Mr BREE:** That is all maintenance. We will get your question on notice.

**Mr BURGOYNE:** That is a good figure because you cannot explain the exact contractual arrangement but for the entire cost of maintenance to the BESS, is that what it is going to be?

**Mr BREE:** No. That is our total maintenance bill. For everything. We will take your question on notice.

**Madam CHAIR:** If you get the response whilst we are still speaking, you are welcome to interrupt us, otherwise provide it to the committee.

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#### Question on Notice No 11.1

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

**Mr BURGOYNE:** For the R&M costs that are being forecasted by Territory Generation, can you provide for the current financial year, and for the 2024–25 financial year, the expected R&M costs of the BESS?

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

**Mr BREE:** Yes.

**Madam CHAIR:** The question has been allocated the number 11.1.

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**Mr BURGOYNE:** Mr Bree, there has been a lot of conversation in regard to renewables over a long period of time. Previous reports have forecast a reduction in annual electricity costs of \$30m per year as a result of investment in renewables. Will Territory Generation's costs be higher or lower as we move towards the target of 50% renewables by 2030?

**Mr BREE:** At a high level, our judgement is that we will be investing more so our capital program will be higher than it has been traditionally, as we go through this transition. The payback from those investments will come over time as they come online. For instance, the one we have been talking about— DK BESS— we would expect to start seeing some savings from that after it is commissioned. Each investment will be in that category. There is no doubt that our capital program is higher and will be for probably the rest of this decade, although I think we are starting to see it dropping towards earlier than 2030.

The other side of it is our cost of production and there are two broad drivers here. One we have a lot of overheads which are fixed and as we produce less than the average price will rise to some degree. The other side of that coin is that we are now out to a market sounding and looking at introducing renewables into our system ourselves rather than having other people bring renewables to the system. That blending of those two products, we would hope, will at least keep a cap on the average cost and hopefully drive it down towards the end. The overall driving down is in the system as I see it, and we are only part of that.

**Mr BURGOYNE:** This is what I find interesting. Essentially, the electricity you currently provide to the market is becoming less and less whilst other providers come online in regard to renewables and the rest of it, and there has been a lot of conjecture about Territory Generation, and possibly NTG, purchasing some of those solar systems. Are you currently looking at investing in large-scale solar system in the Northern Territory?

**Mr BREE:** We call it a market sounding process, and at the present moment it is an early-stage process where we are looking at solar, amongst other things. Yes, we are interested in that. We are looking at all options at the present moment. It is kind of early days.

**Mr BURGOYNE:** Absolutely. I find it important that by having a target for renewables and purchasing renewables off other proponents, we will essentially be beholden to the agreements and producers of those renewables into the future. In wanting to ensure that we can keep to our targets by 2030 and looking at investing in large-scale solar, where does Territory Generation see the best value for money for Territorians; investing in your own large-scale solar, or is it in purchasing what is existing?

**Mr BREE:** In some ways we will let the market tell us. Our current feeling is that it is more likely that we will work on power purchase agreements with developers. I think that is most likely, and one reason is the capital cost involved. Like all organisations, we are capital constrained in some ways. We will look at each as a business case as that is the right way to do it. We are keeping an open mind but most of us suspect we will end up in PPAs.

**Mr BURGOYNE:** Territory Generation will have to itself work towards being able to produce renewables. Is that what you are looking at doing in line with current policies?

**Mr BREE:** We will want to have pretty tight contracts with whoever is providing us with energy. We are keeping open the option of building some of our own. We might do that for strategic purposes. We have some land available around our power stations in some cases, which might be worth doing. I do not want to lock in too much on this, now that we have gone out, because we always hope you will be pleasantly surprised by the market—you not often are, but we continue to be optimistic.

**Mr BURGOYNE:** I appreciate how candid you are, Mr Bree. Territory Generation's role in regard to the solar facilities—you spoke about power purchase agreements and those solar facilities' inability to be commissioned and connected to the grid, as has been spoken about over many Estimates. We have been told today that there are six large solar systems connected and two that are not dispatching. Can you outline what is currently happening in regard to the solar facilities located in respect to the Darwin–Katherine grid, and whether or not Territory Generation is entering into agreements to purchase that power?

**Mr BREE:** I can comment mainly on that last part, which is us. The answer is yes, we are entering into agreements with a number of solar farms to provide firming services.

**Mr BURGOYNE:** Are you able to do that without battery storage, here and now as it stands?

**Mr BREE:** Yes, we can provide that from our thermal plan.

**Mr BURGOYNE:** For every megawatt of solar input you have into the grid, what are you having to ensure in spinning reserve to compensate for it? Last year we spoke a lot about solar facilities that were turned on, and it destabilised the grid—that was the word you used. What are we doing to ensure grid stability, irrespective of how much solar is in the system at any one time?

**Mr BREE:** Essentially that role is carried out by system control, they direct us with what they require into the system, so we respond to what they ask for.

**Mr BURGOYNE:** And what have system control been telling you?

**Mr LAUBSCHER:** As Dennis said, and I would take direction from risk notices, it is pretty complex. We do not know all of it, and we do not necessarily see it. At the end of the day, we need to know enough to be able to invoice. Ultimately, spinning reserve is determined on algorithm, and Power and Water is working on that to improve it, as I understand.

**Mr BURGOYNE:** What is the anticipated increase? You must have looked at large-scale solar and behind-the-meter solar; what are you expecting the increases to be in the 2024–25 financial year?

**Ms McKENZIE:** We based our forecasts on the publicly available Utilities Commission outlook reports that indicate, for example, an increase from behind-the-meter solar from 2023 of about 115 megawatts to 129 megawatts. In regard to utility-scale solar, we anticipate within our forecasts that the current in-flight projects will become available online; however, no new projects would be built within the next financial year.

**Mr BURGOYNE:** Has there been an increase in what you are expecting to see come online from those utility solar services?

**Ms McKENZIE:** No, I guess we have been anticipating those solar farms to come online in the previous years, and we expect they will in the next financial year.

**Mr BURGOYNE:** Do you have a total in megawatts of those facilities?

**Ms McKENZIE:** The total is, I believe, 55 megawatts, excluding the Defence facilities, so around 68 altogether.

**Mr BURGOYNE:** That is interesting. That is what you expect to be exporting to the grid in the next financial year, or just what is available?

**Ms McKENZIE:** I understand they are going through their final commissioning processes. If they become available, then during the periods of the year when the demand is suitable to accommodate, will be dispatching to their full capacity.

**Mr BURGOYNE:** When you spoke about those increases in behind-the-meter solar was that just for the Darwin–Katherine region, or do you have it per region?

**Ms McKENZIE:** The behind-the-meter—again this is based on the Utilities Commission’s published data—indicates an increase of just under two megawatts in Alice Springs region and approximately 300 kilowatts in the Tennant Creek region.

**Mr BURGOYNE:** How much was spent by Territory Generation on diesel in the past year?

**Ms McKENZIE:** In terms of the cost of diesel, that is part of our contracts and is commercial-in-confidence.

**Mr BURGOYNE:** Last year we asked how much diesel you had to burn in the last financial year and the answer was given as \$12.9m. We understand there were some industrial disputes and actions that occurred last year which meant that we know there was an increase in diesel burnt. I am trying to now assess in the same terms how much diesel have you had to burn in the last financial year to compare.

**Mr DWYER:** In the year to 31 May we spent \$12.76m.

**Mr BURGOYNE:** I appreciate that. I have been hearing over the last two weeks in Estimates about the replacement of diesel generation on communities and, in some instances, being changed over to solar. Remote communities are still running off diesel generation. We know there is a project in place to slowly change them across the renewables. How many have been changed from diesel generation to renewable in the last financial year?

**Mr BREE:** Sorry, those power stations do not come under us; it is Power and Water.

**Mr BURGOYNE:** What is the projected dividend paid in 2023–24 and what is the budgeted dividend?

**Mr BREE:** I will ask Joel.

**Mr DWYER:** In 2023–24 financial year we have paid a dividend of \$1m.

**Mr BURGOYNE:** What was budgeted for 2024–25?

**Mr DWYER:** Budgeted for 2024–25 essentially is zero because we have had approval to reinvest those profits into the capital program.

