

The Estimates Committee of the Northern Territory Legislative Assembly convened at 8.38 am.

**Mr CHAIRMAN:** Good morning. I declare open this meeting of the Estimates Committee of the Legislative Assembly of the Northern Territory on Monday, 4 July 2005, and extend a welcome to everyone present.

I particularly welcome my fellow members of the Estimates Committee: the member for Karama, Ms Delia Lawrie; the substitution member, the member for Daly, Mr Rob Knight; the member for Greatorex, Dr Richard Lim; and the member for Blain, Mr Terry Mills. I also welcome the Opposition Leader, the member for Araluen, Ms Jodeen Carney and the member for Nelson, Mr Gerry Wood.

Whilst this is the fourth sittings of the Estimates Committee, and procedures adopted throughout those sittings have become accepted practice, there are a number of areas regarding the conduct of public hearings I should place on record.

I table a copy of the resolution of the Legislative Assembly dated 29 June 2005, which refers to this committee, the schedule of the Appropriation Bill (No 2) 2005-06, and related budget documents. The role of the committee is to now examine and report on the estimates of proposed expenditure contained in that bill. This order establishes the current Public Accounts Committee as being the members of the Estimates Committee.

I would also like to report that, at the first meeting of the Estimates Committee on Thursday, 30 June 2005, the member for Karama, Ms Delia Lawrie, was appointed as Deputy Chair of the Committee in accordance with Paragraph 8 of the Terms of Reference. I also advise that representatives of the media are present and are able to report and re-broadcast proceedings of this hearing in accordance with the resolution of the committee.

In accordance with the resolution of the Assembly, particulars of proposed expenditure contained in the Appropriation Bill (No 2) 2005-06 will be considered on an Output by Output, followed by Output Group by Output Group basis. In accordance with the resolution of the Estimates Committee, the order of questioning is as per the schedule of ministers to be asked, which has been published to members. Over the next three days of public hearings, we will work through this document as the agenda for the committee.

It should be noted that, to allow questions to be addressed to ministers with principle administrative responsibility for particular portfolio areas, it has been necessary to set out the schedule so that it varies somewhat from the Schedule to the Appropriation Bill (No 2) 2005-06 and the listing of agencies in Budget Paper No 3. Where a minister will be available for questioning on Output Groups that sit within other portfolios, these have been clearly identified in the schedule, and I will be reinforcing the fact that questions regarding those particular Output Groups need to be addressed at the time the minister is appearing before the committee as, once an Output Group has been completed, it will not be re-visited.

I propose to invite shadow ministers to ask their questions first, followed by members of the committee, Independent members and, finally, members addressing electorate issues, bearing in mind that the orders of parliament of 29 June 2005 set out the composition of the committee.

Procedures for dealing with Questions on Notice are contained in the *Estimates Committee Information Manual 2005*, copies of which are available at the back of this room.

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

It is proposed that there will only be a half hour for meal breaks over the period of the public hearings. We will be breaking between 1300 and 1330 for lunch, and from 1800 to 1830 for dinner on the three days of these public hearings.

The schedule of questioning will be strictly adhered to. In the event the questioning of a portfolio concludes before the allocated time, the next minister will not commence before their scheduled time. There are many agency officers involved in these hearings, and the last thing the Estimates Committee wants to be responsible for is a feeling of uncertainty as to when officers may be called to assist their ministers during the questioning process.

Witnesses should be aware that evidence given to the committee is protected by parliamentary privilege. However, I also remind witnesses that the giving of false or misleading evidence to the committee may constitute a contempt of the Legislative Assembly pursuant to the powers and privileges legislation. Officers should also be aware that, when they are not requested by their minister to provide an answer to questions, they are not required to comment on matters of policy.

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

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

## **SPEAKER**

### **Legislative Assembly**

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

**Madam SPEAKER:** Thank you, Mr Chairman and members. Whilst I relish the opportunity for the Department of the Legislative Assembly to again lead in the estimates process, the committee will be aware that it has only been barely five days since I assumed office as the Speaker. Therefore, I will, as necessary, refer the questions to the Clerk and his staff. I introduce to you the Clerk, Mr Ian McNeill; the Deputy Clerk, Mr David Horton; the Director of Parliamentary Services, Vicki Long; and the Chief Finance Officer, Rex Schoolmeester.

Overall, I am happy to advise that the department achieved its planned single outcome during 2004-05, in allowing the members and committees to perform their duties efficiently and effectively. This department is very much demand driven and, specifically, by the demands placed upon it by parliamentarians to operate the Legislative Assembly and support the members. Its budget is, in large, described by determinations and, as a result, this is recognised as non-discretionary expenditure. Broadly, the non-discretionary element of the parliamentary appropriation is almost 55% of the department's total allocation of just over \$19m. Therefore, the balance of the budget - that is, discretionary expenditure - requires careful management to support the parliamentary program and the operation of Parliament House.

During the year, the following key adjustments to the department's budget were made: \$96 000 additional funding to maintain security standards; \$282 000 additional funding to establish the Statehood Steering Committee; \$351 000 additional funding to restore the effects of efficiency dividend and adjust the funding for members' entitlements resulting from previous RTDs and member and electorate officer wage increases; and \$180 000 additional funding to meet wage increases for the LA staff.

I draw your attention to the portfolio budget statement that I tabled last Thursday in the Assembly, where you will find further details on expenditure and performance at the output and sub-output level. This document is now in its third year of development and will continue to be available to members for scrutiny as appropriate.

I am pleased to note the significant increases of \$450 000 minor new works funding and \$150 000 to repairs and maintenance for the 2005-06 financial year. \$350 000 was originally approved for minor new works for the 2004-05 financial year; however, this figure was revised down to \$90 000 to cover the high level of revoted works. Revoted works is expenditure required to complete the previous year's projects. This meant that the new works program in 2004-05 was restricted.

Whilst the funding increase for repairs and maintenance is welcome, this is below the amount assessed by the Department of Infrastructure, Planning and Environment. The approach to repairs and maintenance for Parliament House is an ongoing matter, noting the building is now in excess of 10 years old, and where major components are beginning to show their age and are increasingly prone to failure and degradation over time.

Attempts, thus far, to develop an Asset Management Plan have not been successful due to the complexity of the task and the funding required. The department submitted a discussion paper to the capital works subcommittee to highlight the issue, and discussion is now taking place with DIPE officers in order to progress this urgent requirement. In the meantime, the department has embarked on a series of technical audits funded through DIPE and Risk Management Services. The first of these audits was conducted on the structure and roofing of the building, and revealed considerable corrosion in some areas requiring immediate attention. Other audits have been carried out on the security systems and the sound and vision system, and the reports on these audits are expected in the coming months.

I am very pleased to report that an additional \$96 000 in ongoing operational funding was approved for security in 2004-05. As most members will be aware, the security of Parliament House and the precinct has increased considerably in recent years in response to national and international threat levels. Whilst Darwin and the Northern Territory are relatively benign in respect of such incidents, preparedness and the ability to escalate security arrangements at short notice has become the department's policy.

The main foyer will shortly be further modified as part of a minor new works project to improve the access and process of screening visitors. A new scanning machine to replace the aging and unserviceable Taurex scanner has been achieved during the year under the new security services contract with Group 4 Security. The department is now reconsidering the staffing of security arrangements to better meet operational requirements and, particularly, the interface and communication with the general public.

The delivery of IT services to members as an outsourced environment continues to be a challenge; however, this has improved with a dedicated IT Manager and access to a shared IT Director. In this respect, it has become easier to address members' requirements and escalate the Help Desk process where necessary. In concert with DCIS IT management, the department will continue to develop IT solutions and enhancements for the Assembly and its members.

As with the first occasion, the Alice Springs sittings earlier in the year were successful due to sound planning and the cooperation of the Alice Springs Convention Centre staff and other local Alice Springs support. This event is well rehearsed, with appropriate and recognised levels of funding to conduct this event. It is expected that future requirements to conduct sittings in Alice Springs will continue to be in the order of \$160 000, subject to some levels of inflation with direct costs.

The increased delivery of parliamentary education programs continues to be successful and well-received by schools and special interest groups. An additional \$25 000 was approved in 2004-05, and will be ongoing for the next four years to carry out outreach programs in regional areas.

With the establishment and funding of the Statehood Steering Committee, further education programs will be developed and implemented to support the steering committee. As you will be aware, the steering committee has been established and continues its operations under the department and, specifically, within the Office of the Clerk. This arrangement is working well, with the steering committee reporting back through the Legal and Constitutional Affairs Committee.

Overall, we look forward to the challenges over 2005-06 and the Tenth Assembly. Thank you, Mr Chairman.

**Mr CHAIRMAN:** Are there any questions from members of the committee in relation to the statement?

That being the case, the committee will now proceed to consider the estimates of proposed expenditure contained in the Appropriation Bill (No 2) 2005-06, as they relate to the Department of the Legislative Assembly.

**OUTPUT GROUP 1.0 - PARLIAMENTARY SERVICES**  
**Output 1.1 - Assembly Services**

**Mr CHAIRMAN:** I now call for questions on Output Group 1.0, Parliamentary Services, Output 1.1 Assembly Services. Are there any questions?

**Ms CARNEY:** Yes, Mr Chairman.

Madam Speaker, obviously, I did not want to interrupt you as you were going through your presentation, but there will be some matters that I wish to revisit.

My first question relates to some of the budgetary allocations that you outlined. In last year's budget, the allocation for the Legislative Assembly was \$18m, and the budget for 2005-06 is \$19.5m or thereabouts. Can you list the increased funding that has been received by the Assembly so that I can link up, I suppose, last year's budget to this year's budget?

**Madam SPEAKER:** Ms Carney, I have a list here of the explanation of the major variations which I am happy to table. Would you like me to read it out as well?

**Ms CARNEY:** How extensive is it?

**Madam SPEAKER:** It is a page and a bit. Mr Schoolmeester.

**Mr SCHOOLMEESTER:** It is basically covered in the opening speech. The \$896 000 is the difference between the two years, but the major ones were covered in the \$351 000, the \$96 000, and the \$282 000.

**Ms CARNEY:** Sorry, the \$96 000?

**Mr SCHOOLMEESTER:** The \$96 000 for security?

**Ms CARNEY:** Yes.

**Mr SCHOOLMEESTER:** The \$351 000 for members' electorate office entitlements; the \$282 000 for the Statehood Steering Committee; \$181 000 for EBA increases; \$29 000-odd transferred from operational to capital to cover the extra money for the scanning equipment; and there was a \$12 000 reduction for the outsourced messaging contract.

**Ms CARNEY:** Thank you. Through you, Madam Speaker, I assume all of those figures will be the difference between last year's budget and this year's budget.

**Madam SPEAKER:** Yes, that is correct. I will table this as well.

**Ms CARNEY:** Thank you. I would be grateful if you would table that document.

I will get on to my second question while that is being done. At the last estimates hearing, your predecessor said there was an allocation of \$150 000 for the Alice Springs sittings. How much did that end up costing? Was it inclusive of all costs or just the Legislative Assembly component?

**Madam SPEAKER:** I understand it is just the Legislative Assembly component. Members' costs are contained in other areas of the estimates. Once again, I have a document containing the exact costs which I can table if you wish.

**Ms CARNEY:** Thank you.

**Madam SPEAKER:** It was \$156 868.72.

**Ms CARNEY:** Very close to the budget, which is good.

**Madam SPEAKER:** Very close to the budget, and a well worthwhile expenditure.

**Ms CARNEY:** In relation to the document that you are just about to table, I assume that will provide a breakdown of all costs in a tabulated form - correct?

**Madam SPEAKER:** It does.

**Ms CARNEY:** Okay.

**Madam SPEAKER:** It has sound and vision, security costs, property maintenance, staff costs, entertainment, hospitality, information technology charges, equipment expenditure, telecommunication,

advertising, venue hire, souvenir costs, miscellaneous costs, which is freight, signage, stationery that sort of thing.

**Ms CARNEY:** Does that document provide details on advertising as well?

**Madam SPEAKER:** It has two things here: self-covering saddle-stitched booklets, \$4821.36, and *NT News* \$8019.62.

**Ms CARNEY:** Do I take it, then, that the only advertising was in the *NT News*?

**Captain HORTON:** *Centralian Advocate*.

**Ms CARNEY:** Okay, *Centralian Advocate*. Was there any ...

**Madam SPEAKER:** It may be that the *NT News* includes the *Centralian Advocate* as they are owned by the same people.

**Ms CARNEY:** It does for accounting purposes, yes. Was there any other advertising that took place prior to the sittings in Alice Springs?

**Captain HORTON:** The only thing we had by way of advertising was some small lead-up advertising in the *Centralian Advocate*. There was no other.

**Ms CARNEY:** Does the advertising include the production of posters and that sort of thing?

**Captain HORTON:** Yes, it does.

**Ms CARNEY:** And what was the total cost of the advertising?

**Madam SPEAKER:** In the record I have here, the only two items I have are self-covering saddle-stitched booklets \$4821.36; and the *NT News*, which we said includes the *Centralian Advocate*, of \$8019.62. They are the only items I have here, Ms Carney.

**Ms CARNEY:** In terms of production of posters and so on, where can we find the figure for that?

**Madam SPEAKER:** Would that be souvenir costs? Unless that is stationery. There is an item called 'miscellaneous expenditure', which is \$1202.

**Ms CARNEY:** It could be that?

**Madam SPEAKER:** It could be that. I am sorry I am unable to assist you better than that.

**Ms CARNEY:** Thank you. How much did the Alice Springs sittings cost two years ago, and were the costs consistent with the costs earlier this year?

**Madam SPEAKER:** In 2003, it cost \$150 546, so it has gone up to \$156 868.

**Ms CARNEY:** Thank you. In relation to the booklets that you referred to, were they the only mementoes available for sale? There were others, I think.

**Madam SPEAKER:** It says here souvenir costs of \$6512.79. I think that must be the glasses that were available, and tea towels, Ms Carney.

**Ms CARNEY:** How did they sell, as a matter of interest? How many do we have left?

**Madam SPEAKER:** I am not certain of that. I will ask.

**Captain HORTON:** We bought quite a number of stocks and managed to sell some. They have generic logos, and those that did not sell have been brought back to Darwin and we are now selling them through the craft shop as souvenirs for visitors, generally, over the weekend.

**Ms CARNEY:** Okay. So it was not a case of going ballistic with souvenirs and having to carry cartons back that sit in the cupboard forever?

**Mr HORTON.** No.

**Ms CARNEY:** Oh, that is very reassuring. Thank you.

**Captain HORTON:** We will recover the costs of those over time through the craft shop.

**Ms CARNEY:** Okay. In relation to the Alice Springs sittings, how many people attended the most recent sittings and how many people attended the first sittings?

**Madam SPEAKER:** Mr Chairman, I would like to take that question on notice. We do not have the details of the number of people at either sittings.

**Ms CARNEY:** My final question in relation to ...

**Ms LAWRIE:** Hang on a second. If it is a question on notice, we will have to do the process so ...

**Mr CHAIRMAN:** Yes, so you will take that question on notice, Madam Speaker.?

**Madam SPEAKER:** Yes.

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#### Question on Notice

**Mr CHAIRMAN:** Opposition Leader, would you please restate that question?

**Ms CARNEY:** How many people attended the most recent Alice Springs sittings, and how does it compare with the first Alice Springs sittings?

**Mr CHAIRMAN:** Madam Speaker, do you take that question on notice?

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

**Mr CHAIRMAN:** I allocate that question No 1.1.

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**Mr CHAIRMAN:** Please continue.

**Ms CARNEY:** My final question in relation to the Alice Springs sittings is: how is the success of those sittings rated? What performance measures exist and so on?

**Madam SPEAKER:** I am not certain about that, Ms Carney. I thought it was a great success. Personally, as a member, I thought it was a fantastic opportunity for all members to visit Central Australia, to meet that other very significant part of the constituency of the Northern Territory. I will pass it on to the Clerk or the Deputy Clerk for a comment. The Clerk perhaps.

**Mr McNEILL:** At the time, there were complimentary comments by a wide range of members and the former Speaker reported back to us that, in Alice Springs again, the sittings were very well received. As for quantitative or empirical data, as with the 2003 sittings, I suspect that we can only rely on the feedback we receive from members. To my knowledge, that was most complimentary in the 2005 sittings, to the extent that I recall that both the Leader of the Opposition and Chief Minister were committed to repeating the regional sittings on a two-yearly basis into the next Assembly.

**Ms CARNEY:** Thank you for that. I agree; I thought the sittings went well. However, we are really dealing with the art of the instinctive sciences here and I wondered whether, because of about \$150 000 of Territorians' money, plus other costs that come from other agencies, there were some formal performance measures. I say that only because I suspect the public might expect them. I say that just by way of a comment and, no doubt, others will pursue that if they deem it necessary.

In last year's budget paper, at page 49 ...

**Mr CHAIRMAN:** Are you still on Output 1.1?

**Ms CARNEY:** Yes. ... details were provided as to the cost per sitting hour; the average cost per committee; the average cost per major information and education program; the average cost per minor information and education program; and the average cost per inter-parliamentary program. I note that they have been excluded from this year's budget. Can you tell me why none of those details are provided in the 2005-06 budget papers?

**Madam SPEAKER:** Mr Chairman, I will ask Mr Schoolmeester to answer that question.

**Mr SCHOOLMEESTER:** The figures have been removed from Treasury across all agencies, as I understand it, unless you specifically wanted them put in. We have provided you with the budget portfolio booklet, which goes one level below those. Basically, it is Treasury who have omitted them from the Budget Papers in 2005-06.

**Ms CARNEY:** Do you know why is it that Treasury have removed these details from this year's budget papers?

**Madam SPEAKER:** No, I do not, Ms Carney, but I believe that it is actually in this document, on pages 9 and 10 ...

**Ms CARNEY:** Which document are you referring to?

**Madam SPEAKER:** This is the one I tabled in the Assembly on Thursday. Would you like a copy of that?

**Ms CARNEY:** Yes, please.

**Ms LAWRIE:** The portfolio budget document. Do you want mine?

**Madam SPEAKER:** On page 10, it specifically says those costs you are looking at: average cost per sitting hour 2004-05, the target and the estimate, plus also the cost for the committees and various other things.

**Ms CARNEY:** I am sifting through my last year's budget, but do you know whether those costs have increased or decreased?

**Madam SPEAKER:** I am being advised they have increased.

**Ms CARNEY:** Sorry, there they are. Yes. I have it.

**Madam SPEAKER:** It says ...

**Ms CARNEY:** Marginal increase. Okay.

**Madam SPEAKER:** Yes, and I will refer you to the variations underneath the table on page 9, and also another one on page 10.

**Ms CARNEY:** Regarding this document that was tabled last week, do I take it that if a person in the Northern Territory wants to find out what the average cost per sitting hour is, they would go to a web site and look at the budget papers and not see it there, then they would have to search and come to Parliament House to the Table Papers Office and request a copy of this document - correct?

**Madam SPEAKER:** Mr Horton.

**Captain HORTON:** About three years ago, we realised, because of the estimates process, that if you look at the budget papers, it does not actually go into significant detail, and never has done. On the basis of that, we developed this portfolio budget statement which is used in other jurisdictions so that, from a working document and also the way that we could also explain information at the output and sub-output level, we have continued to develop that document. As a matter of course, over the last two, perhaps three years, we have tabled it. It has been a tabled document in the Assembly. It would then be available as a tabled document, as you rightly said.

**Ms CARNEY:** Thank you. We are still on output 1.1. Madam Speaker, how many times did each parliamentary committee meet in 2004-05? There is a supplementary question to that, but I will leave you with that one for a minute.

**Madam SPEAKER:** I draw your attention to page 16 of this portfolio budget statement, Ms Carney. It says: Quantity performance measures by committees - PAC, number of references provided eight; number of meetings 2004-05 was five; number of references provided 2005-06 was eight, number of meetings held 2005-06 projected is five. Substance abuse - number of references 2004-05, two; number of meetings, eight, number of references provided in 2005-06 two; number of meetings, 2005-06 projected 10. Legal and Constitutional - there are three, number of meetings, eight in 2004-05; number of references provided, three; and the number of meetings held 2005-06, projected eight. Environment - number of references provided one; number of meetings held in 2004-05, five; the number of references 2005-06 zero; and meetings projected are zero.

**Ms CARNEY:** Thank you. Do any chairs of committees receive extra payments for their roles, and how much are those additional payments?

**Madam SPEAKER:** Ms Carney, I believe it is part of the RTD. We refer you to the Remuneration Tribunal document where it lists all ministerial portfolios and parliamentary positions. The Chairman of the Public Accounts Committee receives an additional \$17 597, as does the Chairman of Legal and Constitutional Affairs and the Chairman of the Select Committee on Substance Abuse.

**Ms CARNEY:** Thank you. Forgive me, I missed an earlier question in relation to the Alice Springs sittings, so I will go back to that, if you do not mind. How many functions were hosted by the Speaker during the Alice Springs sittings? What was the purpose of each function and what was the cost of each one?

**Madam SPEAKER:** In the list I tabled it says entertainment/hospitality, \$6545.56.

**Ms CARNEY:** And that includes the Speaker's functions?

**Madam SPEAKER:** I will give it to Mr Horton to respond to.

**Captain HORTON:** There was one major function which was the opening function which was jointly hosted between the Speaker, the Chief Minister and the Mayor. There was one luncheon hosted by Madam Speaker for the Presiding Officers from other jurisdictions.

**Ms CARNEY:** That first function that was jointly hosted, was it jointly paid for?

**Captain HORTON:** Yes.

**Ms CARNEY:** Good. So that figure of about \$6500 was a three-way split - correct?

**Captain HORTON:** That is my understanding.

**Ms CARNEY:** How many Legislative Assembly staff went to the Alice Springs sittings? Did you find that number of staff was sufficient?

**Captain HORTON:** I am not sure of the figure, but there were about a dozen. Certainly, we have reached a stage where, having done it a second time, the numbers we take down are the minimum to operate effectively over that week. However, bear in mind that some staff actually go down the week prior, so there are people prior to and during. Also, during that week of the sittings, we run one of our education programs and a Youth Parliament. By and large, most of our staff there are committed to one of those activities.

**Ms CARNEY:** How many staff are currently employed to carry out or to perform the functions of the Legislative Assembly?

**Madam SPEAKER:** I will ask Mr Schoolmeester to answer that question.

**Mr SCHOOLMEESTER:** There are 86.5 staff in the budget papers; 36 of those are Legislative Assembly staff, 25 are electorate office staff, and there are 25 members. That is included in the total of the 86.



**Ms CARNEY:** Oh, I see. Okay. What was the staffing level at July 2004?

**Mr SCHOOLMEESTER:** Eighty-six. We have taken on a part position with education which is the Parliamentary Outsource Education Officer. It is a half position.

**Ms CARNEY:** In relation to those 36 who are, for all intents and purposes, full-time Legislative Assembly employees - not members, not electorate officers - could you detail their positions? I assume you have something in tabulated form on the positions that people hold in the Assembly? That is also in this booklet?

**Captain HORTON:** It is certainly in the annual report.

**Madam SPEAKER:** Ms Carney, I am happy to take that on notice and get you a detailed list.

**Ms CARNEY:** Thank you.

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#### Question on Notice

**Mr CHAIRMAN:** Opposition Leader, could you please restate that question?

**Ms CARNEY:** Can you provide in tabled form the positions that the 36 full and part-time staff of the Assembly hold?

**Mr CHAIRMAN:** Do you accept that question on notice, Madam Speaker?

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

**Mr CHAIRMAN:** I allocate No 1.2 to that question.

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**Ms CARNEY:** Madam Speaker, can you list all work undertaken by the Government Printing Office in 2004-05 that related to the Legislative Assembly and the cost of such work?

**Madam SPEAKER:** I would like to take that on notice as well.

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#### Question on Notice

**Mr CHAIRMAN:** Opposition Leader, could you please restate that question?

**Ms CARNEY:** Can you list all work undertaken by the Government Printing Office in 2004-05 that related to the Legislative Assembly, and the costs of such work?

**Mr CHAIRMAN:** Madam Speaker, will you take that question on notice?

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

**Mr CHAIRMAN:** For the purposes of the record, I allocate No 1.3 to that question.

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**Ms CARNEY:** Can you detail the expenditure for the Legislative Assembly on reports produced that have been either outsourced or produced internally, including detailing the purpose of the reports, the cost and whether the reports have been tabled in parliament?

**Madam SPEAKER:** Ms Carney, just to clarify, what kind of reports do you mean?

**Ms CARNEY:** Any reports or publications produced by the Assembly. Sorry, any reports or publications that have been produced either through outsourcing or produced internally - public documents.

**Madam SPEAKER:** We will have to take that on notice, Ms Carney.

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**Question on Notice**

**Mr CHAIRMAN:** Opposition leader, will you please restate that question?

**Ms CARNEY:** Can you provide details of reports or publications that have been produced for the Legislative Assembly that were either outsourced or produced internally, including the purpose of the report or publication, the cost of the report or publication and whether the report or publication has been tabled in the parliament?

**Mr CHAIRMAN:** Madam Speaker, do you take that question on notice?

**Madam SPEAKER:** I certainly do. I look forward to hearing what the answer is.

**Mr CHAIRMAN:** For the purposes of the record, I allocate that question No 1.4. Please continue.

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**Ms CARNEY:** How much, Madam Speaker, was spent on behalf of the Legislative Assembly on advertising or promotional activities including videos, DVDs, brochures and general printed matter in 2004-05?

**Madam SPEAKER:** I will have to take that on notice, Mr Chairman.

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**Question on Notice**

**Mr CHAIRMAN:** Leader of the Opposition, would you please restate the question?

**Ms CARNEY:** How much was spent on behalf of the Legislative Assembly on advertising and promotional activities, including videos, DVDs, brochures and general printed matter in 2004-05?

**Mr CHAIRMAN:** Do you accept that question, Madam Speaker?

**Madam SPEAKER:** I certainly do.

**Mr CHAIRMAN:** For the purposes of the record, I allocate that question No 1.5. Please continue.

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**Ms CARNEY:** That concludes my questions for Output 1.1, Mr Chairman.

**Mr CHAIRMAN:** I will now ask other members of the committee if they have any questions for Madam Speaker in regard to Output 1.1, Assembly Services.

**Mr MILLS:** I am not sure where my question should go. It is related to power use. Is that 1.3?

**Mr CHAIRMAN:** I suggest it probably would be Building Management Services.

**Mr MILLS:** Okay. I do not want to miss out.

**Mr CHAIRMAN:** Member for Millner, do you have any questions?

**Mr BONSON:** No, Mr Chairman.

**Mr CHAIRMAN:** Member for Nelson.

**Mr WOOD:** Thank you, Mr Chairman. Madam Speaker, in the annual report for last year, it was mentioned there was going to be a review which would monitor developments of audio visual and emerging information technologies. As you know, we did use some audio visual facilities in Alice Springs, which were good to have. Has the Legislative Assembly reviewed that sort of information technology? When will we see a report?

**Madam SPEAKER:** Thank you, Mr Wood. I will defer to Mr Horton.

**Captain HORTON:** We have now set about to introduce video conferencing. That is one of those. We have not yet pursued, I think, the matter that we witnessed in Alice Springs by having projections in the Chamber. That is a matter that probably we will need to discuss with the Speaker through the House Committee to determine whether that is a suitable set-up for the Chamber.

**Mr WOOD:** Madam Speaker, was the review intended to look at those sort of facilities within the Chamber, or was it just about conferencing?

**Madam SPEAKER:** Mr Horton.

**Captain HORTON:** Yes, there are a number of options such as the one we witnessed in Alice Springs. There are jurisdictions around the world that use that type of technology, which is readily available. The question is, perhaps, how it is managed in a parliamentary environment. The experience we had in Alice Springs was that some of the information is actually coming up time late, and that is a matter that would have to be looked at so you were not projecting information that had been passed. Before we go down that path, we need to look at the feasibility of operating that sort of equipment in a parliamentary Chamber.

**Mr WOOD:** Thank you, Mr Chairman, that is my only question.

**Mr MILLS:** Does that cover action replays?

**Mr WOOD:** The third umpire?

**Mr CHAIRMAN:** Are there any further questions in relation to Output 1.1, Assembly Services? That being the case that concludes consideration of Output 1.1.

#### **Output 1.2 – Members and Client Services**

**Mr CHAIRMAN:** The committee will now proceed to Output 1.2, Members and Client Services. Are there any questions, Leader of the Opposition.

**Ms CARNEY:** Madam Speaker, again, in last year's Budget Paper No 3, at page 49, details were provided of: 'Average administrative cost per member for support to members and electorate offices'. That has not been included in this year's budget. I suspect the answer will be the same as the earlier question I asked, but why was that not included in this year's budget?

**Madam SPEAKER:** Excuse me, Mr Chairman, are we on Output 2?

**Mr CHAIRMAN:** No, we are on Output 1.2, Members and Client Services which, I believe, is the provision of Administrative Services and Support to Members of the Legislative Assembly in accordance with the Remuneration Tribunal Determination.

**Madam SPEAKER:** The answer is the same as for one of the last questions, Ms Carney. The information is on page 23 of the Portfolio Budget Statement. It says the average administrative cost per member for support to members and electorate offices, in the original budget 2004-05 it was \$24 000; revised budget 2004-05 was \$26 200; and the estimated 2005-06 is \$26 720.

**Ms CARNEY:** Once again, for the average Territorian who may, albeit infrequently, express an interest in finding out what the cost is for the Legislative Assembly to maintain the member and their offices, they cannot find that in the budget papers. They need to come into parliament to obtain a tabled document, go through that, and then they will find the average administrative cost?

**Madam SPEAKER:** Yes, I understand, Ms Carney. That issue you are raising is quite an important one and perhaps we can look at having that put on the Assembly's web site.

**Ms CARNEY:** You would appreciate, Madam Speaker, that the main purpose I am referring to this exclusion is that we, as politicians, apart from being criticised for just about everything, often face questions as to how much it costs to pay and service us. I would have thought that information should, as a matter of course, be available to the average person in the Northern Territory, without needing to make a special trip to Parliament House. I thank you for your indication as to what, if anything, can be done about that in the future.

I also note that, in last year's budget paper, the average cost was estimated to be \$24 000; that is, the average administrative cost per member for support to members and electorate offices. The estimate for 2005-06 goes up to \$26 720. Can you explain the need for that to have increased?

**Madam SPEAKER:** I believe it says there: 'Explanation of major variations AB, refer Output 2 variation A and B'. It is on the previous page.

**Ms CARNEY:** Could you explain that to me?

**Madam SPEAKER:** I might ask Mr Horton to respond - no, no; Mr Schoolmeester.

**Mr SCHOOLMEESTER:** For the primary increase, if you go to the second last page of the book, there is a table. It is titled 'The Revised Numbers' and the one previous is the actual original numbers. Basically, there was a \$22 000 increase in DCIS service charges. So, the figure went from originally \$100 000 to \$122 000 which - sorry, just bear with me. It is the third page back, sorry. Okay, it goes from \$100 000 to \$122 000 and it is primarily DCIS service charges that have been increased ...

**Ms CARNEY:** Sorry, could I just stop you there. Goes from which figure?

**Mr SCHOOLMEESTER:** Along the bottom, the second column up, DCIS other, which is basically the free of service charges we get from DCIS. It has gone from \$100 000 to \$122 000, which is a notional charge, but we are still refining those notional charges and that is the primary reason for the variation. It is a notional charge for things like accounts receivable and accounts payable, asset management. We are still sorting out the refinement of the DCIS charges, and so that number can actually change the unit costing, at this stage.

**Ms CARNEY:** Madam Speaker, can I ask when that refinement is likely to be completed?

**Madam SPEAKER:** Mr Schoolmeester.

**Mr SCHOOLMEESTER:** The real time, I believe, is when DCIS – if they finally become a GBD and start outsourcing the cost, that is probably when we will know the true cost. At the moment, they are still notional; DCIS is still refining their costing model for these services. That question is a question for the minister for DCIS.

**Ms CARNEY:** I had a number of questions in non-output specific items and a couple of them were DCIS-type questions, so I will come back to them. However, I am interested to understand better the relationship between the Legislative Assembly and DCIS which, I think generally, remains a mystery to all of us. I will come to that in a few minutes. Thank you for your answer.

Onto a slightly different matter, but still within the same output. Does the Assembly still provide Rolldata to all members, given that the Labor Party and the CLP have their own databases for use by members. Is Rolldata still being used, and what is the cost of that? Is it, essentially, used by the Independents?

**Madam SPEAKER:** I understand, Ms Carney, that it is available to any member who requests it, but it is a question of those members who are members of the Labor Party or of the CLP have chosen to, instead, receive data through those parties. Essentially, it is available to the Independents.

**Ms CARNEY:** What is the cost of providing Rolldata?

**Ms LONG:** Vicki Long, Director of Parliamentary Services. I would have to seek advice on specific costs, but it has been in the order of about \$6500 per annum.

**Ms CARNEY:** How much?

**Ms LONG:** \$6500 per annum. We had previously been paying a fixed cost for that. We now, apart from the download of the data itself, pay on a fee-for-service basis, which has reduced the cost considerably.

**Ms CARNEY:** Okay. That is it for that output area but, as indicated, I have a number of more specific questions and have some in relation to the next output area. Thank you.

**Mr CHAIRMAN:** I now open up questions to the rest of the committee on Output 1.2, Members and Client Services.

**Dr LIM:** Following on the last question about cost of Rolldata for MLAs, and you suggesting it is going to cost \$6500 per MLA, the Legislative Assembly is currently providing \$1500 per MLA to purchase their own electoral Rolldata or its equivalent. How do you see that as being fair and equitable – one is \$6500 each and the other members are receiving \$1500?

**Madam SPEAKER:** Mr Chairman, I will pass that to Ms Long.

**Mr CHAIRMAN:** There is no expectation that officers should answer a question of policy. Are you asking for an opinion as to whether it is fair and equitable?

**Dr LIM:** No, no. This is to the Speaker. My question is to the Speaker.

**Madam SPEAKER:** Mr Chairman, I understand it is in the RTD that members receive \$1500, and I assume that is a pooled amount of money. Is that correct?

**Ms LONG:** It is an entitlement that is per individual member, so we have to do the budgeting on those lines, and the expenditure as well. Can I just reply to that without making comment on policy? It is in the RTD that we either provide Rolldata or \$1500. It is an entitlement for members that we are obliged to provide, and we are doing that in the most cost effective way possible.

**Dr LIM:** Through you, Mr Chairman, to the Speaker, again. I recall that, in previous years, Rolldata was at minimum cost to the Legislative Assembly - around the order of \$2000 per member. I am surprised it has escalated to three or four times that. When you look at the cost of electronic electoral roll to other members, we are not in that order. Something has gone off out of kilter. Either the Assembly be equitable and provide all members with a similar sort of a level of funding for the electronic electoral roll ...

**Madam SPEAKER:** Mr Chairman, I understand it is a total cost to the Assembly; for example, for all members of the CLP or all members of the Labor Party, not individual members.