**Mr BURGOYNE:** That would be my next question. It is good to see.

Ron Goodin Power Station is my favourite topic. The previous provision said that it is coming to the end of its useful life, which we often speak about. I was glad to hear you say in your opening statement about wanting to transfer—I believe you said; I do not want to verbal you—to battery capability and batter storage would be put in place to compensate for when that is decommissioned. When is the end of useful life estimated to be for Ron Goodin Power Station?

**Mr BREE:** The main thing for us is the security of the system, as you are well aware. We have determined that the best way to go about that is more batteries in Alice Springs. That is part of our market sounding. In the DK BESS 2, there is an ability to take some batteries for Alice Springs from that.

Our current plan is that we will have all that in place to allow Ron Goodin Power Station to go to sleep approximately December 2026. To be fair, it is having all the conditions in place that will set it, not the date.

**Mr BURGOYNE:** It is important to have plans. I was glad to hear you speak about the Alice Springs Future Grid because we have spoken about a range of proponents regarding that plan. You spoke about having already looked at how you would invest into the Alice Springs grid to ensure that plan can progress. Can you expand further on what you are looking at in the way of batteries? Are you looking at being able to partner with large producers of solar in Alice Springs to control that solar output? How does that look into the future regarding that report? That is what has been spoken about a lot.

**Mr BREE:** We have been part of that future grid group. Broadly speaking, at this stage we have already started putting in place the first phase of that plan, which is the secure plan. That is the batteries.

**Ms McKENZIE:** As mentioned in the opening address we are taking steps to address the outcomes of the Alice Springs Future Grid Roadmap. The first phase of that is to secure the system. This is where we focus our attention on the delivery of essential systems services and what is required to ensure that new solar coming into the network, whether it is from large scale or behind the meter, is delivered in a stable and reliable manner.

We are currently in the process of finalising more technical studies, particularly regarding the opportunity to go thermal off in the Alice Springs network and what the mix of assets would be required to meet that condition. From there, the business case and timing for each of those assets would need to be assessed against our existing operation which is to maintain a minimum load on thermal generators.

**Mr BURGOYNE:** For the moment, are you still looking at what can be done in that space to ensure there can be a thermal off in Alice Springs?

**Ms McKENZIE:** Yes. We are finalising the investigations on that at the moment in conjunction with Power and Water.

**Mrs LAMBLEY:** The Alice Springs Roadmap to 2030—the future grid report that came out earlier this year—said that the Alice Springs power system is facing an immediate and growing risk and that, as a priority, the Northern Territory Government needs to introduce emergency solar management to Alice Springs, a capability to remotely turn off and on again. Is that what you are referring to?

**Ms McKENZIE:** Not exactly. The Territory Generation's portion that we are looking at is the batteries that will help to support future projects. Any capability for controlling behind the meter solar would be undertaken with Power and Water Corporation.

**Mrs LAMBLEY:** The report suggests that the capability to remotely turn off and on again new and upgraded rooftop solar systems should be completed by the end of 2024. There seems to be some urgency regarding having these provisions put in place otherwise there would be blackouts. That is what the report says. Are you working around the urgency that this report outlines?

**Mr BREE:** That is a Power and Water issue. It is working through that.

**Mrs LAMBLEY:** Are you working with the batteries?

**Mr BREE:** Yes. We are on the generation side. Providing the electrons into the system is our business.

**Mr BURGOYNE:** Are you looking currently to pair with large producers of solar in Alice Springs to ensure you can firm up the grid stability? I think that is what the Member for Araluen is getting at. You essentially have large producers of solar; it is unregulated currently and is proposing to put batteries inline with those systems to better regulate them into the system. I will use the Alice Springs pool where it has a large solar array, and the DoubleTree by Hilton is another example where there is a large solar array. Being able to control when they despatch to the grid will assist with grid stability in Alice Springs.

**Mr BREE:** Yes, that is completely correct. It is not our bailiwick to look after. That is a network issue to manage them.

**Mr BURGOYNE:** Power and Water Corporation.

**Mr BREE:** But the principle is correct.

**Mr BURGOYNE:** What is Territory Generation investing over the next 2024–25 period in working towards those recommendations of the Alice Springs Future Grid?

**Mr BREE:** We are going out for the batteries. I do not know if we are spending a lot of money in this coming financial year. I will check on that. Member for Braitling we do have some money allocated for batteries. You probably will not like this but the market for batteries is interesting presently, and we are taking the view that we do not want to let people know what we are budgeting for things.



**Mr BURGOYNE:** I understand that. When you tell someone how much you have and you ask what the cost is, they may say that is how much it costs. Regarding the Statement of Corporate Intent, how much does it cost to produce? Or is it produced in house? How much does this document cost to produce?

**Mr DWYER:** The Statement of Corporate Intent is modelled and developed in house.

**Mr BURGOYNE:** Regarding the capital program, page 10 of the current SCI, it states:

*This investment is aimed to be completed over the next 7 years, in time for achieving 50% renewable by 2030.*

Would you like to know, Mr Bree, what the previous 2023–24 SCI stated regarding the capital program on page 9?

**Mr BREE:** I would.

**Mr BURGOYNE:** The exact same thing.

**Mr BREE:** We are consistent.

**Mr BURGOYNE:** The question regarding the investment is, will it be made in time for achieving 50% renewables by 2030, or will it be delivered in seven years' time and ready for 2031?

**Mr BREE:** It is our intention to try and achieve it by 2030.

**Mr BURGOYNE:** Perhaps next year you will change it from seven to five.

**Mr BREE:** I think we will.

**Mr BURGOYNE:** For the approved capital spend, what was the actual spend for the 2022–23 financial year? Approved was \$36.8m as it related to capital. I will confirm, 2022–23 is the first one I am seeking. Please give me whatever you have regarding approved spending or actual spending.

**Mr BREE:** Just to clarify, Member for Braintree. Is this capital spending that you are looking at?

**Mr BURGOYNE:** That is right; capital expenditure.

**Mr DWYER:** Total capital expenditure for the current financial year?

**Mr BURGOYNE:** Yes.

**Mr DWYER:** As at 31 May, it is sitting at \$50.7m.

**Mr BURGOYNE:** I see. Total capital expenditure was expected to be \$63m?

**Mr DWYER:** Correct.

**Mr BURGOYNE:** And are you expecting to spend another \$13m in the next period of the financial year?

**Mr DWYER:** We are forecasting that our year-to-date capital expenditure at 30 June will be \$54.8m.

**Mr BURGOYNE:** Can you explain to me what is being rolled over into the next financial year? What was not able to be completed?

**Mr BREE:** Could we come back to you on that? It will reflect a couple of larger projects.

**Mr BURGOYNE:** That is what I am trying to get at, not running behind but what you expected to pay and have not.

**Madam CHAIR:** Do you want to put it on notice?

**Mr BURGOYNE:** Yes, thank you.

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### Question on Notice No 11.2

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

**Mr BURGOYNE:** For the total capital expenditure for 2023–24 we are told there will be a total spend of \$54.7m. There was a total expected capital expenditure of \$63m. What large projects are making up that difference and what has not been spent in this current financial year?

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

**Mr BREE:** Yes.

**Madam CHAIR:** The question has been allocated the number 11.2.

**Mr BURGOYNE:** As I look towards the total approved capital expenditure and your expected capital expenditure for 2024–25, the coming financial year, you have \$17.6m approved and an expected \$84.4m. Are these projects that have previously been approved? What is happening there in regard to the huge discrepancy?

**Mr BREE:** In the broad, we have a program of works ahead of us, but all large projects over a certain level need their business plan developed and approved by the minister. We do not put them into that category until that part is ticked off.

**Mr BURGOYNE:** That is exactly what I am getting at, Mr Bree. Right now, as it sits today, we have \$17.6m in approved expenditure, but what you are seeking to have approved is \$84.4m.