**Dr LIM:** From your earlier response, Madam Speaker, you said that only two members are now using Rolldata ...

**Madam SPEAKER:** That is correct.

**Dr LIM:** ... and 23 others are using other systems. It would appear a non-cost-effective means of providing electronic electoral roll.

**Madam SPEAKER:** I believe that those members of either the government or the Country Liberal Party will probably find the Rolldata they are using to be useful to them as, indeed, I am sure the Independent members find it useful. It is really a question of what members want in their own electorate offices, and this provides them with an opportunity to make a choice.

**Dr LIM:** Perhaps, Madam Speaker, I am not making myself clear. I am suggesting that Independent members are receiving three times the services in the electronic roll than other members. I do not think that is equitable and ask you to rectify the situation.

**Ms LAWRIE:** That is not a budget question.

**Madam SPEAKER:** Mr Schoolmeester.

**Mr SCHOOLMEESTER:** The cost of electorate office data is \$6500. If 10 members use it, it would come down to \$600 per member. There is an allowance of up to \$1500 for all members so, in the case of getting access to your federal party's data, they will charge us an amount of, maybe, \$1000 per member. It is \$6500; it does not matter how many members use it. You actually have an option up to \$1500 per member, if you choose to.

If a member elects to take electoral office data; that will bring the cost down. If an extra person came on board, it would drop the cost down from \$6500 to \$3000, it would drop down to \$2000. If we get another one on board, it would come down lower again. So it is the total cost of Rolldata to us. We have to provide it; it has to be there.

**Dr LIM:** I will not labour the question, Mr Chairman. I have another question for Madam Speaker. I recall recent quarterly - if not six monthly - reports from the Legislative Assembly in relation to individual and my own MLA electorate office expenses in previous years. Over the last few years, we have not received any reports at all detailing what office expenditures are. I would suggest to you that, if MLAs knew what the offices are spending on a regular basis, they can actually monitor, and that will give us an idea how each one of us is doing. We know that the average cost to a member last year was \$24 700, but it means that there would be many who are below that and many who are way above that. It would be interesting for each member to know what they are doing, and they can monitor their own costs. Why has that not been done any more?

**Madam SPEAKER:** I am not certain why it has not been done, but we have some figures here which I would be happy to table in relation to that.

**Ms LONG:** Perhaps Rex can enlarge on this, but we have been developing reports for electorate offices and they will actually be commencing this financial year.

**Madam SPEAKER:** It is actually in another output area, but I do have a list here, which is called Members' Total Expenditure 2004-05.

**Mr SCHOOLMEESTER:** Probably not want to table that one. 2.13.

**Madam SPEAKER:** I am sorry?

**Mr SCHOOLMEESTER:** Not that one, Table 2.13.

**Madam SPEAKER:** Not this one? They do not want me to table that one. I was quite willing to, but anyway, this is 2.13. What is wrong with this?

**Dr LIM:** If there is something wrong with it, let us have a look.

**Madam SPEAKER:** The only thing I would say about that one is it is a little bit skew-whiff in terms of the lines. I was looking at it and thought: 'How could I spend that much?'

**Mr SCHOOLMEESTER:** It also covers the individual member and, whilst you can work it out, it actually goes down to personnel costs per individual member, and we would rather not.

**Dr LIM:** It would be inappropriate to expose individual members to other members but, for the individual member, that individual member should know what the ongoing expenses are for that office. I suggest that you do that.

**Madam SPEAKER:** That is a public document and I am quite happy to table that. The public has a right to know how much is being spent in the different electorates. I am happy to table that.

**Ms LAWRIE:** Well done, Madam Speaker.

**Madam SPEAKER:** I will have to keep these people under control, I think.

**Dr LIM:** I have a further question, Mr Chairman. In Budget Paper No 3 this year, at page 45, under Members and Client Services, your estimate for 2004-05 was \$10.1m and you have put another \$10.1m for this year. Looking at those figures, compared with last year's budget papers, obviously there has been a blow-out in expenditure.

Last year, the estimate was \$9.61m. With seven new members coming to the parliament, would you not suggest that there will be increased expenditure on members, at least to get them up to speed and all that and, therefore, you need more than just \$10.1m?

**Madam SPEAKER:** There probably would be some increased spending, I imagine, but I will pass that on to Mr Schoolmeester.

**Mr SCHOOLMEESTER:** Yes, these estimates were done back in February/March. In January each year, we go back to Treasury and we base the expenditure on the previous year's expenditure and any adjustments that we think are necessary. We will be going back and asking for additional funds to cover the election, the change of members and everything else.

**Dr LIM:** Madam Speaker, it is not a reflection on the officers; I am suggesting that the system needs to recognise that, since January this year, we knew that the election was going to be on this year. You would anticipate that, when you build in a budget, you build in a budget that is realistic and that you would build in with the eventuality they will have some new members and, therefore, have increased costs because of the new members.

**Madam SPEAKER:** Dr Lim, there would have been an increase recognised in the budget, but that you could not really predict what the real increase might be. I do not think that any members would really have been expecting to have such a significant change in the number of members in the House. I suppose that is something that happens from election to election, so it is a bit of a difficult thing to predict.

**Dr LIM:** With the exception that your budget blew out by 5% in the last 12 months, you would think you would build in at least that level of increase for this year. Otherwise, we can actually say today that we anticipate your budget is going to be blown out past \$10.1m for the next 12 months. You make budgets to stick to; you do not make budgets so they can blow out over the next 12 months. Surely, you would have increased that to cover that eventuality?

**Madam SPEAKER:** As I said, it was difficult to know that there would be so many new members. The process would be similar as in previous budgets in relation to elections that, I imagine, if increased funding was required, there would be an approach through Cabinet to receive more money.

**Dr LIM:** Would you provide us with an ongoing report in that regard, if you have to approach the Treasurer for increased funding for the Legislative Assembly?

**Madam SPEAKER:** Certainly.

**Dr LIM:** Thank you. When do you anticipate letting us know that sort of thing, so that we do not let this lapse into the ether over the next 12 months? Will you undertake to give us a report, say, in six months time?

**Madam SPEAKER:** Certainly.

**Mr WOOD:** Mr Chairman, on that issue, the output and performance data there says there will be an increase of \$55 000 yet, under Members and Client Services, it states that the estimates will stay the same - \$10.1m, \$10.1m. Why does it show an increase in \$55 000 when it does not reflect that in the Members and Client Services estimates?

**Madam SPEAKER:** Mr Wood, can I just ask you what ...

**Mr WOOD:** I was looking on pages 44 and 45 of the budget, under Parliamentary Services, Members and Client Services. There is a variation of \$55 000 then, under the section Members and Client Services, Performance Measures, the estimates are \$10.1m for 2004-05, and \$10.1m for 2005-06. Why does it show a variation of \$55 000, but not show the variation under the estimates for Members and Client Services in that Performance Measures data?

**Mr SCHOOLMEESTER:** The variation was fairly low. The only reason the variation is not there is because it was considered relatively low to the original forecast. There was not much variation; \$55 000 in the \$10m, we believe, is not material.

**Mr WOOD:** Is there anything in the budget for improving IT systems in electorate offices? For example, when a member of parliament comes into this place and turns on their e-mails or checks the web, it is done almost instantaneously. I can tell you, in Nelson, e-mails from ...

**Mr Mills:** And Blain.

**Mr WOOD:** And Blain can take anything up to at least an hour to receive or send e-mails. Many times, for instance, you can be on the e-mail and you cannot get on to the web. As you know, many e-mails refer you to a web site. The amount of time we spend wasting time on e-mails is, sometimes, very frustrating. I wonder, is the department going to try and improve IT systems for electorate offices?

**Madam SPEAKER:** Mr Chairman, I totally agree with the member for Nelson; it is a challenge being a member in an electorate office in terms of IT. In Nightcliff, you will be happy to know, the same kind of problems happen. I believe it has actually improved slightly over the last six months. The new manager in

IT in the Assembly has made a bit of a difference, but there is a long way to go in making that a better service for people. Perhaps with the changeover to Telstra, maybe there will not be the need to do the dial-up service anymore, and that will be a lot better. However, in the budget itself, I am not sure if there is increased funding there. Ms Long?

**Ms LONG:** We are underspent in IT for the 2004-05 year, partly because we did not have a major project for the department itself. That was at the request of members, as well, who wanted to bed down what had already been done and get that working. That money in our budget certainly will be utilised.

One of the real problems in electorate offices has been OPI Trust which is, basically, a single-user system which has been massaged to try to fit a multi-user scenario. With the move of the contract from Optus to Telstra, OPI Trust will go, and that is probably good news for everyone. As I said in a message to all members, Telstra is looking at a replacement for OPI Trust, so it is still running, and that is really in terms of the IT system for the whole of the electorate offices.

Specifically, in e-mail access, we are looking at moving to Webmail access through the web, but that does not allow access to the government Intranet. That still needs to be resolved.

To answer your question, there are certainly moves on foot to address those issues. Also, we would like to see in the new Help Desk contract desktop support contracts - recognition of the importance of e-mail to members in doing their business.

**Mr WOOD:** Just one more question there, Mr Chairman. The issue of Rolldata was brought up. It seems when it is brought up, Independents look like they are always receiving special privileges, but I do not think they are. We do have trouble with Rolldata. I am just wondering, now that we have an independent Electoral Commission, why an individual member cannot download direct from the Electoral Commission? After all, they must keep all that information themselves. Is there any way that individual members can just simply download the data, or is the cost that you are paying - the \$6000 - exactly that? Is that \$6000 going to the Electoral Commission for all that information already?

**Madam SPEAKER:** Mr Wood, there might be serious privacy problems in relation to downloading directly from the Electoral Commission – it might be hacking.

**Mr WOOD:** No, no, I did not mean that. Basically, with permission from the Electoral Commission, you could download that data, because they have that data available for themselves. Where else would Rolldata come from?

**Madam SPEAKER:** Yes, they do, but the roll data obviously comes from the Northern Territory Electoral Commission and also the Australian Electoral Commission. It would be quite difficult to do that. They provide the updates, as opposed to the actual access to the Electoral Commission's web site. I think that would be very difficult. I do not know. I will ask Ms Long.

**Ms LONG:** It is probably something for the Electoral Commission to answer. There is a privacy issue there at the moment. Those downloads are for just that particular member's electorate office, as you would be aware, Mr Wood.

**Mr WOOD:** Through the Chair, in the last election there was certain difficulty in getting an updated Rolldata at the last minute. We eventually got it, but it took some effort. It is, I suppose, one of the disadvantages of being an Independent; not being able to afford a different type of roll data system. I do not know whether that can, at least, be looked at by the department.

**Madam SPEAKER:** I would be happy to ask the Assembly staff to look into that for you, to see if we can get a more efficient service for Independent members.

**Ms LAWRIE:** I have a question. Madam Speaker, what overseas travel was taken by members in the last financial year, and could you let us know the extent of that travel and whether or not they took spouses?

**Madam SPEAKER:** Mr Chairman, I have a copy here of a list of all international travel which starts from 1999 onwards. I do not have one just for the last financial year. It is probably an interesting document in comparisons over the last few years, anyway. I would be happy to table this document. Do you wish me to indicate ...



**Ms LAWRIE:** If it answers my question, Madam Speaker, I am happy to see it.

**Madam SPEAKER:** Do you wish me to read out some of the things, or do you want me to just table the document?

**Ms LAWRIE:** If you are willing to table it, I will be willing to read it.

**Madam SPEAKER:** Yes, I am happy to table the document. Did you want all overseas travel including CPA?

**Ms LAWRIE:** Yes, including the CPA, yes.

**Madam SPEAKER:** Yes, I thought so. I table those also. Thank you.

**Dr LIM:** Just looking back to the electorate office total expenditure that was just tabled, Madam Speaker, I note that the former Speaker's employee expenses is something around \$3000. I am curious. I thought all our electorate officers were paid AO4, depending on the years of service. There is a huge variation in this list of expenses from \$63 000 for one office to \$83 000 in another. If they are all AO4, why is there such a high variation in employee expenses?

**Madam SPEAKER:** I understand, just from looking at that particular table, that it includes things like relief staff when people go on leave - if a person is on long-service leave, sick leave, all that sort of things. You would also be aware that, when there is a new electorate officer, if somebody is particularly experienced then you can, in fact, request the Speaker to look at whether that person can go immediately onto the higher rate of AO4. I imagine that is the key reasons for the variations.

**Dr LIM:** But it would still not be showing a difference of some \$20 000 in one year; that is not what I am curious about. I just wondered whether there are, again, some inequities in that some electorate officers are being underpaid and others are being well and truly overpaid. Even with long-service leave or sick leave, you would think that, on average, each electorate officer would have aggregated figures put together in an annual expense for electorate officers.

**Madam SPEAKER:** I am being given advice that it is as I have suggested; that is, variation according to how much people are paid originally in their experience on coming to the job, plus sick leave, people going on long-service leave and replacing staff. I suppose if someone goes on long-service leave for three months, then you have to replace them with someone for three months and that would, obviously, increase the cost.

**Dr LIM:** With members such as the member for Casuarina, being a minister, I would have thought that his goods and services would be a lot less than it would be for a basic backbencher.

**Ms LAWRIE:** Works pretty hard for his electorate.

**Madam SPEAKER:** I am sorry, which one is this? Casuarina.

**Dr LIM:** The member for Casuarina. \$25 000. Goods and services, \$25 800.

**Madam SPEAKER:** Can I just explain what goods and services are. I ask Ms Long to explain those things, because it is not obvious just from that table what that is.

**Ms LONG:** Basically, those goods and services for electorate offices are all those running costs that the Assembly pays for, such as toner and stationery which, as you know, is a fixed total amount. In some cases, for instance at Casuarina, there might have some been extra signage requested, but I will have to go back into the details to see what the difference is there.

**Dr LIM:** With property management, I was told most MLAs, on average, have 120 m<sup>2</sup> of floor space. If you look at it on that basis, the rental would be fairly even across the board. Is property management about rental or is it about other matters - and why is Greatorex \$186 only?

**Madam SPEAKER:** Mr Schoolmeester.

**Mr SCHOOLMEESTER:** Yes, the property management there is not rental; it is the outgoings on the electorate office ...

**Dr LIM:** So, I am the cheapest office in the whole of the Territory - \$186? Unbelievable!

**Mr SCHOOLMEESTER:** That does not include the lease cost. In some cases, the lease cost includes the electricity, the car parks. That is the incidental cost to the lease cost. The lease costs are covered through DCIS Property Management, but there are outgoing costs that we pay directly, and that depends on the ...

**Dr LIM:** I am one of the cheapest members to keep.

**Madam SPEAKER:** Congratulations, Dr Lim.

**Ms LAWRIE:** Really? You want to look at this overseas travel when you say that!

**Ms CARNEY:** Mr Chairman, the member for Karama has been throwing one-liners pretty much since we started. I simply ask that you note it. It is going to be a long four days. Could you take appropriate action when you deem it necessary?

**Mr CHAIRMAN:** Member for Araluen, I am in the Chair and I notice things, do not worry. Thanks for your advice.

**Ms CARNEY:** I simply ask that you ...

**Mr CHAIRMAN:** You get on with your questions and let me run the show.

**Ms CARNEY:** I hope you are not going to get into any bullying, Mr Chairman. I certainly would be very disappointed if you did.

**Mr CHAIRMAN:** I am a man of great tolerance, member for Araluen. Please continue.

**Ms CARNEY:** In any event, perhaps the member for Karama may note our comments. In relation to the property management ...

**Ms LAWRIE:** I always note your comments, Jodeen.

**Ms CARNEY:** ... I note that - and Dr Lim has referred to it - his property management figure is \$186 or thereabouts. Interestingly, the member for Sanderson's figure is \$20 000. That is an extraordinary difference.

Madam Speaker, could you advise me what is the reason for that sort of variation. I am simply singling out the member for Greatorex and the member for Sanderson because one is at the lower end and one is at the higher end. There is a range in the middle, but \$20 000 is enormous, based on those figures. Can you explain why that is the case?

**Madam SPEAKER:** I think that Mr Schoolmeester actually gave some answer before about this. It is about whether or not the power is included in the costs or not. I will just pass back to Mr Schoolmeester.

**Mr SCHOOLMEESTER:** Yes, with some electorate offices, the power is included in the rental and cannot be broken up. With some offices, the car parks are included and for others there are general facility charges. Basically, there is another charge, which is the rental so, although you might have the lowest property management in outgoings, it could be the highest in the actual rental on the property.

**Ms CARNEY:** Of course, rental is not included in these figures? Okay.

**Mr SCHOOLMEESTER:** No, these are just the outgoings.

**Ms CARNEY:** Yes. Okay, thank you. That is very interesting. That completes my questions for this. I do not know if anyone else has any.

**Dr LIM:** Mr Chairman, just referring to a tabled paper that has just come to my notice, Members' Overseas Travel. This is not about the last 12 months. In fact, it is about 1999 onwards because I noticed Mr Poole's name in there. I was quite curious. Why are we tabling a paper that has no relevance to the current budget estimate? Why are we going back some six years?

**Mr CHAIRMAN:** Is this a question for the Speaker, member for Greatorex?

**Dr LIM:** Yes, it is a question for the Speaker.

**Madam SPEAKER:** Mr Chairman, when I tabled the paper, I indicated that was the only list that I had in relation to overseas travel, which includes travel most recently. I believe it was produced by the Assembly as a comparison with previous years so that, if members were interested, could see the level of travel that happened in the past and compare it with the current situation.