**Mr BREE:** Yes, to start those projects in that year.

**Mr BURGOYNE:** Are you able to elaborate on what you are hoping to spend money on and what has actually been approved?

**Mr TRAN:** The major piece of capital for next financial year is mainly for DK BESS 2, so there is some allowance in the budget for the next round of BESS in Darwin and Katherine. There are some allowances for batteries in Alice Springs as well as synchronous condensers in Darwin–Katherine and Alice Springs; they make up the bulk of the new capital.

**Mr BURGOYNE:** And with the DK BESS 2 additional batteries as part of this program, what are you expecting to spend? It comes back a bit to those things, but we are now looking at a range of batteries, so it is an entire program. Do you know roughly what you are seeking to expend over the whole program? A global figure.

**Mr TRAN:** The expenditure for the battery is spread over roughly three years because the project and delivery will be staged. The total amount ...

**Mr BREE:** All the batteries, not just the individual one.

**Mr TRAN:** As in, just for the financial year?

**Mr BURGOYNE:** Whatever you have, I am happy to see how much this will cost over the next three years in regard to batteries. That way, it is a more global figure. I know you will have budgeted for it.

**Mr BREE:** Just as a general comment, we are regarding this year and next year as the year of the battery.

**Mr BURGOYNE:** Absolutely.

**Mr BREE:** That is what is dominating everything.

**Mr BURGOYNE:** Absolutely. Previously, it has been explained to me, that as battery costs come down, we are expecting about \$1m per megawatt and the best was 35 megawatts and cost \$45m. I do not know what modelling you have done and how large the capacity of the future DK BESS 2 will be. Have you got that?

**Mr BREE:** I think Joel can get a holistic figure.

**Mr DWYER:** Across the SCI period and all regions looking at batteries and synchronous condensers, we have a rough budget of approximately \$140m.

**Mr BURGOYNE:** Over what period?

**Mr DWYER:** Three years.

**Mr BURGOYNE:** That highlights the amount of money we will spend over the next period of time, transitioning a lot of those things. Last year we were told that the first TM2500, the large gas-hydrogen turbine, had been ordered and a contract had been let for its installation. How are these works progressing?

**Mr TRAN:** The works are progressing well on-site. We have awarded the contract to an installation contractor. They are onsite at the moment assembling the TM2500 and we are hoping to get mechanical completion by the end of the year and follow through by grid compliance testing shortly after that.

**Mr BURGOYNE:** The installation cost last year was said to be \$13.5m. Has that occurred or has there been overspends? What are we forecasting?

**Mr DWYER:** I have the project at a total level. The total project to date spend on the TM2500 is \$25.5m which includes the initial purchase of the unit.

**Mr BURGOYNE:** Is it a 25 megawatt unit?

**Mr DWYER:** Yes.

**Mr BREE:** It will cost more than that.

**Mr BURGOYNE:** Yes.

**Mr DWYER:** The total approved budget is \$37.8m.

**Mr BURGOYNE:** Yes.

**Madam CHAIR:** Do you want to take that on notice?

**Mr BURGOYNE:** No, I am happy with that answer. The net debt position of TGen, which we have spoken about, was previously \$196m and now I believe it was stated before as \$199m. It was expected to peak at \$404m for the 2029–30 financial year. What are the forecasts into the future for this net debt?

**Mr DWYER:** I do not have the projection to 2030, which I did have last year. However, in the current forward estimates, total borrowings will increase from the current \$272m to \$337m which is a reduction in total borrowings than what we saw in last financial year's SCI.

**Mr BURGOYNE:** I think that is what I am trying to get at Mr Dwyer. Generally with these projections, they tend to blowout but you are actually telling me that your projections were for more borrowings than what you are now projecting a year later?

**Mr DWYER:** Correct.

**Mr BURGOYNE:** When we talk about net debt position, what is the current forward projection you have in relation to that?

**Mr DWYER:** The net debt forecast for 2027–28 financial year would be \$307m.

**Mr BURGOYNE:** That was 2028–29?

**Mr DWYER:** Correct.

**Mr BURGOYNE:** That was \$307m?

**Mr DWYER:** Correct.

**Mr BURGOYNE:** Previously, we have been told in relation to capital expenditure, that you did not expect to go the \$69m figure as your capacity to deliver the cap ex was restrictive. We can see now that you are forecasting \$84m to be spent in this next 2024–25 financial year. How has your capacity to deliver that capital expenditure increased?

**Mr BREE:** The capacity is there to do it and one of the reasons is that first, we have done DK BESS 1 and learnt an enormous amount from it, and second, the complexity of delivering a larger battery, which number 2 will be, while it costs more the complexity of delivering it is not that much more. We feel comfortable that we have the capacity to deliver on those projects and expend a great deal more money.

**Mr BURGOYNE:** Every year we talk about the life expectancy of some of the machines that are currently running, that their youthful life, a lot of them are coming to the end of their youthful life. Can you run me through, I think it was outlined somewhat, when you are expecting your machines to essentially come to end of youthful life and need to be replaced. The first TM2500 was the beginning of that process, and I am wondering if you have a bit of a rollout—talk us through what you are expecting to do over the next few years in relation to replacing that machinery and what they are going to be replaced with, because it takes a long time to order these machines and then have them installed.

**Mr TRAN:** In terms of asset and management decisions with regard to retirement and replacement, there are several factors at play. Like you alluded to, the TM2500 is there to replace the capacity of one of the Frame 6/Bs at Channel Island. Once that unit comes online and is available and is reliable then C1 is effectively at its end of life, and we do not need that asset anymore.

More generally what we look at is when there is a unit or a turbine that has reached the hours accumulated that we know AEMO would recommend major capital investment we would look at it on a case-by-case basis—is that capital best spent back into that unit—if you spend more capital you can prolong the life of the asset, or we put into a new asset. It is not something that we do that is predetermined going forward. It is a case-by-case decision.

**Mr LAUBSCHER:** I can add to that. As Minh explained, we have a road map for the north and a road map for the south. We know exactly, we have predicted into the future when are we going to replace what and when. However, we use the SCI every year to stand back to see what has been added to the system and we change our decisions in accordance with that, how many hours the machines have run. It is really a very dynamic program. Clearly, we have a strategy with road maps that map all of that out.

**Mr BURGOYNE:** There has been the large investment in the TM2500, is there any work going on to see how hydrogen production could essentially be realised so that you can power the generations off other forms of energy?

**Mr BREE:** We have taken a view on hydrogen that we are simply going to be a user of it when it is available at the right price. Anybody who comes to see us about hydrogen gets the same message. I am sure when they are looking for a market and they know the price we will take it at they will be there. The decision to get hydrogen capable machines is because they are such long-lasting machines, and one has to assume that within the life of those machines it will be valuable, and there is not a particular premium, as I understand it on.

**Mr BURGOYNE:** It is a good point that you make, Mr Bree. What is the life expectancy of one of those new machines you have installed?

**Mr BREE:** The frames we have on Channel Island were put in in 1987. What is the term used?

**Mr BURGOYNE:** Useful life.

**Mr BREE:** Given a birthday or something like that. You spend a fortune on their birthday party, I can tell you.

It is a life extension. It is based on 50,000 hours.

**Mr BURGOYNE:** As there is a huge change in the way in which electricity is produced by Territory Generation, you will need to have the employees who will need the knowledge and ability to operate and maintain all of the aspects of Territory Generation's assets. What are you currently doing in regard to training to upskill your employees to ensure they are ready to take on those challenges?

**Mr LAUBSCHER:** It is a pretty complex question. Broadly, TGen's machines are mechanically driven. Where we are heading is more electrical in nature. We have a workforce that is getting older as well. It is a combination. We are just installing the TM2500, as you said—big batteries. We are looking at expanding our workforce slightly. Training is ongoing.

What I am trying to get to is it is not only for the new machines and technologies, but it is also for an ageing workforce. We are facing all of that in the same time. It is ongoing. Our operators have been trained recently for the BESS. In time and with time we will get to the maintenance. It is a step-by-step process which we will keep working on through the years ahead.