**Dr LIM:** Interestingly, Madam Speaker, this list does not include any of the current sitting members or the sitting members of the term 2001 to 2004. It is not all of them. That is highly out of order, Madam Speaker, for you to do this, because this is just a ridiculous tabled document that has no bearing on our estimates - absolutely none.

**Mr CHAIRMAN:** Is that a question, member for Greatorex?

**Dr LIM:** It is a reprimand and I take offence to that.

**Mr CHAIRMAN:** Member for Greatorex!

**Dr LIM:** We are here ...

**Mr CHAIRMAN:** Member for Greatorex, please!

**Dr LIM:** We are here, Mr Chairman, to interrogate the Budget for 2005-06, and here I have a document tabled under the title of *Legislative Assembly of the Northern Territory Estimates Committee 2005 Members' Overseas Travel, Remuneration Tribunal Determination 1999 Onwards*, listing names of members who were non-existent in this last term of this parliament. That is highly inappropriate!

**Mr CHAIRMAN:** Member for Greatorex, it is not the role of this committee to reprimand any ministers.

**Dr LIM:** Of course, it is!

**Mr CHAIRMAN:** No, it is not. The role of this committee is to interrogate the public account of the estimates. If you have comments relating to the estimates, fine, but we are not sitting here reprimanding ministers; it is not the role of this committee. Do you have a question for the Speaker?

**Dr LIM:** The question is: where is the list for the last term of office? Table that.

**Ms LAWRIE:** Maybe you might want to read it out, Madam Speaker, to clarify it?

**Dr LIM:** No. Table it.

**Madam SPEAKER:** I understand, Mr Chairman, that the question that I was asked by Ms Lawrie was, in fact, to compare the overseas travel with previous years. The only documents I have in relation to overseas travel, which includes overseas travel of current members is, in fact, these two documents. I was simply tabling the documents as I had them, and I indicated at the time that it went from 1999 onwards.

**Mr MILLS:** Mr Chairman, I notice that there are members of government who have travelled overseas, CPA, that are not included on this list. I may not be looking properly, but I know those government members have travelled overseas and they are not on this list. I am prepared to have that considered and then we will move on. I do not want to dwell on this, but it is just a little odd.

**Madam SPEAKER:** Legislative Assembly members are suggesting that this is correct. I will be happy to look and see whether or not there are any problems with the list. Obviously, the list has been provided to me as an accurate list. I do not personally go through and look at who has travelled and who has not.

**Mr MILLS:** I will make my inquiries and then report back.

**Dr LIM:** In fact, we know the member for Sanderson travelled to one of the islands in the South Pacific, Madam Speaker, and his name is not on the list.

**Mr CHAIRMAN:** Is there a question taken on notice, or are we having a bit of a dialogue?

**Madam SPEAKER:** I am quite happy to take it on notice to verify whether the list is accurate or not, and to update it if it is not accurate.

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**Question on Notice**

**Mr CHAIRMAN:** Would you please restate the question, member for Blain.

**Mr MILLS:** My understanding is that at least one government member has taken an overseas trip and it is not reflected on this list. Could that please be attended to?

**Mr CHAIRMAN:** Are you prepared to accept that question, Madam Speaker?

**Madam SPEAKER:** Certainly.

**Mr CHAIRMAN:** For the purposes of the record, I allocate No 1.6 to that particular question.

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**Mr CHAIRMAN:** Are there any further questions in regard to Output 1.2, Members and Clients Services? That being the case, that concludes consideration of Output 1.2.

**Output 1.3 - Building Management Services**

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

**Ms CARNEY:** Madam Speaker, in the 2004-05 budget, there was a key variation of about \$200 000 for repairs and maintenance. This year, the key variation is \$150 000. Given your opening statement, could you outline again for us - so that I can take some notes - what repairs and maintenance you predict will be required in 2005-06? The question I am getting at is: is \$150 000 likely to be enough?

**Madam SPEAKER:** Ms Carney, I will direct the question to Mr Horton to respond to.

**Captain HORTON:** The current funding for repairs and maintenance is based on the BAMS system. BAMS inspections are done on an annual basis, which forecast the total repairs and maintenance requirements. These are broken down into categories such as urgent minors for cyclical maintenance, and specific maintenance. The amount that we were advised was way above what we have been allocated for a number of years. On average, we have received about 30% to 40% of the recommended amount from the BAMS system. Within that amount that we have been allocated, we then set aside an amount for urgent minors, unforeseen maintenance requirements. We have, obviously, a routine maintenance system on the building and its equipment which is separated for cyclical maintenance, and the balance of that is allocated for specific maintenance requirements; that is, not new works but to provide works to existing equipment to keep them operational and in good shape.

Over the years, as I said before, this has not been funded to the full amount; therefore, we prioritise those specific maintenance requirements on a needs basis in order to maintain the equipment. More recently, we have raised the issue following an inspection of the structure of the building, and have sought additional funding to meet those requirements.

This was a survey that was done on the roof and the structure of the building which highlighted significant funding requirements over the next 10 years. Following that inspection, the BAMS inspectors had a look at the issue. There was some immediate maintenance required this year, which has been achieved on the roof and potential leaking areas. That was done this year - or last year now.

There was an allocation or expectation that we would need something in the order of \$400 000 to make good the work that was recommended by the independent report. The inspection by DIPE officers estimated that, with an increase of \$150 000, we could actually do sufficient works on those to make good. Therefore, we were not funded to the full amount of the report. Therefore, that means this year we will be able to do substantial work on some of those areas that have been identified and then, of course, after that it will then flow onto the outer years.

**Ms CARNEY:** Thank you. I understand that the difficulties with the roof are very significant, and that several million dollars will be required in order to fix it. Firstly, is that the case?

**Captain HORTON:** The advice given by the professional engineering report would indicate that, over a period of 10 years, that would be the case, yes. It is not only the roof; it is other areas. They looked at the fabrics, the paint, the condition of the exterior paint, things like tiling, seals in various areas, and so on and so forth. It is quite a comprehensive report that, over a period of time, we will require sufficient funding to make good.

**Ms CARNEY:** Can I ask whether you, Madam Speaker, are happy with attending to these repairs over a period of time, or do you have advice as to whether a one-off concentrated effort for repairing the roof and the other matters to which Captain Horton referred, might be preferable?

**Madam SPEAKER:** I do not actually have an opinion on that at this stage, Ms Carney. I will be taking advice from the department. It is going to be a question of what monies are going to be available, overall. If it seems to be urgent then, obviously, we will be approaching the Treasurer to look at extra funding.

**Ms CARNEY:** What were the costs of all security upgrades that occurred in the 2004-05 financial year? If you have them in tabulated form that would be helpful, obviously.

**Madam SPEAKER:** Ms Carney, are you referring to security upgrades in electorate offices?

**Ms CARNEY:** No, sorry, in Parliament House.

**Madam SPEAKER:** It is actually fairly complicated because it is mixed with upgrades in electorate offices as well.

**Ms CARNEY:** For convenience, if you have them in tabulated form, I am happy. If you are willing to table it all in one ...

**Madam SPEAKER:** Yes, it is a mixture of upgrades for security in electorate offices, and also of various other things not including security, such as refurbishing services at the Speaker's Corner Café and things like that. I am quite happy to ...

**Ms CARNEY:** But it does include security and I will be able to ...

**Madam SPEAKER:** It does. It has Parliament House up here. It has security recording cameras, intercom, electric lock to the Chamber. It may be easier to simply table the document, bearing in mind that it includes extra information, which would probably be of interest to you, anyway.

**Ms CARNEY:** I am, essentially, interested in Parliament House so that we can see how the security upgrades compare to the last year, although I note your comments in relation to a new scanner and so on for next year.

Just getting back to the Parliament House roof briefly. Do you understand that if it is not fixed, say, in the next 18 months to two years, then there is a risk that the entire roof will need to be replaced in about 10 years?

**Madam SPEAKER:** I do not actually have that understanding, but I will refer the question to Mr Horton.

**Captain HORTON:** I would not go as far as to say that the whole thing is going to fall in but, when you look at the report, there are areas where they have identified corrosion, dissimilar metals, salt air and the environment, which probably may not have been predicted in the construction of the building in the first 10 years. This report does give quite extensive - they have done laboratory testing on various components to show that there are areas of corrosion which will need remedial action. As I said before, some of that has already been done - replacement of seals on level 6 - and there are various sections that will need, over a period of time, to be addressed subject to the funding available.

**Ms CARNEY:** Okay. It is not the case that, unless work is undertaken in the next 18 months to two years that it is likely that, in 10 years time, the entire roof will need to be replaced?

**Captain HORTON:** You have to base this on an engineering report and balance it against what the BAMS inspection does. DIPE is well aware of this work. They actually commissioned this organisation to do the survey and, of course, like most reports, there is a recommendation there of what should be done in Year 1, Year 3 right through to Year 10. How that is managed is a matter for us and DIPE to work out the best course of action to ensure that we can keep the building operational.

**Ms CARNEY:** Thank you.

**Madam SPEAKER:** Mr Chairman, may I just table a further document relating to security as an extra table that was not on the sheet before, with the X-ray scanner and the walk-through metal detector?

**Mr CHAIRMAN:** Certainly, Madam Speaker.

**Ms CARNEY:** While that is being done, I will move to another topic. How many functions were held at Parliament House in 2004-05, and how did that compare with the preceding year?

**Mr CHAIRMAN:** Member for Araluen, are you sure that relates to the output that we are on now, Building Management Services?

**Ms CARNEY:** In fact, a good question, Mr Chairman. I am happy to be guided by you. I have thought about this, and I am happy to ask it in non-output questions. I put it in 1.3 because the description on page 45 is:

*Provision of a secure, safe and well-maintained building and precinct to facilitate the operation of the parliament and the activities of members of the Legislative Assembly and other clients.*

Therefore, I thought on that basis it was probably best in this section because, of course, all functions do or should assist with the activities of members. If Madam Speaker is happy to take them, I am grateful.

**Madam SPEAKER:** I am happy to do that, Mr Chairman. I have the information.

**Mr CHAIRMAN:** All right.

**Ms CARNEY:** Thank you, Madam Speaker. I will repeat the question. How many functions were held at Parliament House in 2004-05, and how did it compare with the preceding year?

**Madam SPEAKER:** A total of 517 functions were held in Parliament House in 2004-05. Of these, 152 were fully-hosted functions by Protocol and 358 were other functions. This latter category includes bookings for function rooms in Parliament House, which includes administrative meetings, seminars and conferences, committee meetings and media conferences etcetera. The details are: 123 sponsored functions; 31 wedding ceremonies or photos; 33 committee meetings; eight parliamentary sittings; 58 government agencies; five Commonwealth Parliamentary hearings; and 106 other type of functions.

**Ms CARNEY:** How many of those can be called government functions?

**Madam SPEAKER:** I believe the 152 hosted functions by Protocol would probably be government functions - yes, sponsored by a minister.

**Ms CARNEY:** I see. What was the cost to the Assembly of those government functions or sponsored functions?

**Madam SPEAKER:** The cost is actually borne by the ministers. That question should be directed to the Chief Minister. It is only the cost of the Legislative Assembly booking the rooms, as I understand it. I defer to Mr Horton.

**Captain HORTON:** We have a responsibility to provide the facility for a sponsored function. In that respect, that would be provision of any additional security, which we would do if it was necessary. Obviously, we provide the airconditioning to make sure the facility that is being used is appropriately airconditioned. We normally have one of our staff members on-site should there be a requirement during the running of the function for something to be dealt with; whether it be a security matter, an airconditioning breakdown or whatever, we have someone on-site. Those costs are built into our budget.

**Ms CARNEY:** Thank you. I asked in that question how it compared with the preceding year. Perhaps we can narrow it down, given time constraints: of the 152 government sponsored functions, how did that compare with the 2003-04 year?

**Madam SPEAKER:** In 2003-04, there were 157 Protocol-hosted hospitality functions, and in 2004-05 there were 152.

**Ms CARNEY:** Thank you. Last year, at estimates, your predecessor gave some details of the number of hours at functions. She advised that, in 2003-04, there were 1509 hours. Can you advise how many hours of functions there were in 2004-05?

**Madam SPEAKER:** I have lists here of every single type of function with different details.

**Ms CARNEY:** That actually may save us some time, Madam Speaker, because I was going to ask you to table the function listings: what they were, who hosted them and the purpose for each one. So I thank you for that.

**Madam SPEAKER:** I have listed Protocol-hosted functions, sponsors of functions, the total of sponsored functions, sponsored media conferences and the hours attached to that and so on.

**Ms CARNEY:** That would be great.

**Madam SPEAKER:** I am happy to table that.

**Ms CARNEY:** Madam Speaker, does that also include the functions held by the Speaker?

**Madam SPEAKER:** I believe so, yes, it does.

**Ms CARNEY:** Thank you. Mr Chairman, that concludes my questions for this output area. I have indicated I have some, but not terribly many, for non-specific output areas.

**Mr CHAIRMAN:** Do any other committee members have any questions in relation to Output 1.3, Building Management Services?

**Mr MILLS:** Yes, Mr Chairman, a question to you first. What time are we finishing this section since we did not start at 8.30?

**Mr CHAIRMAN:** No, we started at 8.37 am roundabouts, so we will finish seven minutes later than the schedule.

**Mr MILLS:** Okay. Regarding the use of electricity for this building, I would presume that there would be a meter outside of the building as there is outside of a house, and you can tell how much power has been consumed by the operations within this building - is that correct?

**Madam SPEAKER:** Mr Schoolmeester.

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

**Mr MILLS:** Is the power that is consumed for the operation of this building able to be divided into the different areas - say, level 4, Leader of the Opposition's Office, Level 5, the running of parliament. Can it be broken into its different components or is it just one lump amount?

**Mr SCHOOLMEESTER:** I am not sure. I believe it is one lump amount.

**Mr MILLS:** All right, I will take the lump amount then. Do you have the amount of power that has been consumed in the operation of this building since 2001, year by year?

**Madam SPEAKER:** I have the details for 2003-04 and 2004-05, but not for years prior to that.

**Mr MILLS:** All right. Is it available?

**Madam SPEAKER:** Would you like this information, then we can get you that other information on notice?

**Mr MILLS:** Yes, please.

**Madam SPEAKER:** Certainly. In 2003-04, the cost was \$560 430, and for 2004-05 it is \$615 066.

**Mr MILLS:** Right.

**Madam SPEAKER:** So you would like 2002 and 2001? Is that correct?

**Mr MILLS:** That is right.

**Madam SPEAKER:** I am happy to take that on board.

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**Question on Notice**

**Mr CHAIRMAN:** Could you please restate your question, member for Blain?

**Mr MILLS:** I request the details on power consumption for this building for 2001 up to the present time.

**Mr CHAIRMAN:** Are you prepared to take the question on notice, Madam Speaker?

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

**Mr CHAIRMAN:** For the purpose of the record, I allocate that No 1.7. Please continue.

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**Mr MILLS:** The information that is provided, is it the actual power consumed plus the cost of paying for that consumption?

**Madam SPEAKER:** I am afraid I do not know. I will ask Mr Schoolmeester.

**Mr SCHOOLMEESTER:** Power - what ...

**Mr MILLS:** I have the two parts. What is the bill? And how much power was used?

**Mr SCHOOLMEESTER:** We can get that.

**Mr MILLS:** I would like those two elements.

**Captain HORTON:** Kilowatts?

**Mr MILLS:** Kilowatts, yes.

**Madam SPEAKER:** All right. I am happy to take that on notice.

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**Question on Notice**

**Mr CHAIRMAN:** Member for Blain, would you please restate that question?

**Mr MILLS:** I request the information provided be in two components; one, the amount of power consumed and, secondly, the cost of the power bill.

**Mr CHAIRMAN:** Are you prepared to take the question on notice, Madam Speaker?

**Madam SPEAKER:** Yes.

**Mr CHAIRMAN:** For the purpose of the record, I allocate that question No 1.8.

**Madam SPEAKER:** Is that not just an addendum to 1.7?

**Mr CHAIRMAN:** It is two separate questions.

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**Mr CHAIRMAN:** Are there any further questions in regard to that output?

**Mr WOOD:** The opposition has covered a number of questions I had prepared, but I have some other questions through you, Mr Chairman.



Madam Speaker, your department is developing a ground and landscaping policy for the precinct. Has that policy been completed? Does it include, perhaps, instead of contracting, a permanent person looking after the grounds and landscaping policy as part of the staff of the Assembly?

**Madam SPEAKER:** Mr Horton.

**Captain HORTON:** A draft landscape management plan has been developed. Unfortunately, it was completed just about the same time the election was called; therefore, at this stage, it has not been submitted to Madam Speaker. More importantly, it has not been brought to the House Committee for consideration. We expect that will happen over the next couple of months, at the first opportunity.

In developing that plan, it is quite evident that when you look at the precinct and the surrounding areas, we are looking at quite a vast area of the CBD of Darwin. One of the recommendations is to actually engage other land users and owners in the area to seek a policy for the entire area and, also, apart from landscaping and upgrading, where necessary to look at a maintenance policy. In addition to that, one of the recommendations is also to look at declaring the area as a heritage precinct.

That paper is in draft form. Madam Speaker has not commented on it yet, and it would be a matter for the House Committee to consider that in the near future.

**Mr WOOD:** One further question, Mr Chairman. I believe you touched on this already because you were talking about the state of the building, Madam Speaker. The agency instigated a system of condition reports on key areas. Is that what you were referring to previously when you talked about the state of the roof etcetera?

**Madam SPEAKER:** Yes, I believe so. Mr Horton.

**Captain HORTON:** Yes. In the struggle to develop an asset management plan, which was going to be extremely time-consuming, we have embarked on a series of technical audits, as previously mentioned. The one that is the key one, of course, was the building structure and the building itself.