**Mr BURGOYNE:** If you do not mind, talk me through the sorts of numbers we are talking about for operators being trained for the BESS.

**Mr LAUBSCHER:** Most of our operators in the north have seen that kind of training, as I understand. We probably have about 20 to 24 operators in the north. From about three days ago when we started the BESS, they had adequate training to operate it from control.

**Mr BURGOYNE:** How much has Territory Generation spending on getting in contractors and people from interstate to help maintain some of these systems?

**Mr LAUBSCHER:** We will have to take that on notice.

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### Question on Notice No 11.3

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

**Mr BURGOYNE:** How much did Territory Generation spend on contractors performing core and/or maintenance work last financial year?

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

**Mr BREE:** Yes.

**Madam CHAIR:** The question has been allocated the number 11.3.

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**Mr BURGOYNE:** We have spoken quite a bit about the solar facilities that are currently in the Darwin–Katherine grid. I was glad to see that you have a complete list in your Statement of Corporate Intent.

Territory Generation has a lot to do with enabling these to come online. We heard that on certain days they have been generating certain power outputs. Are you able to expand further on the percentages of these solar facilities are putting into the grid currently?

**Mr BREE:** I am afraid we do not have that sort of data.

**Mr BURGOYNE:** Who does? Power and Water Corporation?

**Mr BREE:** Power and Water System Controller, I assume it has.

**Mr BURGOYNE:** What current agreements do you have in place in regard to utilising that solar electricity for the grid?

**Mr BREE:** Our arrangements are to firm what is going in. With two of the solar farms, we have firming contracts with them at this stage. We are talking to others.

**Mr BURGOYNE:** I have the list here. Which two solar facilities do you have the firming arrangements with? Are you able to tell us which ones?

**Ms McKENZIE:** We currently have firming arrangements in place with both Eni and Merricks Capital. Eni's Katherine solar farm has been the first to be dispatching into the network.

**Mr BURGOYNE:** The Katherine solar power station has a capacity of 25 megawatts. Where is the other one that Eni has—Manton or Batchelor?

**Ms McKENZIE:** The other firming agreement that we have is with Merricks Capital for its Batchelor solar farm.

**Mr BURGOYNE:** We spoke a lot about the firming agreements. Today, we have heard from Power and Water that a large amount of that solar was being distributed on a certain date. Territory Generation will be a part of any of these sorts of tests and commissioning. What were you seeing during those times when we had 52.9% renewables into the grid? What is Territory Generation seeing during those periods? What are you doing to ensure that the grid is firmed up? Please explain that to the committee.

**Mr BREE:** Regarding the responsibility for the grid's stability, we provide the services but we are directed by System Control to provide them. It makes the decision regarding how much. We did not notice any impact on the system with that high solar.

**Mr BURGOYNE:** Where is Territory Generation sitting at currently regarding full-time employees?

**Mr LAUBSCHER:** We are at 188.

**Mr BURGOYNE:** How many positions are currently vacant?

**Mr LAUBSCHER:** We are normally 207 so the difference is vacant positions.

**Mr BURGOYNE:** Regarding your current legal actions or contingent liabilities, the notes from last year's financial statements indicate that the corporation was a party to various contractual disputes. Can you outline the nature of any of those disputes?

**Mr BREE:** I am advised that they are confidential.

**Mr BURGOYNE:** Is Territory Generation a defendant or third-party witness to any legal action currently playing out?

**Mr BREE:** I will stumble if I try to answer that. I am not sure what it means. We are involved in some contractual disputes.

**Mr BURGOYNE:** That is the thing. It is important to better understand what is happening with Territory Generation's liability, if any, regarding that. Currently, you are working through the litigation process. Are you able to tell us how many processes are under way, just so that we better understand exactly what is going on?

**Mr BREE:** Only the one.

**Mr BURGOYNE:** That is better than having 10 under way. Is there any date or are you working towards any resolutions regarding those matters?

**Mr BREE:** We are certainly working towards resolutions. We have found that we have no control over the time line.

**Mr BURGOYNE:** Looking at your repairs and maintenance budget, for the 2023–24 period total R&M was budgeted to be at \$29.3m. Can you please outline whether you are on track to meet that or whether you are expecting to go over?

**Mr DWYER:** Forecast repairs and maintenance for 30 June is looking at \$33.6m, so we will be going over.

**Mr BURGOYNE:** Can you please explain the additional repairs and maintenance that have been conducted in relation to this financial year?

**Mr DWYER:** I can give a high level—total repairs and maintenance is over budget for two reasons. One, because of some of the delayed works that were scheduled for last financial year, 2022–23, that have been conducted in the 2023–24 financial year. The second reason, again at a high level, is that our dispatch actuals year to date are around 4.7% more than budget. Our run hours on our machines are more, which then brings forward some of the works required.

**Mr BURGOYNE:** Explain to us a bit more about those run hours on the machines being over what you expected. I would have thought that generally you have most of the machines running every hour of every day. How is that occurring? Are you having to firm up the grid more, or is there more electricity needing to be generated by you? How is that playing out?

**Mr DWYER:** I am looking from a dispatch perspective. What we dispatched year to date is higher than we had budgeted.

**Mr BURGOYNE:** As Territory Generation is a dispatcher of electricity, what are you currently looking at in your forward estimates for the demand for electricity? Are you expecting it to be flat or increasing?

**Ms McKENZIE:** I do not have the exact forecast here, but we take our forecasts from the Utilities Commission outlook reports, which indicate marginal or reasonably flat demand. It does fluctuate slightly depending on the increasing behind-the-meter solar. The underlying demand on the system, which includes system demand from large generators as well as behind-the-meter solar, is forecast to increase on a year-by-year basis.

**Mr BURGOYNE:** Do you have figures in megawatts of how much you expect that to increase?

**Ms McKENZIE:** In 2024–25 for the Darwin–Katherine region, it is 1,711,391 megawatt hours; for 2025–26, it is 1,741,088. It is about 30,000 megawatt hours difference.

**Mr BURGOYNE:** In regard to the code black in Alice Springs, a range of recommendations came out of the report on that. Have all those recommendations been implemented, especially as it relates to solar forecasting and other recommendations?

**Mr LAUBSCHER:** Yes, we have implemented all of them.

**Mr BURGOYNE:** At Owen Springs, what is the current maintenance schedule looking like for those generators? What are you expecting in regard to their life expectancy and youthful life? Are you looking at any replacements already for those machines? I would have thought they were fairly new, but like a lot of things, things come around quickly.

**Mr LAUBSCHER:** It forms part of our road map in itself. All the machines are looked at differently. For the 10 Jenbacher at Owen Springs, it is ongoing. We take advice from the OEMs. There is ongoing maintenance on a variety of small things, but overall they are pretty new. For the three big MAN machines we recently have done two of them. We probably will not do major work on them within the next 10 years.

Next year we are doing OS1 which is the last MAN and is in good condition, so we are satisfied with that. As Minh said, it is really based on running, a lot of it.

**Mr BURGOYNE:** You have spoken a bit about a major customer that is coming online in Alice Springs as well. I think most people will understand it is what we call the space base in Alice Springs. Are you able to tell us how many megawatts you will deliver?

**Mr BREE:** About seven megawatts.

**Mr BURGOYNE:** That will have no impact on the Alice Springs grid because we have plenty of capacity. Do we have plenty of capacity in Alice Springs to ensure that major customer can come online and not affect grid stability?

**Mr BREE:** Yes, we have enough capacity.

**Mr BURGOYNE:** Is Territory Generation still purchasing gas from Central Petroleum to power all of its machines in Alice Springs?

**Mr BREE:** Our gas purchases are through Power and Water. I understand some of the gas comes from there, but we look through it. As long as the gas is specification, we do not go out of our way to find out where it came from, to be honest.

**Mr BURGOYNE:** That is fair enough.

Tennant Creek is a grid that is never really spoken about. You have a couple of machines there. Can you talk us through their current state and what is happening in regard to that? Are you looking at changing the way in which electricity is supplied into the Tennant Creek grid?