We have also looked at other areas. Just recently, we completed the security audit. The technical systems was done about a month or so ago, and we are still awaiting the outcome of that report which was done by an outside consultant.

We have also looked at the sound and vision system, and those things. There are other areas, such as some of the machinery and plant, things like airconditioning and so on, that we are progressing. We consider that all of these technical audits will actually, in the longer term, complement what we call a proper management asset plan for the building.

**Mr WOOD:** Would those reports, when they are completed, be available to members and the public to look at?

**Captain HORTON:** Yes, there is no reason why they should not be.

**Mr WOOD:** I have a final question here and it, presumably, comes under this 1.3. A range of cost-saving projects were identified. These projects were to be concluded in the 2004-05 financial year. Have those cost savings been identified and what savings have been identified?

**Captain HORTON:** We set up a group within the agency called the Quality Management Group. They met on a fairly frequent basis trying to find cost-saving measures across the department as a whole. In our first - I think it was last year - we had \$200 000 in recurring costs savings. We continue to do that but, unfortunately in some areas, we have actually dried up. We have run out of ideas of how to save money. The group is still active and, wherever we can, we continue to seek better ways of doing business or make economies.

**Mr WOOD:** Thank you, Madam Speaker. Thank you, Mr Chairman. That is all the questions I have.

**Mr CHAIRMAN:** Are there any further questions from the committee in regard to that output? That being the case that concludes consideration of this output group.

### Non-Output Specific Budget-Related Questions

**Mr CHAIRMAN:** Are there any other non-output specific budget-related questions?

**Ms CARNEY:** Mr Chairman, as indicated, I do have several and probably will not get through all of them.

Madam Speaker, how much has been spent on consultancies in the last 12 months? What were those consultancies? What was the cost? How does this compare with the preceding 12 months?

**Madam SPEAKER:** In 2004-05, there was one consultancy for SSA Global Technologies. The amount was for \$6832.73. The reason was an IT consultant output reporting for NT Treasury with nil cost to the Legislative Assembly.

The cost of the consultancy report on the building was met by DIPE from their management fees and the cost of the security review is going to be met by DCM Strategic Audit Services.

**Ms CARNEY:** Thank you. Was any legal advice obtained by the Assembly in the last 12 months? If so, can you provide details of what advice was obtained: was it in respect of members; if so, which member or members; whether the advice was oral or in writing; and any other details?

**Madam SPEAKER:** I am advised there were no legal costs in the last 12 months.

**Ms CARNEY:** Were any pieces of equipment or other items lost or stolen in 2004-05, and if so, can you detail what items they were and the approximate costs of same?

**Madam SPEAKER:** I am advised that there was no Legislative Assembly equipment or items lost or stolen in the last 12 months.

**Ms CARNEY:** Lost or stolen, thank you. How much of the Legislative Assembly's revenue can be, or is attributed to, interagency transfers? How much of the agency's purchase of goods and services can be attributed to interagency transfers?

**Madam SPEAKER:** Do we actually have the information anywhere? We have to take that question on notice, Ms Carney.

**Ms CARNEY:** Okay. I need to repeat that question.

**Mr CHAIRMAN:** Yes, please do.

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### Question on Notice

**Ms CARNEY:** How much of the Legislative Assembly's revenue can be attributed to interagency transfers and how much of the agency's - that is the Legislative Assembly's - purchase of goods and services can be attributed to interagency transfers?

**Mr CHAIRMAN:** Are you prepared to take that question on notice, Madam Speaker?

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

**Mr CHAIRMAN:** For the purpose of the record, I will allocate that question No 1.9.

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**Ms CARNEY:** A complementary or a similar one: can you detail interagency transfers for Legislative Assembly and how they are dealt with in the Legislative Assembly's expenditure contained in Budget Paper No 3 for 2005-06?

**Madam SPEAKER:** Mr Schoolmeester.

**Mr SCHOOLMEESTER:** The expenditure is not specifically earmarked as inter-department transfers; it is shown at its full cost in our accounts. It is part of the general expenditure for the Legislative Assembly. There is no breakdown of – we will have to actually extract reports to get the amounts paid to

inter-government agencies. It is included in our normal expenditure, so it is just reflected within the total accounts.

**Ms CARNEY:** Okay. But you said that you could extract the information from the other agencies. May I ask that you do that, please?

**Mr SCHOOLMEESTER:** Yes.

**Madam SPEAKER:** We shall attempt to do that, Ms Carney, so we are taking that on notice as well.

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#### Question on Notice

**Mr CHAIRMAN:** That is a question on notice. Member for Araluen, would you please repeat the question?

**Ms CARNEY:** Can you extract and provide the details in relation to inter-agency transfers for the Legislative Assembly, and detail how they are dealt with in the Legislative Assembly's expenditure?

**Mr CHAIRMAN:** Are you prepared to take that question on notice?

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

**Mr CHAIRMAN:** For the purposes of the record, I allocate that question No 1.10.

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**Ms CARNEY:** What services does DCIS provide to the Legislative Assembly, and what is the cost of such services?

**Madam SPEAKER:** Mr Schoolmeester.

**Mr SCHOOLMEESTER:** The cost of the DCIS service charges is in the back. It is about ...

**Ms CARNEY:** Sorry, in the back of?

**Mr SCHOOLMEESTER:** It is in the Portfolio Budget Statement. In 2004-05, the revised budget was \$1.12m. It is on the second bottom line.

**Ms CARNEY:** Sorry, of which table? There are several at the back.

**Mr SCHOOLMEESTER:** The second one back.

**Ms CARNEY:** Second one back.

**Mr SCHOOLMEESTER:** Yes, \$1.12m for DCIS was for the property management charges. That is in relation to the electorate offices. There was a further \$607 000 for all other related services, which includes payroll, accounts receivable, accounts payable, asset management. It is the raft of DCIS services but it, basically, is the transaction processing charges for us.

**Ms CARNEY:** Right. Do all of the services that DCIS provide come from the DCIS budget or the Assembly's budget, or is it different for particular things?

**Madam SPEAKER:** Mr Schoolmeester.

**Mr SCHOOLMEESTER:** There is a revenue figure in the accounts, in the Financial Statements, that matches the amount we pay to DCIS. We get the money, the revenue, in, and we get an expenditure out, so it is a notional costing.

**Ms CARNEY:** Okay.

**Mr SCHOOLMEESTER:** We received \$1.7m revenue.

**Ms CARNEY:** Thank you.

**Mr CHAIRMAN:** We have run out of time, ladies and gentlemen. On behalf of the committee, I would like to thank Madam Speaker for attending, and thank officers from the Department of the Legislative Assembly who have provided advice to Madam Speaker today.

**Madam SPEAKER:** Thank you, Mr Chairman. I would like to thank the Clerk, the Deputy Clerk, Ms Long and Mr Schoolmeester. In five days, you really cannot know enough to answer these questions.

**Ms CARNEY:** Tell me about it!

**Madam SPEAKER:** I appreciate their assistance.

**Mr CHAIRMAN:** The committee will now take a five minute break while we accommodate the changeover.

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The committee suspended.

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### TREASURER

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

**Mr STIRLING:** Thank you, Mr Chairman. I have with me the Under Treasurer of the Northern Territory, Jennifer Prince, and other senior Treasury staff. Witnesses include Mr Peter Caldwell, the Deputy Under Treasurer; Mr Tony Stubbin, the Assistant Under Treasurer; Ms Jodie Kirkman, Senior Director Financial Analysis; Kathleen Robinson, Senior Director Budget Analysis; and Mr Craig Vukman, Senior Director Revenue. I will introduce other Treasury witnesses and ask them to come forward as individual output areas are dealt with including Mr John Montague, the Senior Director Funds Management, and Elizabeth Morris, Executive Director, Racing, Gaming and Licensing.

This is the fourth accrual budget presented by the government with agency information disaggregated by output classification. The presentation of financial information in the budget papers is very largely consistent with the approach taken in previous budgets to facilitate comparisons. However, we do continue the process of refining the presentation of content to enhance transparency and usability of the information.

Budget Paper No 2 tends to be the budget paper that Treasurers use in analysing and comparing budgets with other jurisdictions, so it is more technical in financial content than the other books. It is an important book. As well as including the consolidated financial statements, it has an overview of the fiscal strategy underlying the budget. It also contains an analysis of the government's current financial position and outlook, and includes chapters on the Northern Territory economy, the budget initiatives, Northern Territory own source revenue, revenue from the Australian government, and commercial issues impacting on government finances. The financial information in Budget Paper No 2 is presented according to the rules of uniform presentation framework for government financial statistics. It is in a consolidated form so as to eliminate any double counting of transactions between agencies.

Budget Paper No 3 presents the budget, disaggregated by agency, for all agencies subject to the *Financial Management Act*. A number of agencies have continued to refine their output groupings and the associated performance information. As I said last year, I expect this process to continue for several years, with this information becoming progressively better in reflecting agencies' performance. This year it was agreed that the inclusion of unit cost data would not be mandatory. It was concluded that the unit cost data was not relevant for most outputs because of the high level of aggregation included in most outputs. For those outputs where the services are largely uniform, such as many of the Education outputs, the unit cost measure has been maintained. This development is similar to what has happened in other jurisdictions. Treasury will work with agencies again during the year to improve this aspect of the budget presentation for next year.

Presentation of information in Budget Paper No 4 relates to the government's capital works and infrastructure expenditure and, as Treasurer, I will address a number of issues from a whole-of-government perspective. These include financial and accounting policy notices applying to the 2005-06 budget; the *Fiscal Integrity and Transparency Act* including financial statements for the general government and non-financial public sectors; the fiscal strategy parameters used in developing the budget, both financial and economic; whole-of-government financial issues; employees' superannuation liabilities; Territory

revenue paid into the Central Holding Authority, including taxes, royalties and GST revenue; revenue measures in the 2005-06 budget; community service applications and dividends policy; procurement policy; and the overall infrastructure program.

In addition, I will also answer any question in relation to enterprise bargaining agreements as they affect financial management. Portfolio ministers can answer questions in relation to the specific work conditions of EBAs.

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

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

**Mr CHAIRMAN:** Are there any questions in relation to that statement?

**Mr MILLS:** Yes, there are, Mr Chairman. Thank you, Treasurer, and support staff.

In keeping with previous processes, I intend to look at the whole-of-government in a fair amount of detail, just so that we can do an analysis of the core issues that affect the Territory economy. The line items, for my sake, we do not need to attend to in great detail. However, we will spend most of our time looking at the core elements of the Territory economy. With that in mind, Mr Chairman, there may be other member for the PAC who are fixed on certain line items here and need to attend to those. I am saying that I am going to be spending a fair amount of time on the whole-of-government approach, as I have done in the last couple of years.

**Mr CHAIRMAN:** We will be looking at the whole-of-government approach first off.

**Mrs BRAHAM:** Mr Chairman, I wish to concentrate on the outputs for Territory Revenue, which is Output Group 1.0.

**Mr CHAIRMAN:** I am sure that we will have time to roll on to that.

**Mrs BRAHAM:** I really tend to look at the whole-of-government budget and fiscal strategies within those. I will be going down those lines 1.0, 1.1, and 1.2.

**Mr CHAIRMAN:** Certainly. It is structured it in such a way that we will get down there.

**Mr MILLS:** Okay. My first question then, Mr Chairman, is that ...

#### **OUTPUT GROUP 00.01 – WHOLE-OF-GOVERNMENT QUESTIONS – BUDGET AND FISCAL STRATEGIES**

**Mr CHAIRMAN:** I will open it up now. The committee will now consider Item 00.01 on the schedule, the whole-of-government questions budget fiscal strategies. Over to you, shadow Treasurer.

**Mr MILLS:** Thank you. Treasurer, what is the annual population growth projected to be over the next five years?

**Mr STIRLING:** We are coming off 1% for the last year. There have been seven consecutive quarters now of population growth; modest, but beginning to increase. I have just asked the Under Treasurer to give us those forward estimates.

**Ms PRINCE:** For the 2005-06 year, we have included in the forward estimates population growth of 1.1% and, over the forward estimates period, that falls to 1%. We have 0.8% in 2008-09.

**Mr MILLS:** Sorry, I have missed one. Could we go back to the beginning?

**Ms PRINCE:** 2005-06 - 1.1%; 2006-07 - 1%; 2007-08 - 1%; and 2008-09 - 0.8%.

**Mr MILLS:** Okay. What is the average population growth in the past 20 years? If you do not want to read this out, you could have that tabled.

**Mr STIRLING:** I will just go to the Under Treasurer, Mr Chairman, because it is going back a fair way. Have you got growth there?

**Ms PRINCE:** Mr Mills, I do not have in front of me the actual figure but, except for the period of the Defence build-up during 1995 to about 1997, the population growth has averaged about 1.5%. We can get those exact amounts for you for each year over the past 20 years if you want.

**Mr MILLS:** I would appreciate that. The reason I am looking at the population - and I will be moving to jobs growth - is because these are the core elements that demonstrate whether the Territory economy is growing or not. They are key indicators. For that reason, I would like to look now at the annual job growth that is projected over the next five years.

**Mr STIRLING:** Whether you take population or jobs growth, they are only two indicators of economic growth in the Northern Territory. There are any number of measures that you could use. The fact that you pick up on both population and jobs growth, like every other state and territory, we are obliged to take account of ABS statistics in relation to both of those figures. We very clearly know that there are considerable difficulties with the ABS Census of 2001, and we are continuing to put a lot of work in, between Treasury and ABS, with a view to improving the collection of the 2006 Census.

We know, for example - and we have said this at Estimates Committee before - that Wadeye was attributed with 1100 people. You have been there; other members of parliament have been there. The figure would probably be closer to 2500. When that was pointed out to ABS, they said: 'Fine, but we have a global figure for Australia. We are not going to increase the numbers in the Northern Territory. If you believe there are 2500 at Wadeye, you take that 1400 that you claim we have missed off Darwin and attribute it to Wadeye', which does not help us at all.

The other difficulties we have in relation to a population, at any point, and population movement between Census takes is the primary methods that ABS uses to capture population movement. A lot of that is around registration for Medicare purposes. If we have, as we generally assume, older retirees leaving the Territory and perhaps going to Queensland - which seems to be a destination preference for a lot of retirees in Australia - they would be quite assiduous in attending to personal details, particularly changing address and records for Medicare purposes. If you look at the movement into the Territory in construction, tourism and hospitality and those sorts of industries to which we attract a great number of employees, they tend to be much younger, more mobile, fit in mind and body and, probably, one of the last things on their mind is rushing along to the Medicare office to change their registration.

Therefore, we would be a nett loser in the principal means by which ABS measure population movement across states. Queensland, of course, is a nett winner. You see that in the statistics because, if there are older people and retirees moving there, they are picked up very quickly and a loss to the Territory. However, the gains we get are not necessarily a gain for us.

If we go to some of the difficulties also with our labour market and ABS month-to-month, the 2000-odd workers at Bechtel are not captured as part of the jobs in the Northern Territory. If you talk about jobs growth in the Northern Territory, there are 2000 sitting across the harbour who are not captured in the ABS statistics. Why is that? It is because of the methodology of ABS. I am not being critical of ABS; this is the methodology that is applied Australia-wide. However, if they go to where the Bechtel workers live - if they happen to get picked up in their monthly survey and they say: 'What's your address?' and the worker says: '10 Johnston Street, Townsville', that is where it goes. You and I would say that is a nonsense. That job is clearly in the Northern Territory; they are living and working over there. However, they are living and working on a fly-in/fly-out basis, and that is not their permanent home.

Similarly, there is fly-in/fly-out at the Alcan G3 project, which continues to grow. There are probably about 500 now and it will build to 1700 or 1800 into the future. Those fly-in/fly-out workers will not be captured. Alcan in the past, of course, moved some of its permanent employees to a fly-in/fly-out basis. Again, that is a loss to the Northern Territory.

If you are looking at growth in the Territory and you are relying solely on population and jobs growth, you get, potentially, a very misleading and distorted picture if we rely solely on ABS.

**Mr MILLS:** I accept your rationale. However, it would be a little easier to accept that if, in the event of ABS providing positive data that reflects well on government, you treated it with the same level of cynicism. The point is, I am not saying that these two elements – jobs growth and employment increase – are just two of a multitude; they are the key indicators of whether an economy is actually growing or not. Notwithstanding the comments that you made with regards to how sound these figures may be - we have had a discussion about that for some time - the question before was not on notice and recorded as such; that being the 20 years of population growth.

**Mr STIRLING:** No. We will get that answer ...

**Mr MILLS:** Previously, the Chair has been pretty strict on that.

**Mr STIRLING:** Sorry, Mr Chairman, let me make sure ...

**Mr CHAIRMAN:** Did you take that on notice?

**Mr STIRLING:** No, no. We will get that answer to you before this session finishes.

**Mr MILLS:** Fine. My apologies, Mr Chairman.

**Mr STIRLING:** Yes, we have someone looking at it.

**Mr MILLS:** You are right on the ball.

**Mr STIRLING:** It is just a matter of working out the average.

**Mr MILLS:** That is fine.

**Mr STIRLING:** I would not want that impression that I am cynical in relation to ABS. There are methodological problems here. They are bound by the methodology used nationally. It does not suit the Northern Territory; that is a problem. However, it is not a criticism of ABS.

**Mr MILLS:** No, I understand that, but the same methodologies would have applied when there was population and employment increase.