**Mr TRAN:** Tennant Creek received similar Jenbacher units to Owen Springs. There are three additional units there that are relatively new. We also maintain a number of Caterpillar machines as well as Cummins machines there. There are no plans to replace those engines at the moment, but we are exploring batteries in Tennant Creek like the other regions.

**Mr BURGOYNE:** Do those generators run off gas or diesel?

**Mr TRAN:** Most of them are gas.

**Mr BURGOYNE:** Where does the gas come from for Tennant Creek? Is there a line that comes right past?

**Mr BREE:** It is the line from Central Australia.

**Mr BURGOYNE:** In relation to a lot of your assets and the depreciation expenses, are all your assets depreciated by now? Over what period of time are you depreciating the assets you have? Many of them seem to live beyond their useful life, as you said, so I find it interesting as to how you depreciate the value of these highly expensive machines over time.

**Mr DWYER:** On initial construction the asset would be depreciated over its standard useful life. However, with our machines we do significant major upgrades which extend their life for which that capital would then be depreciated over the extended life. Our current generating units are still depreciating, yes.

**Mr BURGOYNE:** What is a standard useful life, as you define it? It probably depends on every machine, I imagine.

**Mr TRAN:** Every machine is different, so it is based on hours. For example, a unit at Weddell would have a 50,000 hour limit on the prime mover, but there is a hot section exchange in the middle at 25,000.

**Mr BURGOYNE:** Does anyone else have any further questions?

**Madam CHAIR:** You are doing such a great job. Thank you; they are important questions.

**Mr BURGOYNE:** I appreciate the members who have come in today from Territory Generation and outlined what we can expect into the future. I appreciate you appearing before the committee, and I am sure Madam Chair will say similar things.

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#### **Answer to Question on Notice No 11.1**

**Mr DWYER:** In regard to the repairs and maintenance projected spend for the BESS, the DK BESS 1 is around \$300,000 per annum.

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#### **Answer to Question on Notice No 11.2**

**Mr DWYER:** In regard to the projected capital spend for 2023–24 we are looking at coming in at around \$8m to \$9m under what we had in our SCI, which is predominantly driven by costs associated to the TM2500. We had about \$10m budgeted this financial year for TM2500, which is now budgeted next financial year.

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**Mr BURGOYNE:** That is what you spoke about. You expended about \$27m, I think you said, on it so far and it will end up being \$35m by the time it is fully installed.

**Mr DWYER:** Correct, yes.

**Mr BURGOYNE:** Thank you for the clarification.



**Madam CHAIR:** That concludes the questions for Territory Generation. We thank you sincerely for your time this morning and for answering the committee's questions.

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The committee suspended.

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## **SPEAKER'S PORTFOLIO**

### **DEPARTMENT OF THE LEGISLATIVE ASSEMBLY**

**Mr CHAIR:** Good afternoon, everyone. I note that while the Administrative Arrangement Orders put responsibility of the Department of the Legislative Assembly with the Chief Minister, by convention the Speaker administers the department and will answer questions relating to the department.

Mr Speaker, welcome to our Estimates hearings. I and invite you to introduce the officials accompanying you today.

**Mr SPEAKER:** Thank you, Mr Chair. I introduce CEO and Clerk of the Assembly, Mathew Bates—his first Estimates in the Territory; and Diem Tang, the Chief Financial Officer.

**Mr CHAIR:** Mr Speaker, in a minute I will invite you to make a statement. The shadow minister has the lead on the questions, then other committee members, but we have been allowing other members to join on the line of questioning to save stopping and starting.

Would you like to make an opening statement?

**Mr SPEAKER:** Yes, Madam Chair. Our shadow minister is Mr Bill Yan.

Thank you for the opportunity to speak to the committee and take your questions. I first acknowledge that we are meeting on the land of the Larrakia people today, and I pay my respects to their elders past and present.

This time last year, the Department of the Legislative Assembly was finalising a new strategic plan as part of an organisational review conducted by the Nous Group. Since then, the department has launched its strategic plan and has largely completed the first of three phases recommended in the organisational review to enable the department to better deliver its services.

The strategic plan makes clear the department's vision, purpose and values, and sets out five strategic objectives. The first three objectives relate to the outcomes the department delivers, supporting the functioning and integrity of parliament, delivering high-quality services to MLAs and their electorate offices, and fostering engagement between the Assembly and the community. The last two relate to how the department achieves those outcomes, by investing in our people and strengthening departmental effectiveness.

A key principle underlining the reform agenda for the department is the undertaking that the department manages a range of risks on behalf of members. The department is acutely aware that it is the members who often carry the risk of the services it provides. If the department makes a mistake in its administration of services provided to members, it can be the member who suffers the reputational and political consequences of that mistake.

The DLA therefore places a high premium on de-risking its services as far as possible.

The recently launched customer portal is a good example of the steps the department is taking to make its services more reliable and accessible. The portal has been well received and is being used by members and electorate staff to manage their service interactions with the department. Within the DLA, the portal provides improved visibility of work under way and data for more effective management.

Behind the development of the portal has been significant work to document and improve work processes. As a result, we now have better ways of providing those services in addition to a better system for tracking requests and keeping our customers informed.

One area of significant action to reduce risk to members has been a review of the security of electorate offices. Following inspection of most offices, the department has developed minimum standards for electorate

offices, modelled on those in other jurisdictions. Cabinet has provided funding to commence a process of bringing offices into line with that standard. This will start with the provision of CCTV for all offices to be followed with the prioritised upgrades of the security infrastructure for each office. Bringing all offices into line with the standard will take several years.

To better manage risk of services provided to members, the department has also been updating the guidance documents it provides to members and has commenced reviewing that work health and safety systems for electorate staff.

Both the department and members individual share obligations to ensure the health and safety of electorate staff. The department is initiating a work health and safety audit, commencing with liaison officers, to ensure we have appropriate systems in place and that members are well supported in supervising their staff.

With the coming election the department's focus is shifting to facilitating a smooth transition from 14<sup>th</sup> to 15<sup>th</sup> Assembly. This includes processes for the turnover of officers and equipment between outgoing and incoming members and supporting the transition of any staff.

The department is also working to ensure that the induction and other information needs of incoming members is met. Significant work is under way to ensure that the training provided for new members is relevant and helps to build a sense of parliamentary institution they are joining.

With the 30<sup>th</sup> anniversary of the opening of Parliament House in coming months the department is also managing the challenges of an ageing building. There are some significant works required which cannot be deferred for much longer and will necessarily result in some disruption.

One is fixing the drainage of the Speaker's Green. This will involve removing the tiles and soil from the Green to replace the membrane underneath. This will make the green and large parts of the secure car park underneath unusable and affect the Main Hall for some months.

Another is fixing a range of problems with the pipes and air conditioning for the fifth floor. Members may recall a couple of burst pipes flooding offices and causing significant carpet damage over recent years. This was a symptom of a range of problems for which plans are being developed. Completing works will result in significant disruption on the fifth floor.

The third major project is replacing the lifts. Schoolchildren and Chief Ministers have been trapped in Parliament House's lifts. The project to fix this is soon to commence and will involve staged disruption to lift access over the coming years.

These works are still in the planning stage but will obviously result in significant disruption. We will be consulting on how this work can be best scheduled and staged to determine how disruption can be minimised, but I fear that cannot be avoided.

In summary last year and in the coming years are periods of significant changes for DLA. Much of this change is welcome, resulting in better services for members and greater clarity and quality of work for DLA employees. Some of it is merely unavoidable. In both cases, we will continue to engage with those affected with a view to maximise the benefits and minimise the disruptions.

**Madam CHAIR:** Thank you, Mr Speaker, for that opening statement. Are there any questions to the opening statement?

**Mr YAN:** Thank you Mr Speaker and all the Legies staff who are here today and for all the support you give us throughout the year.

**Members:** Hear, hear!

**Mr YAN:** Without you guys, we could not do what we are.

Mr Speaker, in in your opening statement you spoke about supporting the functioning of the Legislative Assembly and its integrity.

I want to go to the Standing Committee of the ICAC. On 5 June the committee secretary advised of a change to the membership of that Standing Committee for ICAC.

We know that the committee was established to perform the functions of the Assembly committee under the act to examine each annual report of the commissioner and inspect it under sections 128 and 137 of that act. It reports to the Assembly on matters relating to the tabled reports which have been referred to the Legislative Assembly by the commissioner under sections 53 and 54; examines trends in similar bodies in Australia and internationally, including trends in the legislation and administration of those bodies; and ensures that the NT ICAC remains fit for purpose.

I note that recently the government changed the membership of this committee. Why has that happened?

**Mr YOUNG:** I am advised through government and opposition members as to the membership of that committee. I note that and then that is the change of the committee.

**Mr BATES:** The Speaker plays no role in the active management of what the committees do. In terms of advising members of the membership change, it is in the standing orders and the sessional orders that when the House is not sitting, the Speaker can be advised of membership changes by the Government Whip. That is what happened in this case. The Speaker would not have played any other role in that membership change.

**Mr YAN:** I appreciate that clarification. We ask because, with an election only 11 weeks away and parliament not sitting, we were wondering the reason why that change may have occurred because there would be nothing referred to that committee.

I am happy to move on to outputs.

**Madam CHAIR:** That concludes questions relating to the opening statement.

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

**Madam CHAIR:** The committee will now proceed to consider the estimates and proposed expenditure contained in the Appropriation Bill 2024–25 that relates to the Department of Legislative Assembly. Are there any agency-related whole-of-government questions on budget and fiscal strategy?

**Mr YAN:** What is the current cost of security services to DLA? Could I have that broken down by Parliament House and then by electorate offices?

**Mr YOUNG:** Just to clarify, are you wanting a breakdown of ...

**Mr YAN:** I would like the overall cost of security services to DLA, what we are paying for Parliament House and then external to Parliament House.

**Mr YOUNG:** We do not have the actual breakdown of each electorate office and Parliament House. I will get the Clerk to speak broadly to that question.

**Madam CHAIR:** Do you want the cost for each electorate office?

**Mr YAN:** Yes. I am happy to take it on notice.

**Mr YOUNG:** Just to be clear, was it a breakdown of each electorate office or was it an overall cost for electorate offices?

**Mr YAN:** I am happy to take a breakdown of electorate offices. I will get the Clerk to provide some information on that.

**Mr BATES:** Overall, there is a contract for the provision of security services at Parliament House that was recently resigned with Wilson Security. The total cost of that contract over three years is approximately \$4.2m. We also have ad hoc services that are occasionally provided in response to incidents in electorate offices.

For the reporting period we are talking about here, the total cost of that is \$2,792 of additional costs associated with providing ad hoc security for electorate offices. For us here at Parliament House, given that we have the seat of government on the fifth floor, our security needs will probably be higher than most government agencies in terms of just ensuring that there is a 24/7 presence here. There always is a 24/7 security presence in the building.

That is reflective of, not just of Parliament House, but Cabinet ministers and the seat of government is located here as well.

**Mr YAN:** I can probably change my question on notice now with those numbers provided by the Clerk. I suppose I would only be looking for a breakdown of that \$2,792 ad hoc security services to electorate offices.

**Mr SPEAKER:** The Clerk has that information now for you, so we can provide that for you.

**Mr BATES:** The \$2,792 was spent for static guards at the Braiuling electorate office and also in Nightcliff. I do not have a breakdown of each individual instance, but that is where that money went.

**Mr YAN:** You were speaking about the delivery of security services into electorate offices and CCTV and a seven-year time frame to deliver that. Why is it taking seven years to deliver these security systems into those electorate offices?

**Mr SPEAKER:** That is right; it will take several years to roll out. As you would appreciate, every electorate office is different and unique in terms of the building management. My electorate office in Berry Springs may be very different from your electorate office in Alice Springs. We would be getting people out there to work with each individual office to look at those security needs and bring them up to standard with all other jurisdictions around the country. That will take time to roll out.

I am not sure if the Clerk wanted to add anything to that.

**Mr BATES:** The Speaker is correct. It will take a few years to roll it out to the electorate offices. We are attempting to line it up with some more regular refurbishment of the offices. If offices need a refresh, we can also go in and have a look at the security circumstances and arrangements for each of those offices to line it up.

**Mr YAN:** Have any assessments been undertaken for electorate offices for this future planning? It was said in the opening statement and we all understand that the security of our electorate offices is paramount and the safety of our staff in those offices as well. That is why I am asking about those time frames. Have any assessments been done to date on those security upgrades to electorate offices?

**Mr BATES:** With our new security manager who has brought a lot of experience in this space we have completed a review of the offices in consultation with our Building and Property Management team. One thing that we have been able to do over the last 12 months is have every electorate office in the Territory visited by our teams to do an inspection of the standards and have a look at where we are at.

I do not want to go into too much detail, but we are assessing them on a priority basis. To give you a low-key example, as part of the inspections that we have completed we looked at the quality of the exterior doors. Some may not have that reinforced external heavy-duty door that you might expect, so that can be a straightforward and minor cost upgrade that we can effect in the immediate term to improve external access. That is what we will be doing over time.

To answer your question, yes, we have completed an assessment. We will be responding on a priority basis over the next few years as we go forward.

**Mr YAN:** How many incidents of criminal damage have been sustained at Territory electorate offices, based on what we are talking about?

**Mr SPEAKER:** To give some context to the political world we are in at the moment, in general terms we have seen an increase in politically motivated threats and harassment aimed at elected members across Australia and, I would say, the world. As we would know, in the world we live in, misinformation gets out on social media which leads to people to attack people in public office.

For example, the Australian Federal Police reported that there had been a total of 582 reports of harassment and threats towards our federal colleagues, from a range of issues at protests to politically motivated acts of violence carried out by extreme groups. As the Department of the Legislative Assembly, we have a responsibility to ensure a safe workplace for all our staff and our members.

This year with our electorate staff, we saw 31 instances of protest carried out over the reporting period. I will hand over to the Clerk to look at those numbers.

**Mr BATES:** This year, during the reporting period, we had eight instances of property damage at electorate offices involving smashed windows and doors. The one that most people might remember was the chap who drove through the front of the Member for Fong Lim's electorate office.

**Mr YAN:** Lucky there was nobody in his conference room.

**Mr BATES:** Absolutely. It was very lucky that it happened in the early hours of the morning rather than when staff were there.

That number is down on the year before, when there were 14 instances. Mr Speaker is correct; where we have seen the uptick is in how we would describe attendance in offices by politically motivated groups and people with particular fixations on elected representatives as well. That is where that uptick has happened, and a bit of a decrease in the actual acts of damage to offices.

**Mr YAN:** Of those eight cases of property damage, was the security of any of our electorate officers in the Territory breached? Did anyone actually get inside the electorate offices?

**Mr SPEAKER:** We will seek advice, as that is a specific question.

**Mr YAN:** It has happened before; I think it was the former Member for Fannie Bay whose office they got into.

**Mr SPEAKER:** We appreciate the question. I will hand over to the Clerk.

**Mr BATES:** If people are breaking in, then yes, they are able to access the office. As a general principle, if we know the electorate office cannot be secured, we will have a guard attend for that period until we can get the tradies out to effect repairs.

I am not aware of items being stolen or anything like that, or sensitive information being released. The net result is that doors are busted in and people can get in.

**Mr YAN:** Have we had any breached into offices during the reporting period that you are aware of?

**Mr SPEAKER:** We are not aware of any at this stage. We could assume yes.

**Mr YAN:** I know that previously we have; my office was breached. I know the former Member for Fannie Bay's office was breached. It is not uncommon; it does happen. We have had eight instances of property damage.

What has been the cost of criminal damage to Northern Territory electorate offices? We will be looking for a breakdown by electorate office, so I am happy to take that on notice if needed.

**Mr SPEAKER:** Any damages caused to the building infrastructure and services are repaired by the responsible agency. It could be DIPL, NTPM, DCDD or DLA depending on the arrangements we have with the various electorate offices. The building owner through NTPM is responsible for any repairs or external damage to the building and they will be assessed by their insurance, and they will pay the excess to the building? We ultimately will pay for the cost of the signage that goes around the electorate office buildings. I will hand to the Clerk to give a breakdown of each electorate office of the cost.