**Mr STIRLING:** Yes, probably always undercounted.

**Mr MILLS:** Whatever. We have a consistent trend, in spite of methodologies, which apparently have not changed.

**Mr STIRLING:** A consistent upward trend - seven consecutive quarters of population growth.

**Mr MILLS:** We could sieve through that and have a good look at it; whether it is actually people choosing to come and live in the Territory with their families or birth increase. That has a different economic bearing completely. However, that aside, the question that is before you is: what is the average annual job growth for the next five years?

**Mr STIRLING:** Yes, and we will give you that. There are other indicators ...

**Mr MILLS:** Of course, there are.

**Mr STIRLING:** ... such as for the last, probably nine months at least, the highest level of rates increased in car registration in Australia.

**Mr MILLS:** I could ask you that question perhaps later on.

**Mr STIRLING:** Does that indicate a falling population? Do figures like 25% and 30% increases in housing finance approvals, year to year, suggest a fall in population? I think not. Unit and housing construction are the highest in Australia. Everyone else in Australia is a negative over the last quarter. We are at the top of the tree by 25% and 30%. They are equally valid indicators.

Let us look at jobs growth. The other fundamental issue here with ABS is that they are measuring the number of employed that they find in this survey, not the number of jobs that are out there.

**Mr MILLS:** The question is: what is the projected job growth over the next five years?

**Mr STIRLING:** Yes.

**Mr MILLS:** Okay.

**Mr STIRLING:** Under Treasurer.

**Ms PRINCE:** Mr Mills, in our budget papers, we do not project employment growth, apart from the budget year coming. That has been our traditional practice for many years due to the volatility associated with the official statistics. Access Economics, however, do forecast jobs growth over the next five years, and their estimate for the five years to 2008-09 is at 1.9% average annual employment growth.

**Mr MILLS:** Over a total of five?

**Ms PRINCE:** Yes.

**Mr MILLS:** Okay, thank you.

**Ms PRINCE:** The annual growth in each of those years.

**Mr MILLS:** Thank you, Under Treasurer. Can you provide me with the last 20 years of employment or jobs growth?

**Mrs BRAHAM:** Is there any point in this, Mr Chairman, it seems to be taking a lot of time ...

**Mr MILLS:** Is there any point in it? Absolutely!

**Mrs BRAHAM:** ... looking backwards instead of forward.

**Mr CHAIRMAN:** Member for Braitling, the member for Blain is the opposition shadow Treasurer, and if this is where he wants to go, then it is up to him. It is his call. I am not going to stop him.

**Mr MILLS:** I am required, on behalf of the Territory community ...

**Mr CHAIRMAN:** Terry, you have the floor.

**Mrs BRAHAM:** I just want to get to some questions.

**Mr STIRLING:** Mr Chairman, I think we can settle this very quickly.

**Mr MILLS:** We have a fair amount of time, member for Braitling.

**Mr CHAIRMAN:** If you two would stop arguing across each other, you will get the answer.

**Mr STIRLING:** Mr Chairman, Mr Stubbin may well have the information. I believe he has located exactly what the member for Blain requires, albeit, perhaps not in the form, but it could be worked out.

**Mr STUBBIN:** On page 38 of the Northern Territory *Economy Book*, one of the budget related papers, there is a 20-year time series of ABS labour force data which shows employed persons and annual rates of change in those years. Regarding your earlier question on population, on page 20 of the same book, the population numbers and growth rates were also displayed there.

**Mr MILLS:** Righto.

**Ms Carney:** Has it been from 2?

**Mr STUBBIN:** Northern Territory *Economy Book*.

**Ms Carney:** *Economy*.

**Mr MILLS:** I would like to have a look at Budget Paper No 2, page 95. It shows employment and population growth to be very low. Do you agree with this, Treasurer? The forecasts appear to be very low.



**Mr STIRLING:** Coming off what we have had in the past, I would have thought that is a substantial turnaround. As I said, we had seven consecutive quarters of population growth. Jobs growth we know about. You are just another one that puts the odds - apart from car registrations, housing and unit approvals and the growth in non-residential construction - someone is doing all of this work. Presumably, they are real people doing these jobs. I have actually seen 1700 or 1800 of them at Bechtel at the time I visited there.

You have other indicators such as the ANZ Job Advertisement Survey monthly. They come out with figures in the high 20% – 28%, 29% and 30% growth in job advertisements month-to-month the year before. You could say that is flawed because some of those are readvertising. There was 28.9% growth in Territory job advertisements from the ANZ Bank to May 2005; the strongest growth in the nation by a long way. Sensis Business Index reports a nett balance of 24% of Territory business expects staff levels to increase in the three months to August 2005. There is a quarter of all the businesses out there saying they are going to increase staff in the next three months. Manpower, similar to Drake and ANZ, reports a nett balance of 26% of Territory businesses will employ additional staff during the September quarter 2005 ...

**Mr MILLS:** Mr Chairman, I would like to raise a point of order.

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

**Mr STIRLING:** Hang on. You want this information about jobs ...

**Mr MILLS:** From the budget papers ...

**Mr STIRLING:** Oh, you want this information about jobs?

**Mr MILLS:** ... your own summary from your own budget papers ...

**Mr STIRLING:** I am saying there are other indicators. Drake International forecasts ...

**Mr MILLS:** Of course, there are. I have accepted that there are other indicators, but we are scrutinising your budget and your budget papers, and the figures that are contained in this most important of documents. We are wandering fairly wide from the mark ...

**Mr CHAIRMAN:** Shadow Treasurer ...

**Mr MILLS:** ... and your figures are here. It is a waste of time.

**Mr CHAIRMAN:** Shadow Treasurer. It is up to the Treasurer to answer the question however ...

**Mr MILLS:** In the company of many witnesses, it is not reporting on ...

**Mr CHAIRMAN:** No, you asked the question, so give him the courtesy of providing the answer.

**Ms LAWRIE:** This is how it happens every estimates.

**Mr MILLS:** Give us the courtesy of an appropriate answer so that we can actually get through and do our job.

**Mr STIRLING:** I am just trying to ...

**Mr CHAIRMAN:** Please go ahead; you have the floor, Treasurer.

**Mr STIRLING:** ... show that there are other indicators ...

**Mr Mills:** Of course, there are other indicators.

**Mr STIRLING:** Drake International forecast for the June quarter 2005, that Territory employment would increase by 3211 - 3.8% - with 37.6% of growth in full-time jobs and 65.6% in casual jobs. Drakes expected to release its September quarter forecast in mid-July.

Buoyant labour market conditions, as reported by ANZ job ads, Sensis Business Index, Manpower, and Drake International have not been captured in official ABS statistics. In relation to what growth figures we

have in the budget papers, Treasury staff are conservative, by their nature, and we respect and appreciate that. They are conservative on a whole range of indicators, and it serves government very well.

If you rely on and have too high, for example, population increase figures in there, that leads to all manner of expectation, forecasts and estimates in relation to how much GST you might receive. If you match and put all that down into your forward estimates, and your population does not reach the figure that you assumed that, of course, leads to all sorts of difficulties, problems and complications in your forward estimates because you are not going to get the GST receipts that you have supposed. Far better to act, I guess, with some prudence and caution and overachieve in those sorts of areas which will give any government a measure of flexibility in receipts and revenue and the rest.

There are a number of indicators. If you rely solely on ABS, you do yourself a disservice and you certainly do the Northern Territory a disservice.

**Mr MILLS:** Thank you, Treasurer. Based on what you have just said and, rightfully so, that Treasury should be conservative, when they log here what have been the predictions and the estimates for year to year, I presume we are going to stick to these figures here. We are sticking to the parameters of the organisation that has oversighted the Territory population and employment growth.

What I am interested in though, based on that premise that we have a conservative approach to these important matters, what were your predictions, Treasurer, that line up with these employment indicators over the last three budgets? What did you predict in employment, and did you match them?

**Mr STIRLING:** Mr Chairman, while we source that, Mr Stubbin kindly provided that annual growth figure of 20 years. Employment growth over 20 years is at 2.2%, and Treasury is predicting 2% in 2005-06; Access Economics is predicting 2.3%, so it is within the ballpark of the 20-year average. It is very much in the ballpark. In fact, the 20-year average sits between Treasury and Access.

If you bear with us we will get the information here. I have forgotten the question.

**Ms CARNEY:** So have we by the time you finish your answers.

**Mr MILLS:** All right, here we go. I will ask it very specifically. Can you provide a table, Treasurer, comparing the original estimates with the actual budget outcome for the past four years - your estimates that you asserted when you made your big speech, and what actually happened as a result? Putting those policies in place, did it work?

**Mr STIRLING:** Mr Chairman, I will ask Mr Stubbin.

**Mr STUBBIN:** Mr Chairman, Mr Mills, we have a figure available here for the last year but, for the previous three or subsequent years, we would have to dig back. From memory, we have not forecast employment growth for many years at all; I think it is only the last few years. We can dig back as far as forecasts have been presented in the budget papers and provide those to you along with the outcomes, as reported by ABS.

**Mr MILLS:** That is what I am after: What you predicted and what actually resulted in both population and employment.

**Mr CHAIRMAN:** Are you prepared to take that on as a question on notice?

**Mr STIRLING:** No, because I suspect we will have that answer back very quickly.

**Mr MILLS:** Judging by the amount of time, Treasurer, that you took to explain that there are other indicators, it would have to be clear that, if we take employment and population growth, the policies applied by this government have not actually resulted in significant increase - they are not working.

**Mr STIRLING:** I find that an extraordinary statement, Mr Chairman. When we came to government in August 2001, and in the subsequent couple of years, things were tough, indeed. I think 2002 and 2003 were the worst years of negative population growth in the Northern Territory. However, it has turned around and it has now been seven consecutive quarters of population growth. I think we had four or five of negative prior to that. Modest it may be, but it is strengthening and heading in the right direction. I think we forecast 0.7% - or it might have even been 0.3% initially - and came in at 1%. If we can maintain 1%, 1.1% or 1.2% over the next few years, we will be well served.

In relation to jobs growth, it is there to see. Come out to Gove and have a look at the construction camp. They did not build that for no one. There are 400 people living in that construction site out there. There are 2000 here at Bechtel at its peak. I have been out there and seen workers all over the place. This is not imaginary stuff: the housing finance approvals that I have referred to, car registration increases – these are real people buying real houses, registering new cars and all indicating a quite buoyant economy and, certainly, a turnaround in population and labour market activity.

At some point – and we will continue to work with ABS – you would like to get more accuracy in and around those ABS month-to-month and annual figures. However, until they are persuaded by the federal government to change methodology, we are probably always going to be highly suspicious of ABS information, particularly in population and labour market.

**Mr MILLS:** Accepted. Once again, when there are favourable reports from ABS, treat them, please, with the same cynicism. It is actually a low forecast of 2% employment growth for 2005-06, but with the Alcan project falling over, Treasurer ...

**Mr STIRLING:** Goodness me! Falling over? Come out to my electorate and have a look at how this project has fallen over!

**Mr MILLS:** ... the trans-Territory pipeline component, which was attributed to providing 1000 additional jobs - now that we have received the news of last week, I presume that the employment figures will be downgraded to reflect that project? Yes or no?

**Mr STIRLING:** Let me just see what I have here. Look, Treasury would review everything, and estimates that were predicated on commencement of work for the trans-Territory pipeline. However, there are still some five or six months before the mid-year report comes down, and that is a long time in these situations. The announcement is already there that they are in intense negotiations with PNG. That gas has to get here somehow. It might be that it is not a pipeline west to east across the Territory, but a north/south. There is still going to be a considerable amount of work and, until those sorts of things become clearer, Treasury will follow these things closely and will revise any estimates that have been made.

The estimate here, just on the TTP alone, would probably push 2005-06 gross state product growth down to around 5.9% from 6.2%.

**Mr MILLS:** That is if the trans-Territory pipeline does not go ahead?

**Mr STIRLING:** Yes.

**Mr MILLS:** If it comes from Papua New Guinea, it is hardly going to benefit the Territory to that degree at all?

**Mr STIRLING:** Neither did Laminaria or Corallina in all of those years of offshore ...

**Mr MILLS:** No, we are talking about Wadeye and all the flow-on benefits that were ...

**Mr STIRLING:** Your former Treasurer used to come in and crow about GSP when there was very little onshore activity; in fact, things were very flat. But your GSP figure was quite healthy because you had a massive spike coming off a remote oil field. It meant nothing to the Territory onshore economy and similarly, when Laminaria/Corallina ...

**Mr MILLS:** I am sure this pipeline means a lot to Wadeye.

**Mr STIRLING:** ... wound right down in its production, it has the corresponding effect of distorting downwards GSP when, in fact, onshore economic and labour market conditions and the rest are quite buoyant. However, that is the effect that major projects such as these have on a relatively small economy.

**Mr MILLS:** In the last three years, there has been negative employment and population growth, barely moving ahead. Now it has been reviewed upwards for the next year, 2005-06, what is going to happen? How is this going to occur? What has given you this great confidence? Explain to me, please, how you predict such employment and population increase?

**Mr STIRLING:** We know tourism has rebounded strongly in the Northern Territory along with engineering, construction – both housing and non-residential - and major projects. We know, at the

completion of G3 gas - or no gas - there are 120 families who will be in permanent jobs there at the completion of that project. There may not be the number of permanent employees at Bechtel on completion - someone might know. They are firm indicators of permanent jobs going into the future. The commencement of the waterfront project - a massive project, over \$1bn to roll out over the next 10 years - will sustain, probably, in the order of 400 to 500 jobs for many years. These are people who are going to have to live here, buy houses and buy and register cars. All of these elements come into play. There is no argument, with the massive boost and injection that we have put into the Tourist Commission in the past few years, it has turned the tourism industry around, on the back of those external shocks that we had a couple of years ago. It is showing real robust activity, so why wouldn't you expect that level of activity and, indeed, some growth to continue to occur?

**Mr MILLS:** You have done the same for the last three budgets, Treasurer. How accurate have you been in predicting these buoyant trends, in fact? Not really?

**Mr STIRLING:** Have a look at what we forecast last year, and what did we get? What about the year before? We are still getting those figures. We know we exceeded our population estimate. We started with 0.3%, and we came in at 1.1%.

**Mr MILLS:** No, I am talking about what you asserted at the very beginning of the cycle and what actually resulted.

Anyway, I would like to talk now about our revenue capacity, Treasurer. Back in 2001, you looked ahead. Would you say that the Territory, in revenue, is much better off than expected?

**Mrs BRAHAM:** Mr Chairman, have we gone on to 1.0?

**Mr CHAIRMAN:** No, we are still on the ...

**Mrs BRAHAM:** I just heard 'Territory revenue'. I wish to ...I

**Mr CHAIRMAN:** It was in a global context.

**Mr STIRLING:** We will get these increases in receipts that are due entirely to GST. There is no doubt that, in the formative years of the GST and the establishment of accrual, it grew at a rate that probably surprised even the Commonwealth. Certainly, increased receipts over those first few years did exceed the estimates that everyone put around it. However, that growth in the GST will not be sustained over the longer period, and it is coming back. There is no doubt that the GST, in its first few years, exceeded expectations around what it might produce. The full cumulative benefit of GST, including 2005-06, now stands at \$425m, of which \$153m is 2005-06.

**Mr MILLS:** So, the answer to the question is, obviously, yes, far better off than expected - far better off. If we look at the increase in revenue, on one hand, we have not had significant gains in employment and population but, on the other hand, we have significant increase in revenue, when you forecast and set your policy in place from 2001. That is a massive increase in revenue, but little result.

**Mr STIRLING:** Where would the member for Blain like me to start? With a police force that was on its knees and could not staff stations right across the Northern Territory ...

**Mr MILLS:** I should not have let that door open up. I have another question, not really an answerable question.

**Mr STIRLING:** ... Education that was reeling, and the Health Department and hospitals were understaffed and under-resourced. Hundreds of millions of dollars went into Health to fix up what was a very sorry mess left by the former government. The police force did not have numbers or vehicles. It did not matter much that it did not have vehicles and resources, because it did not have cops to sit in the stations around the Northern Territory. It took \$75m just to get the police force back up to speed after a government that refused to recruit for years on end and refused to spend any money on its police. Education spending has increased by 22% over the time we have been in government.

There has been record capital works expenditure, year in year out, since the mini-budget of 2001. Not only that, but a capital works list that is cashed to over 65% of the items on the list; as opposed to when we came to office, our predecessors, the former government, could not cash those items coming off the previous year's list that did not get completed, and did not even have the cash to pay for the revote, let

alone the new items coming on to the list. It did not stop them announcing a wonderful capital works list for the new year. Nothing was ever done off that new list because they were still scrabbling around trying to get enough cash to fill the last year. Therefore, 2001-02, 2002-03, 2003-04, 2004-05, and 2005-06 are all record infrastructure capital works spends cashed to unprecedented levels in Northern Territory history.

**Dr Lim:** Thank God for the GST.

**Mr STIRLING:** The question was: what have you done with it or what difference has it made? I will tell you what difference it made: it got a construction industry off its knees and off its bum out of the Galleria where they were drinking coffee every day because they did not have a cement mixer to drive because there were no jobs. That is what that capital works investment did.

**Mr MILLS:** Thank you, Treasurer. What I am after is the change in revenue estimates from the original budget to the actual outcome in the last few years, specifically, from 2001 until 2005-06; that is, the revenue estimates and how they have changed from 2001 over the years to 2005-06. I am after two tables: one the total revenue, and the other one separately for GST-related receipts.