**Mr BATES:** For the Braiiling Electorate Office there was a cost to the DLA of \$1,580; Gwoja Electorate Office was \$489; Gwoja liaison office in Katherine was \$1,990; Karama Electorate Office was \$1,391.50; Katherine Electorate Office was \$2,490 and for Fong Lim it was \$1,067.

**Mrs LAMBLEY:** What is the total of that?

**Mr BATES:** I will ask the CFO to tally that up.

**Mr MALEY:** You mentioned that the agencies are responsible for the damage. Do they pass the bill back to you? If DIPL repair someone's electoral office, do they then bill you for that work?

**Mr SPEAKER:** Are you asking whether DIPL or NTPM would pay for that cost or whether it would come out of the DLA budget?

**Mr MALEY:** No. You mentioned earlier that some offices are managed by different government organisations. If one is managed by DIPL and there is criminal damage and DIPL then fix that, is the cost the past back to you or do they take it to their own agency?

**Mr SPEAKER:** No, they do not.

**Mr YAN:** Are we waiting for a total?

**Madam CHAIR:** The Member for Araluen said a few thousand.

**Mr SPEAKER:** The Member for Araluen has the total, but it is \$8,967.50.

**Mr YAN:** Have any of our electorate offices required security upgrades during the reporting period?

**Mr SPEAKER:** We will take that on notice.

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#### Question on Notice No 12.1

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

**Mr YAN:** Have any electorate offices required security upgrades during the reporting period and, if so, what has the cost been for each of the electorate offices?

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

**Mr SPEAKER:** Yes.

**Madam CHAIR:** The question has been allocated the number 12.1.

**Mr SPEAKER:** We have the answers here if you would like them now.

**Mr YAN:** Yes.

**Mr SPEAKER:** To clarify, was it regarding security upgrades of electorate offices?

**Mr YAN:** During the reporting period, yes, and a breakdown of the costs by those offices.

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#### Answer to Question on Notice No 12.1

**Mr SPEAKER:** In relation to security upgrades, they came under the minor works program for 2023–24. The electorate offices include Port Darwin; the CCTV installation was \$13,180. For the Member for Nelson's electorate office and the Member for Karama's electorate office there were security upgrades to do with swipes and doors, access in and out, \$30,000. The Arnhem electorate office had duress and access control upgrades, \$45,000.

**Mr YAN:** What was Nelson?

**Mr SPEAKER:** For Nelson and Karama, the upgrades for the swipes and the doors, was a total of \$30,000.

**Mr SPEAKER:** In relation to security upgrades, they came under the minor works program for 2023–24. The electorate offices include the electorate office of Port Darwin. The CCTV installation was \$13,180. We also saw security upgrades for your colleague next to you, the Member for Nelson and the Member for Karama's electorate office. That was to do with swipes and doors to access in and out of \$30,000. The Arnhem electorate office had duress and access control upgrades which was \$45,000.

**Mr YAN:** Nelson was?

**Mr SPEAKER:** We have both of these together. For both Nelson and Karama upgrades for the swipes and doors was a total of \$30,000.

**Mr MALEY:** Will the upgrade for Nelson be for the swipes and doors?

**Mr SPEAKER:** Sorry, what was the question?

**Mr MALEY:** For Nelson, will they upgrade the internal swipes? At the moment there are no swipes; it is just a key.

**Mr SPEAKER:** Yes, that is correct. We are in the middle of it at the moment working through.

**Mr YAN:** You are getting new doors, Member for Nelson.

**Mr MALEY:** They are not there now.

**Mrs LAMBLEY:** What is planned for the space presently occupied by Libraries and Archives of the NT when it moves to the Charles Darwin University campus later this year?

**Mr SPEAKER:** I will get the Clerk to answer that question. Just be clear, the Library does not sit under us; it is under Minister Bowden. We have, I believe, one staff member who works under us within the library. I can be corrected by the Clerk if I am wrong.

**Mr PATERSON:** The Speaker is correct. Kay Henderson joined us last year from NT Libraries to continue the Parliamentary Library Service. In terms of what we are doing with the space when they move, there is still some discussions under way about that. There is a DIPL-led project to make good the space. We have been involved in the discussions about what that will involve.

We also have had a few preliminary discussions with the NT Art Gallery, for example, about maybe turning it into a temporary exhibition space while a more permanent decision is made about what to do with the space.

In terms of the DLA, my education team is extremely keen to have a dedicated education space where they can take visiting schoolchildren aside and give them a proper rundown of parliament. Considering that the works that we envisage will be required for the fifth floor to do the pipe replacement work, leaving it a little empty for now as a temporary decanting space while that work is happening might be a sensible thing for us to do, although that is a 2025 issue at the moment more than at 2025–26 issue versus a 2024–25 one.

**Mrs LAMBLEY:** It is still up in the air. Another question. On 20 November the Legislative Assembly will commemorate the 50<sup>th</sup> anniversary of the Legislative Assembly. I am wondering if there are any celebrations planned?

**Mr SPEAKER:** There are a number of commemorations coming up. For example, there is also one for the 30<sup>th</sup> anniversary of this building. I have decided not to put anything forward yet as when that is happening, those days will be a new Assembly and there may be a new Speaker. Whoever the new Speaker is will make that decision whether we celebrate that or not.

**Mrs LAMBLEY:** Finally, you have installed an electric vehicle charging station in the car park downstairs. When was that installed and at what cost?

**Madam CHAIR:** Do you think it was several years ago and you would like to take it on notice?

**Mr SPEAKER:** It was two or three years ago. We will take the question of cost on notice.

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#### Question on Notice No 12.2

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

**Mrs LAMBLEY:** What was the cost of the installation of the electric vehicle charging station in the members' car park at Parliament House?

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

**Mr SPEAKER:** Yes.

**Madam CHAIR:** The question asked by the Member for Araluen has been allocated the number 12.2.

**Mrs LAMBLEY:** I am only aware of one member who has got an electric vehicle. Was it installed specifically for that member?

**Mr SPEAKER:** I do not have that detail. We are all transitioning to electric vehicles and that is the future of where we are going. I assume it was installed for whoever has an electric vehicle.

**Mrs LAMBLEY:** It is curious that there is only one member with an electric vehicle, that I am aware of, and that station is at her specific car park. Was that a special service provided for that member, given that there have not been any other members using it.

**Madam CHAIR:** Mr Speaker, you were not the Speaker then. I am not sure if you want to seek advice or take it on notice.

**Mr SPEAKER:** Member for Araluen, as you would know I was not the Speaker at the time it was installed; the Clerk also was not the Clerk at the time. We do not have the specifics of your question.

**Mrs LAMBLEY:** Mr Speaker, I have just received information that it was installed for that member, and she is the only one with a fully electric car. There is an issue that no one else can use that charger because it has been installed at her car park. Is this the way of the future? If I get an electric car, will I have my own personal electric vehicle charging station?

**Mr MALEY:** Can you put a diesel bowser out there?

**Madam CHAIR:** Let us start a nuclear-hydrogen renewable ...

**Mr SPEAKER:** The Member for Araluen has asked a question and I am able to answer it. As you know, the Speaker determines where people are allocated parking spots and at that time I was not the Speaker so I am unsure why they would they would have been allocated that spot. We can change the policy on the allocation of parking spots or where we put charging stations so they are accessible to everyone. I am sure if other members have electric vehicles, we would be able to accommodate them.

**Mrs LAMBLEY:** That is the issue, the fact it is located at that particular car park for that particular person. For anyone else to use it, it would almost be impossible.

**Madam CHAIR:** The Speaker has responded that the resource can be shared. It is an important point that you have raised as we all transition across. I drive a hybrid, but at some point we will all be driving EVs. In terms of future planning for the Assembly and the building, it is not something this building would deal with.

**Mrs LAMBLEY:** To use that, does it trigger a fringe benefit tax for members; if we are charging cars, is it a cost to the taxpayer?

**Mr YAN:** That was the question I had as well.

**Mr SPEAKER:** We will take that question on notice.

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### Question on Notice No 12.3

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

**Mrs LAMBLEY:** Does the use of an electric vehicle charging station by Members of the Legislative Assembly trigger a fringe benefit tax?

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

**Mr SPEAKER:** Yes.

**Madam CHAIR:** The question has been allocated the number 12.3.

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**Madam CHAIR:** That is an important question as we step forward with these types of changes.

**Mr YAN:** The Member for Araluen raises a good point because if you are charging your electric vehicle at a public place, you are paying for the power that you are using. Is the power that is being used to charge that electric vehicle coming from the Territory taxpayer, or is it a pay-as-you-use thing like you would in a public area? That might be something for the Legislative Assembly to consider for the future.

**Mr MALEY:** In relation to that electric power station, is it pay-as-you-go, or is it a free power station? How does it operate?

**Mr SPEAKER:** That was the question the Member for Araluen touched on as well. We have put that question on notice.

**Mr YAN:** Mr Speaker, how many times have the public galleries been closed in the reporting period?

**Mr SPEAKER:** Since I have become Speaker, the public gallery has not been closed at all. In that reporting period, for the previous Speaker, we have not closed the public gallery at all.

You may remember during sittings we had an incident in the city where there was a false alarm regarding a gun attack. We still did not close the public gallery. We shut down the whole building so that people who were inside Parliament House stayed in and the gallery remained open. People outside the precinct were not able to come into Parliament House.

Under my watch, we have not closed the public gallery.

**Mr YAN:** I remember the security concerns regarding the possible person with a firearm in the CBD in Darwin. I have some questions regarding how we communicate that to MLAs or DLA staff and other people in this building. There seemed to be a bit of confusion regarding that matter. Many people did not know what was going on. How will issues of this type be communicated to people within the building, MLAs and DLA staff?

**Mr SPEAKER:** We will take the question on notice as it is a high security risk, and we have things in place that stay confidential for obvious reasons. I will get Mr Clerk to add further.

**Mr BATES:** One thing we did after that was conduct a review of our communication because it was a dynamic situation. It was also unusual because it was a rumour that for a short time, no-one could confirm or deny. We had to weigh up what we communicate when. We conducted a review and had lessons learned from that process. I would be reluctant to share them broadly on the public record.

Perhaps there are other mechanisms we could use to reassure people.

**Madam CHAIR:** That response to us a committee can be that the matter will be followed up individually with members, if that would be better, Mr Clerk.

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#### Question on Notice No 12.4

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

**Mr YAN:** In relation to immediate security concerns for Parliament House, can you please provide to the committee how you will ensure those matters are appropriately communicated to MLAs, DLA staff and other people who are in the building?

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

**Mr SPEAKER:** Yes.

**Madam CHAIR:** The question has been allocated the number 12.4.

**Madam CHAIR:** Do you have more security questions, Member for Namatjira?

**Mr SPEAKER:** On that we are happy to provide a private briefing for yourself or any other members through the Clerk.

**Madam CHAIR:** I wanted to say whilst we are here and on the record. Thank you to the support that you do provide not just to us as members but our electorate offices because they are often working alone at some of our Electorate Offices. Some of them are not part of a building and so it can be scary for them. We do appreciate everything you endeavour to do in this modern world.

Member for Namatjira.

**Mr YAN:** Mr Speaker, in the May sittings is it true that a group of school students had to be removed from the gallery during the Member for Sanderson's participation in debate?

**Mr SPEAKER:** I have no information or knowledge of that happening at all.

**Madam CHAIR:** When was it?

**Mr YAN:** In the May sittings, it said the Member for Sanderson during participation in debate became quite heated and a group of school students had to be removed from the gallery. I was trying to get to the bottom of that.

**Mr SPEAKER:** That does not have anything to do with me as the Speaker if they left the gallery.

**Madam CHAIR:** Is the Speaker saying it was not under their office? Maybe the school made the decision.

**Mr YAN:** Thank you, Madam Chair.

**Madam CHAIR:** I do know that in the past that there has been sensitive—there are some debates and they have asked us not to have school groups come in during those debates. We are sensitive to that.

**Mr YAN:** I understand that.

**Mr SPEAKER:** Just to be clear, it was not a directive from me, the Clerk or anybody else within DLA. We did not make the decision to ask the students to leave the gallery. There could have been other options or the teachers may have decided that the debate was not appropriate for the students. That is at the discretion of those school teachers.

**Mr YAN:** Thank you, Mr Speaker. In relation to that, did yourself or any of the DLA staff receive any feedback from the school on this matter?

**Mr SPEAKER:** I have not received any feedback myself. From what I am aware DLA have not received any feedback and neither has the Clerk.

**Mr YAN:** From what you have said just now, Mr Speaker, there was no reason for you to then speak to the Member for Sanderson about this matter?

**Mr SPEAKER:** No.

**Mr YAN:** I would like to touch on some budgetary items that we spoke about earlier. You were talking about some upgrades to this building and we have seen some changes and upgrades to our electorate offices. When I look at building management services, that is probably why there is \$917,000 variance in services. Do you have a breakdown of what the \$917,000 is going to be? If you look at 2023–24 it is \$6,876m. That was revised up to \$7.5m and now it is \$7.793m. From 2023–24 to now is an increase of \$917,000 or just under \$1m.

**Mr SPEAKER:** As it is a specific breakdown, we will put that question on notice.

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#### Question on Notice No 12.5

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

**Mr YAN:** For the variance in building management services of \$917,000 for the upcoming financial year, can you provide a breakdown of what the \$917,000 will be used for?

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

**Mr SPEAKER:** Yes.

**Madam CHAIR:** The question has been allocated the number 12.5.

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**Mr YAN:** Madam Chair, considering the time and what we have to get through, I am happy to finish.

**Madam CHAIR:** Are there any further questions?

On behalf of the committee, I thank the Speaker, the Clerk and all his staff. On behalf of the committee and all MLAs, particularly as we are heading towards the end of this Assembly and on to a new Assembly, we sincerely thank you for all the support that you provide our offices. It does not matter whether we are Independent, Labor or CLP, your staff work impartially and care and respect us as members and our staff.

**Mr YAN:** I put on the record my thanks to the DLA staff for all they do, and the Hansard people sitting in the background listening, for all the work they have done throughout Estimates.

**Mrs LAMBLEY:** We cannot do what we do without you, thank you very much. It is enormously appreciated.

**Mr SPEAKER:** Thank you, Chair. I thank the DLA staff for all the work they have done in putting the briefings together, their work throughout the year and this Assembly and the work they have put into the parliamentary processes. To the Clerk, Mathew Bates, thank you for all the work that you have done in keeping us all up to date. In my role as a new Speaker, it has been wonderful to work with you. Russell and Penny, it has been wonderful to work with you and everyone else. I give a big thank you to Diem for all your support.

I thank the committee more broadly. It has been a long two weeks for you. I think the last two nights you were up until 10.30 asking the hard questions, so I thank all of you for the important work that you have done over the last two weeks.

**Madam CHAIR:** The Legislative Assembly staff will be leaving this hearing.

I have a couple of comments to make as a closing statement. That concludes the committee's public hearings on the estimates of the proposed expenditure contained in the Appropriation Bill 2024–25 and the statements of corporate intent for Power and Water Corporation, Jacana Energy and Territory Generation.

I remind officers that all answers to questions need to be taken on notice and must be given to the Estimates Committee secretariat by Monday 15 July 2024.

On behalf of the committee, I extend my thanks to the ministers, board chairs and officials who appeared before the committee. I place on the public record our sincere appreciation of the assistance provided by agency staff. There is a lot that goes into preparing for Estimates and some of it does not get used, but it is valuable.

I also thank my members of the committee. Quorum has been maintained easily. I thank you for the nature and the spirit in which you have come to this committee, and all of the members who have participated in the hearings.

I formally close the public hearings of the Estimates Committee.

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The committee concluded.

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