**Mr STIRLING:** That is easy. It is GST versus own source revenue projections against actuals?

**Mr MILLS:** Yes, your estimates from 2001 projected for ...

**Mr STIRLING:** Yes. We will get that for you.

**Mr MILLS:** ... and what actually was accounted.

**Mr STIRLING:** I will ask the Under Treasurer ; it may not be as simple as just two sets of figures.

**Mr CHAIRMAN:** So, will that be on notice?

**Mr STIRLING:** No, let us find out from the Under Treasurer.

**Ms PRINCE:** Mr Mills, we can do that table for you, but it is important to note that each year we revise our GST forecast for revised relativities that are updated by the Grants Commission and changed ABS population estimates. That is no change in policy but a change in the estimates. Therefore, if we provide you from the estimates that were included in the 2001-02 budget papers, using those estimates for subsequent years would not be reasonable because they would be changed by estimates that are outside our control. Therefore, I suggest we give to you the estimate for each one of those years that was made at the beginning of the year and then the end of the year, because I think you are looking for the change.

**Mr MILLS:** There would be two estimates?

**Ms PRINCE:** Yes.

**Mr MILLS:** Okay, I accept that.

**Ms PRINCE:** The beginning of the year and the end of the year. I believe it would not be reasonable to give you the estimates that were made in 2001 because of the annual update process that we need to go through.

**Mr MILLS:** Thank you, and I accept that.

**Ms LAWRIE:** Is the question on notice?

**Mr STIRLING:** No, there is no question on notice.

**Ms LAWRIE:** Under Treasurer, the timeliness of getting that response back - would it be during this session?

**Ms PRINCE:** We will certainly attempt to get it through this session.

**Mr STIRLING:** Anything that we have failed to get back, Mr Chairman, you can list on notice. I think that is the third item that we ...

**Mr CHAIRMAN:** You have not taken anything on notice.

**Mr STIRLING:** No, no. But there are a couple of things ...

**Ms LAWRIE:** Yes, you are right, Treasurer. Three so far.

**Mr STIRLING:** Two, one we found in the papers.

**Ms LAWRIE:** That is right.

**Mr MILLS:** Treasurer, do you accept that the huge increase in revenue capacity should have meant that the budget was not only in surplus now, as originally projected in November 2001 before the increase of financial capacity was known, but also there should not have been the need to go into deficit to fund the waterfront development?

**Mr STIRLING:** Mr Chairman, I do not accept that at all. The last few budgets clearly show that the needs in health, education, police, and tourism - which were reeling from those external factors anyway - all have had significant boosts in expenditure. Not because we said: 'We have lots of money, let us just throw it into there'. It is because these agencies were chronically underfunded in base terms - their actual base funding year on year was simply not enough. I recall Education running many millions over in the years leading up to 2001. Health could never make the bottom line, despite the best efforts of management, for one reason; that is, because the base was not sufficient to meet the service needs of that particular agency.

We make no excuse whatsoever for boosting the police as we have. The effectiveness is seen there in reducing crime rates and increasing safety for all Territorians. We will continue to work in Education to drive and improve outcomes. A very sorry picture still presents itself regarding indigenous education, where we are continuing now and redoubling our efforts to roll secondary education into remote Aboriginal areas, particularly those major communities that have already come on-line. An unforgivable aspect of the previous government's tenure was 'if you are black and you lived in the bush you did not get secondary education – sorry'.

**Dr LIM:** What a load of rubbish!

**Mr STIRLING:** What that meant, of course, was a huge ...

The member for Greatorox says that it is a load of rubbish, Mr Chairman. If he can tell me one remote community that was receiving proper secondary education prior to 2001, let him produce the community. Let him tell me the names of the students that got through to Year 12 in that remote community, and I will believe him. Not one, not one ever, until those couple of years ago when Kalkarindji produced those four students - the first four students ever to get Year 12, their NTCE, in their home community. Maningrida, last year, came on board and we will have a number of communities across the Territory this year.

We make no excuses for what we have done in those key service delivery agencies. They were chronically underfunded; we have brought them up to speed. Of course, part of our overall strategy is to provide sustainable service delivery levels. That means, of course, it is always going to be difficult to match community expectation. Community expectation will always exceed the level of service delivery that government can provide. However, we will continue on that front. If that means going into relatively modest deficit territory until 2008-09, we do not shy away from that at all.

I remind the member for Blain that, in the financial year 1999-2000 where I think it was a \$1m deficit was forecast by Treasurer Reed in the CLP government - and if he wants to know how estimates line up against outcomes, cop this one: 1999-2000, a \$1m deficit – outcome, \$275m. A \$275m deficit - \$275m added to nett debt of the Territory. Of course, the next year, the infamous year, 2000-01 year ...

**Ms CARNEY:** A point of order, Mr Chairman!

**Mr STIRLING:** ... where – well it is all about estimates and outcomes. Here is a bit of history.

**Ms CARNEY:** A point of order, Mr Chairman!

**Mr CHAIRMAN:** Treasurer, one moment, please. What is your point of order?

**Ms CARNEY:** Everyone is well aware of the Treasurer going on and on and on about matters that barely relate to the questions asked. If he has any respect for the estimates process - and, being a member of the Labor Party, I assume that he should - would he do us all the courtesy of reducing the time of his answers so that we can do the work for which we are paid?

**Mr CHAIRMAN:** There is no point of order, and your gratuitous remarks are not appreciated. Continue, Treasurer.

**Ms Carney:** His are not either, Mr Chairman.

**Mr CHAIRMAN:** Please continue, Treasurer.

**Mr STIRLING:** Mr Chairman, the question was along the lines of was it reasonable to go into deficit over the next few financial years, given what we have had in revenue - GST receipts, own revenue - to cover the up-front capital payments for the waterfront. What I am demonstrating is that history paints a very poor picture of our predecessors.

In 1999-2000, the forecast was a \$1m deficit; the outcome was a \$275m deficit. In 2000-01, the outcome was a \$12m deficit at best. At best, it would have made \$139m deficit. The Under Treasurer told us, within days of the election and coming to government, that the budget was in an unsustainable position, having been passed less than six weeks earlier by the Assembly. Therefore, when you talk about estimates and outcomes and deceit, it is all on that side, Mr Chairman.

**Mr MILLS:** I will not rise to that bait, Treasurer. We started with this: that in 2001, you looked ahead, saw all the issues that you have just described, set policy in place, and even envisaged a waterfront development. Unbeknown to you, you received an extra \$300m more than expected and, at that time, you chose a fiscal strategy that would reduce debt and we would not go into deficit. Unlike any other previous government, looking back, they never expected the GST to flow in this amount.

I want to get a better understanding, Treasurer, of the higher than expected increase in the Territory's financial capacity over the last few years. Is it correct that our financial capacity is now at least \$300m per year better off than was expected when Labor came to office? Yes or no, without the dissertation extra?

**Mr STIRLING:** No. No, it is simply not true, Mr Chairman.

**Mr MILLS:** Then what is it?

**Mr STIRLING:** This year, in 2005-06, what is termed the Blue Sky benefit from the introduction of the new tax system, is \$153m.

**Mr MILLS:** Is that standing from a vantage point of 2001 and looking ahead?

**Mr STIRLING:** That is the benefit in 2005-06 of the GST.

**Mr MILLS:** No, no. From the vantage point of 2001, when you looked ahead and calibrated your machinery, your fiscal strategies, is it \$300m more than you expected at that point in time when you said there would never be a deficit budget under Labor?

**Mr STIRLING:** Well ...

**Mr MILLS:** Not as it is reviewed from year to year - from the point when you embarked on this grand adventure.

**Mr CHAIRMAN:** I remind the shadow Treasurer that we do have a lot of questions and outputs to get through.

**Mr MILLS:** I accept that completely. You need to direct some of those comments across to the bloke on the other side there. They were fairly short questions.

**Ms LAWRIE:** Come on! He is just doing his role; you do not have to bark at him!

**Mr MILLS:** They are fairly short questions.

**Mr STIRLING:** Mr Chairman, could the member for Blain just run that past me again?

**Mr CHAIRMAN:** I would like him to run it past everyone again. Please, member for Blain, restate your question.

**Mr MILLS:** A better understanding, please, Treasurer, about the increased capacity of the Territory's financial capacity over the last few years: is it correct that our financial capacity is now at least \$300m per year better off than was expected when Labor first came to office?

**Mr STIRLING:** Answer: incorrect; no, that is not true.

**Mr MILLS:** What is it, then?

**Mr STIRLING:** Ask me year by year.

**Mr MILLS:** No, I am asking you: when you came to office in 2001, how much greater is it than you expected?

**Mr STIRLING:** I might ask the Under Treasurer to explain the intricacies between the guaranteed minimum amount, which the federal government said everyone would get until the GST pile grew beyond that guaranteed minimum amount. The guaranteed minimum amount is what you would have expected to get, had there been no change to the tax system. If the Under Treasurer could just take us through that.

**Ms PRINCE:** The guaranteed minimum amount has increased over and above what was expected in 2001. Every jurisdiction expects that that guaranteed minimum amount will be a changing figure, and it is changed ...

**Mr MILLS:** Changing upwards?

**Ms PRINCE:** It is changing by factors that are outside of the control of any of the states. It changes by the relativities that are revised by the Commonwealth Grants Commission annually and the population estimates for each jurisdiction. Those relativities are in place so that each state and territory has the financial capacity to provide standard services to its citizens. The Grants Commission works that out by using a five-year averaging process. The relativities for us will change very much by the economic circumstances in the other states.

In 2001, there was no way that anyone would have been able to predict how the relativities would have changed over the period between 2001 and 2005. It just so happened that, during that period, the Territory's relativity improved, largely because the own source revenues of the states had improved over that period. If their revenue goes up, then our relative share increases, so that we are in the same relative position.

In another five-year period, our relative position may well decline. That is why it is important to look at the benefit of the GST as being the difference between total GST revenues the Territory has received and the updated GMA, or guaranteed minimum amount estimate.

**Mr MILLS:** Thank you, Under Treasurer. The point I am making is that, in 2001, when this government set in place the policy regime, one of those was that they would not go into deficit. Also at the same time, they ...

**Mr STIRLING:** We were. We were in deficit, thanks to you blokes.

**Mr MILLS:** ... would not run a deficit budget. At the same time, you have received a significant increase in revenue, and you decided to change your fiscal strategy, and we are going into deficit. Going back to population and employment growth, it appears that your policy has not worked. That is the point: you have received an excessive amount of GST you never expected, and yet you have changed your fiscal strategy significantly, have you not?

**Mr STIRLING:** No, there has been no significant change to the fiscal strategy at all ...

**Mr MILLS:** Yes, there has.



**Mr STIRLING:** It is not significant. If we go to Budget Paper No 2, the three keys to the fiscal strategy: sustainable service provision is No 1, an absolute key to the population of the Northern Territory, and one that we have had to work very hard on due to the rundown nature of the base funding in those big agencies. Of course, it happened to be the big spending agencies of Education, Health and Police that were drastically underfunded. That is where we have had to put in considerable investment.

The second point in the Territory's fiscal strategy is investment in infrastructure, which has resulted in: November 2001 mini-budget, record capital works; and in 2002-03, 2003-04, 2004-05, and now 2005-06, continuing record high levels of infrastructure spending.

The third point in the fiscal strategy is the competitive tax environment that supports economic growth, such as now that we have the lowest taxing jurisdiction in Australia for small business and getting up toward medium business. Certainly, from July next year, it will be the lowest taxing jurisdiction for medium and small business.

That is the framework, I suppose, of the fiscal strategy. If we go in the estimates at the time of 3 May when this budget went down, it was an estimate of \$46m surplus for 2004-05; 2005-06 minus-\$68m; 2006-07 minus-\$53m; 2007-08 \$21m; and 2008-09 back to a balanced budget. Now you say: 'Whoa, hold the bus, you are adding to debt'. Let me remind you our cash outcomes over the last few years have been such, in a positive sense, that we have reduced overall a nett debt so that, by 2008-09, the eventual nett debt position will be no worse and, in fact, will be better, than that inherited by you spendthrift mob in August 2001 when we were going out the door backwards.

In the meantime, we will have contributed to a marvellous community asset in the convention centre, the hotel and the accommodation that is going to be built down on the waterfront, which is going to be a huge economic generator in its own sense. I have met people who bring these conventions to Darwin – I opened one a few months ago. She said: 'I am just run off my feet. I have three conventions in the next couple of weeks, 300 and 400 people. I just wish we had a bigger place to hold these conventions because I could have conventions of 800 and 1000 people and it would be so much better'. I said: 'Just wait until the waterfront is finished and you will be able to hold those conventions'. There is one convention operator that just cannot wait.

So in the end, nett debt – no change. In fact better, because ...

**Mr Mills:** I will not ask you to run that by me again ...

**Mr STIRLING:** Would you rather have \$1700m worth of debt ...

**Mr Mills:** I would rather have an answer to the questions that I am asking.

**Mr STIRLING:** ... in 2001 or \$1700m debt in 2008-09? I know what I would sooner have - \$1700m worth of debt in 2008-09 because it is going to be a lot easier to pay off.

**Mr MILLS:** Treasurer, you had accepted that we are in a significantly better-off position than you predicted in 2001. Is it closer to \$10m, \$100m or \$300m better off?

**Mr STIRLING:** In 2005-06, we are \$153m better off this financial year.

**Mr MILLS:** No, from the vantage point of 2001. That is when you are standing in 2001 it was ...

**Mr STIRLING:** I do not understand 'standing in 2001'.

**Mr MILLS:** From 2001, you looked ahead ...

**Mr STIRLING:** You asked the question: are we better off in 2005-06 as a result of the GST? Answer: yes. How much?: \$153m. I did not have a crystal ball in 2001.

**Mr MILLS:** Treasury might have predicted, forecast, what it may be.

**Mr STIRLING:** What would Treasury have said in 2001? I do not know. Have we got it here? Probably not.

**Mr MILLS:** Those figures are coming, so that table will come through and will show that. I will let you know, Treasurer.

The original fiscal strategy from the November 2001 mini-budget was to have a balanced general government cash budget by 2004-05. In 2003, with the move to accruals, an additional target of a general government operating balance by 2012-13 was adopted. The target of a balanced general government cash budget by 2004-05 was reiterated in the 2002-03 budget. Am I correct?

**Mr STIRLING:** Yes.

**Mr MILLS:** In the 2004-05 budget papers, it was announced that the achievement of a balanced budget will be deferred by five years, and the 2005-06 budget says that the 2005-06 fiscal strategy remains unchanged. Am I correct?

**Mr STIRLING:** Yes.

**Mr MILLS:** Treasurer, I suggest to you that, given that government has more resources now than expected, then the budget balancing date should have been sooner, not further out, and you are unable to manage public finances. Do you agree?

**Mr STIRLING:** Mr Chairman, I might go to Ms Kirkman to tell us just what the cash outcomes were. If we take the first year, you talk about the government being in deficit from August 2001. The estimate was probably \$139m deficit. We struggled and wrestled and did what we could, and we got that down to, I think, minus-\$83m at year's end. Therefore, it was a significant improvement on that which was estimated. The next financial year, we estimated - Jodie?

**Ms KIRKMAN:** I cannot remember the estimate there, about minus-\$30m.

**Mr STIRLING:** Yes, and came in positive \$9m. The next financial year?

**Ms KIRKMAN:** A deficit of \$24m.

**Mr CHAIRMAN:** Can I just ask you to identify yourself please for the record.

**Ms KIRKMAN:** Sorry, Jodie Kirkman, Senior Director Financial Analysis. In 2003-04, the projection was a cash deficit of \$24m with the outcome of a surplus of \$34m. In 2004-05, a balanced budget – that is a zero, so no surplus, no deficit. In the budget papers, we projected a \$46m outcome and we still think that would be around about right.

**Mr STIRLING:** Mr Chairman, the question was whether this is a government that can manage its finances. This is a government that has outperformed its own estimate in every year ...

**Mr MILLS:** Because of the GST. You never expected it.

**Mr STIRLING:** ... has outperformed its own estimate every year, as opposed to a government that said: '\$1m deficit - oh sorry, it is \$275m deficit' It said: 'A \$12m deficit - oh sorry, we left you with a \$139m deficit'. The record is there. We have produced surplus budgets, in a cash sense, each year in government.

The first exception will be 2005-06. Why? Because we are building the greatest piece of infrastructure that Darwin will have seen in a convention centre, a hotel, a beautiful waterfront precinct which will be the signature of Darwin. If we go into modest deficits for the next few years to cover our up-front capital contribution into that project, Darwin and the Territory will be that much better off, considering at the end we are in less real nett debt, in a real sense, than we were when we came in, when these blokes had been adding deficit on deficit on deficit - all finishing up on the bottom line of nett debt. We will be no worse than when we came into government in August 2001.

**Mr MILLS:** Okay. We have established that there was a significant and unexpected increase in revenue flowing into the Territory; that your fiscal strategy has changed, you have put the Territorians into further debt. At the same time, you have an unprecedented flow of revenue into the Territory and it has resulted in increase debt. I have seen that from ...

**Mr STIRLING:** Sorry, Mr Chairman ...

**Mr MILLS:** Page three - it is not a question.

**Mr STIRLING:** No, no, but it is an incorrect statement. It is a misleading statement before the committee ...

**Mr MILLS:** You made a fair few.

**Mr STIRLING:** ... that needs to be corrected; that is, that we have put the Territory into more debt. Not true! The nett debt position in 2008-09 will be the same as when we came to office in 2001. That is not an increase. In fact, we have improved nett debt in the time we have been in, and it will increase back up to the level of 2001 because of the waterfront. No increase.

**Mr MILLS:** In the Budget Paper No 2, page 3, a balanced budget in a cash sense is deferred 2008-09. I say 'deferred' because that was what was said in 2004-05 Budget. The 2005-06 Budget says the strategy is unchanged. Is that correct? Is it not also correct that the original strategy was to have a balanced budget from 2004-05?

**Mr STIRLING:** We will do better than a balanced budget in 2004-05; we will actually have a cash surplus. I do not know what the question is. Mr Chairman, I ask the Under Treasurer.

**Mr CHAIRMAN:** Yes, please, Under Treasurer, your response.

**Ms PRINCE:** Mr Mills, the fiscal strategy was revised in the 2004-05 Budget. What the budget papers say in 2005-06 is that the underlying strategy is unchanged, and there are some movements in three years for the effect of the waterfront. The budget papers clearly noted that the Territory's contribution to the waterfront had not been included in any of the forward estimates, simply because the nature of the negotiations had not been in any way concluded. Therefore, this year's budget papers deal with a fiscal strategy that is unchanged from 2004-05 but, for the period during which the community infrastructure and convention centre are being constructed, the outcomes for those years will vary because of the Territory's contribution to the waterfront.

**Dr LIM:** Which will take us into deficit?

**Ms PRINCE:** As outlined in the budget papers.

**Dr LIM:** Which will be taking us into deficit, so it contradicts the Treasurer's statement.

**Mr STIRLING:** It does not. I said we would go into deficit territory until 2008-09, when we balance the budget. The overall level of nett debt does not change between 2001, when we were elected, and 2008-09 because of the positive movement we have brought about in nett debt in the years that we have been in government. We are simply marginally adding back to where we were, but with a marvellous project and infrastructure.

**Mr MILLS:** Treasurer isn't it true to say that the Territory is now in a far better position in terms of receipts; that there has been an additional \$141.5m in 2005-06 alone – I see that from your own budget papers – and another \$91m reported in the budget in May 2004? Why is there a need to defer achieving a budget balance until 2008-09 in light of those significant increases?

**Mr STIRLING:** It simply goes back to the keys of the fiscal strategy that I outlined before. The first one of those was sustainable service delivery. By sustainable service delivery, we mean agencies that are budgeted in a fashion that they can reasonably expect to meet their bottom line and carry out all of those service duty obligations that they have. That was not the case in 2001. We might put a bottom line on this: we might get, in a cash and a percentage sense, just what this has meant in overall increase to Health, Police, Education and the Tourist Commission in those years. That is what it cost to get those services in a sustainable fashion. They were simply run down and they were not getting a decent baseline budget.

We do not have simply Education and Health. Health exceeds Education. I know Education is around 22%. Health is well in excess of that. Police and Tourism - I have a range of headings here which do not go to just the bottom line. However, that is what has had to be done to make sure those agencies are able to do their jobs properly.

**Mr MILLS:** The key point in all of this, the indicators of population and employment are not robust. There has been an unexpected and unprecedented flow of revenue into the Territory. Treasurer, if you

cannot achieve your fiscal targets when times are good, then how can you achieve fiscal targets when times are bad?

**Mr STIRLING:** Mr Chairman, we have exceeded, every year that we have been in government, the estimate that we put down at the time of the budget and the final outcome. I have no doubt that we will continue to exceed our bottom line into the future. We have forecast – what? – minus-\$68m this financial year. I will go he, willingly, if it does not come in well under that.

Regarding those percentage increases - and we are talking in Health and Education, the two largest agencies – there is in excess of \$500m of expenditure. Health has increased 43%. That is a measure of how unsustainable their base budget was. Police is 38% and we well know how badly off the police were. Education is 22%. They are massive increases over that three or four year period, massive increases. We had to because these were agencies that could not fulfil the normal functions that were required of them within the budget that was given to them.

**Mr MILLS:** Do you expect the rate of GST revenue going into Territory Treasury to increase or decrease over time?

**Mr STIRLING:** Mr Chairman, I will go to the Under Treasurer. However we expect that the fairly dramatic rate of increase in the first couple of years will slow equally dramatically. There are all manner of estimates put around about what the future GST pool may be. Access Economics and a whole range of people have had a shot at it, with wildly fluctuating estimates. Let me ask the Under Treasurer for the specifics.

**Ms PRINCE:** Mr Mills, we use the Australian government estimates of growth in the GST pool for our estimates included in the forward estimates.

**Mr MILLS:** Under Treasurer, how far out does that go?

**Ms PRINCE:** We forecast for the budget and three forward years. On page 48 of Budget Paper No 2, we have the GST growth estimates. For your information, the update for all the estimate for 2004-05 is 6.7% growth. That will be finalised in about October when the Commonwealth does its annual accounts. The growth is forecast in 2005-06 of 5.2%, 5.3% in 2006-07, 5.4% in 2007-08 and 5.5% in 2008-09. The Australian government has previously said to us that, in their view, 5.5% is around about the long-term growth rate, but they and the states are still coming to terms with what is actually happening with the GST. GST coming into the Territory is then also determined by what happens on the relativity side and the population growth, so that same table sets out the assumptions we have included in forward estimates.

**Mr MILLS:** Once again, it underlines the concerns that we have, based on the unexpected, dramatic increase - in the Treasurer's own words - over the past few years. If it tapers off as the Australian economy perhaps cools down, can we maintain the sorts of revenue flow into the current spending that the government is outlining? I am really concerned.

**Mr STIRLING:** That is a good question from the member for Blain, and is one that we, as a Cabinet, have been extremely careful with. For example, earlier this year, there was a \$36m extra increase GST receipt received by the Northern Territory. That was only days before we were due to hand down this budget. Is that right?

**Ms PRINCE:** Last year.

**Mr STIRLING:** Last year, not this one. Although we had lost, of course, \$48m at the Treasurer's Conference just prior to that. But there was \$36m. Cabinet was of the clear view that there was \$36m that you might not get next year. So that is not going anywhere near an agency - bottom line. There are a number of things you can do: retire debt or put it into a capital one-off, significant important infrastructure for the Northern Territory. We have been very mindful, as a government, of future predictions and where we might go, and not to stray into, if you like, that Bankcard territory of putting on to recurrent baseline budget that which you might not get the next year. All I can say is, we have been disciplined and very prudent about that.

I would assure the member for Blain that I do not believe that is the case. The sustainable service delivery, as a key plank of the fiscal strategy, means exactly that. On the one hand, it means delivery to the community, but it also means, in a sustainable fashion, that government can afford, not just this year, but

next year and beyond. We have been very stringent with it and I do not believe it is the case that we have strayed into use of receipts that we could only rely on for one year.

**Mr MILLS:** I am going to refer now to the number of tables on pages 112 and 114 of Budget Paper No 2, namely tables 9.1, 9.2 and 9.3. These questions are largely to have some assistance from the resources you have around you, Treasurer, to get some greater understanding of how these tables can be interpreted.

**Mr STIRLING:** Big numbers, hey?

**Mr MILLS:** Big numbers. The fiscal balance is derived in table 9.1 on page 112. It is described as being 'nett lending/borrowing'. The terms are somewhat confusing and I want to clarify this and some others. There may be some repetition in these questions as I struggle to understand these main measures used in fiscal strategy.

Is it related to a change in nett debt which is rising in table 9.2, but not the same rate as fiscal balance? Could someone answer? It is a genuine question; I need assistance understanding this.

**Mr STIRLING:** Thank you, member for Blain. I ask the Under Treasurer to go to these tables.

**Ms PRINCE:** Mr Mills, the formats that we have used in all of these whole-of-government financial statements are the formats prescribed in the uniform presentation framework, so all governments use this format.

Table 9.1 is the operating statement, so it is the old profit and loss statement that commercial companies would use. However, because the uniform presentation framework has been agreed by Treasuries, Treasuries are always trying to get back to something akin to a cash measure - the effect of government's activities on the economy. That is what the nett lending or fiscal balance measure does. Therefore, if you work through the operating statement, it has all of the non-cash effects on the government's activities.

You will see on the expenses side, the second item there includes depreciation of assets. Another item, just a few lines down, is called Nominal Superannuation Interest. They are the two large non-cash items. The first one you would be familiar with is depreciation. Nominal superannuation interest is, as you know, as most governments have some of their superannuation liabilities unfunded, so they are paid as they emerge. The Territory and a few other jurisdictions are in a situation where their unfunded superannuation liabilities are increasing. The nominal superannuation interest is calculated as the interest that would be attributable on the increase in our unfunded superannuation liabilities. Therefore, it is a real increase that you would be incurring if you were funding those liabilities.

It takes you down to the nett operating balance. The way you get from the nett operating balance down to the fiscal balance is you remove the depreciation amount - so it is the non-cash cost associated with your stock of assets - but not your nominal interest for superannuation, and then you add to that the extra capital spending that you are incurring in that particular year.

What you are doing is you are saying: 'These are the operations of government; the nett lending will be the same as the operating balance if your new capital spending is equal to your depreciation'. If you are in a situation where you are building up your assets - you are spending more on new capital than you would be on depreciation - then the nett lending or the fiscal balance will be worse. That is your nett cash call on the economy. The fiscal balance or the nett lending measure is a measure that most governments see as a key element of their strategy, and we are certainly moving towards that.

**Mr MILLS:** Thank you for that ...

**Ms PRINCE:** Sorry, I did not mean that to be too technical, but I thought if you could follow it through it is a fairly ...

**Mr MILLS:** I followed most of it.

**Mr STIRLING:** The member for Blain might like to join with me on a briefing on that page at some time, Mr Chairman.

**Mr MILLS:** Perhaps, Treasurer, this one might go to the Under Treasurer. What is the relationship between the nett lending and borrowing which is in table 9.1 and the surplus and deficit on table 9.3 on page 114?

**Ms PRINCE:** They are similar. Table 9.3 is the cash flow statements. That is the cash payments in and out that gets you down to the surplus or deficit figure. The cash flow statement does not include any of those non-cash transactions like depreciation or the nominal superannuation interest.

**Mr MILLS:** So there is a worsening when we move from 2004-05 to 2005-06?

**Ms PRINCE:** Yes, there is.

**Mr MILLS:** A significant worsening.

**Ms PRINCE:** The reason is that it is the accounting rules associated with the waterfront transaction. There are a range of accounting rules that are associated with public/private partnerships, and they differ from other forms of capital spending. However, with the waterfront, there are two major forms of construction occurring: the community infrastructure and the convention centre. For the community infrastructure, the Territory is making its contributions as the work is being done whereas, with the convention centre, the Territory, in a traditional PPP-style, will be making operating payments when the convention centre is opened for a period of 25 years.

The accounting rules, however, have the costs associated with that particular transaction in relation to the convention centre come into our financial statements as the construction is happening. Therefore, while the construction for the convention centre will occur over 2007, and our actual payments will occur from 2007 for 25 years, the liability associated with those payments come on to our balance sheet as the construction happens.

**Mr MILLS:** Looking at those figures and assessing this over the last little while that we had prepare for this, on table 9.1, General Government Sector Operating Statement, from 2004-05 to 2005-06, we have a \$75m worsening. Also on 9.3, just on the face of it, we are nearly \$100m worse off from year to year, and it continues. The Treasurer is going to do a fair job to provide some comfort to people that we are not actually getting ourselves in a very difficult situation. In light of what we just heard about the GST revenue probably going to slacken off slightly, we are quite exposed here. It looks to be getting worse.

**Ms PRINCE:** Mr Mills, if you have a look at both of those tables, you will see that in 2008-09, that deficit position has moved into surplus in accordance with the fiscal strategy. The reason ...

**Mr MILLS:** Sorry, in 9.1, it is not, is it?

**Ms PRINCE:** In 9.3.

**Mr MILLS:** All right. Okay. The 213?

**Ms PRINCE:** Yes. The reason, as I was explaining before, is simply because of the accounting treatment associated with the convention centre where, while we do not start making any actual cash payments in relation the operating of the convention centre until 2008-09, the costs associated with the capital - so the liability associated with that - is classified as a finance lease under the accounting rules. If you have a look at the line above the Surplus Deficit Measure in 9.3, Finance Leases and Similar Arrangements, you will see those items associated with the convention centre.

It is important to note that there are detailed discussions going on with the accounting profession right now where there is a proposal to harmonise various accounting standards. We expect the requirement to identify those finance leases in the way that they are, will no longer be there in a couple of years. The reason that they will not be there is because you are reflecting on, in your financial accounts, some transactions that do not actually take place for a couple of years. Therefore, you are identifying some liabilities and attaching a measure of a finance lease to those, even though that transaction has not quite occurred. It comes down to the complexity that the accounting profession has had in accounting for PPPs.

**Mr MILLS:** Whilst it is heartening to know that, in 2008-09, things appear to turn around. Looking back, though, at the endeavours of the Treasurer to forecast causes me some concern; that we are going to have to wait until 2008-09 before that turns around.

**Mr STIRLING:** Mr Chairman, we need to look at those last few years of this government and the improvement to the bottom line that we have managed to achieve each year. There is no reason to expect that will change, if we forecast, as we did in 2001 in the mini-budget, a \$139m deficit and we achieved a minus-\$83m, and had subsequent improvement each year.

Let us get this in context: if you add up those deficits that are there - \$68m, \$53m, \$21m - you get a total figure of \$142m over those three years added to nett debt. At the moment, I would not expect it to be that high when we work through those years. If you compare that with the 1999-2000 Budget of minus-\$1m; it came in at minus-\$275m - the difference, addition to nett debt, \$274m. The next year, minus-\$12m, estimate \$139m - that was a difference of \$127m. There is \$401m in two years, and the member for Blain is getting a little frost bitten around the toes with anxiety that government will find itself in an unsustainable position for a nett debt addition of \$142m over three years. Try \$401m over two, which is the mess you guys left us in. That is the fact. You have to have these things in context.

We worked through that, we have improved our bottom line each year. We did not subsequently add the \$400m to nett debt that you blokes would have - and more, because you could not hold a bottom line and you were deceitful about when you put your budget down anyway - compared with our continued improvement year on year. Therefore, this is an absolute worse case scenario: \$68m, \$53m, \$21m. As I said before, I will go he if we do not improve that outcome each year.

**Mr MILLS:** You forgot one thing. In all of that little revisit of history, in the order of \$300m per year since you have come to government, in addition to your expectations, has assisted you in your grand endeavour. However, still we are forecasting significant debt.

Turning to expenses, Treasurer, I see total expenses are \$2718m in 2005-06. What has been the rate of increase in expenses over time since, say, 2001-02?

**Mr STIRLING:** It is probably in the order of around 4%. However, Mr Chairman, we will have that answer back. It will not take long.

**Mr CHAIRMAN:** I will just clarify that you are not taking that on notice; you will get the answer back?

**Mr STIRLING:** No, no. They will have the answer; it is just a matter of getting the figures and putting a percentage around it.

**Mr MILLS:** At page 114, the item payment for goods and services is rising, from \$1748m to \$1859m, a 6.3% increase. However, the equivalent accrual numbers from the operating statement are only rising by 4.7%. Why is there such a difference in the increase?

**Mr STIRLING:** Mr Chairman, I will ask Ms Kirkman to respond to that.

**Ms KIRKMAN:** Mr Mills, I presume you are looking at the gross operating expenses? Are you comparing that or total operating expenses.

**Mr MILLS:** Total.

**Ms KIRKMAN:** Total expenses to payments for goods and services?

**Mr MILLS:** Payment for goods and services, yes.

**Ms KIRKMAN:** As you will see, the total expenses has quite a number of items, such as depreciation, which will not be in your payments for goods and services, which is relatively flat across the year, so that lowers your rate of growth. Interest expenses are also in that total expenses line. Interest payments and expenses are actually decreasing over time. The current and capital transfers, which are effectively a large proportion of that in dollars on passed from the Australian government, they are also relatively flat. Therefore, you have a number of quite flat items in that total expenses category whereas, in the payments for goods and services, it just picks up operating payments and employee costs, which are both escalated. Employee costs are escalated at around 3%, and operating costs at around 1.6% for 2005-06.

**Mr MILLS:** Going back to line 1 – ‘Other interest expenses’ - why are they declining in 2005-06?

**Ms KIRKMAN:** We do not have new borrowings factored into the budget or forward estimates, and the borrowings that we have have been refinanced. We do a proportion of refinancing each year. At the

moment, we are in the process of refinancing quite high cost debt, from high interest rates through to low interest rates – approximately \$500m this year. I believe it is going from around about 12% to about 6%.

**Mr STIRLING:** It is a function of shifting interest rates over time. We do not blame the former government for having high cost debt; it was the prevailing interest rates at the time. They have to be lower now, and we roll them over.

**Ms CARNEY:** Are you feeling all right?

**Mr STIRLING:** That is one thing we do not blame you for.

**Mr MILLS:** Treasurer, what has been the increase in payments for the goods and services since November 2001 mini-budget?

**Mr STIRLING:** We probably can obtain that fairly easily. We will get back to you.

**Mr MILLS:** I presume that the item 'Purchases for non-financial assets' includes capital works or capital equipment. Is that correct?

**Ms KIRKMAN:** Yes.

**Mr MILLS:** What are the component parts of non-financial assets in dollar terms for 2004-05 and 2005-06?

**Ms KIRKMAN:** We would have to get back to you on the dollar amounts of each component.

**Mr MILLS:** Okay. Generally speaking ...

**Ms KIRKMAN:** In that line item is the capital works cash number that we use. We also have the NT Fleet costs of purchasing the vehicles and the capital items. The capital items, including the vehicle fleet, is around about \$40m. Its revenue is offset ...

**Mr MILLS:** Following on, why are non-financial assets so volatile and rising by \$60m also in 2005-06, but then declining by nearly \$75m over the next three years?

**Ms KIRKMAN:** That includes the cost of the community infrastructure for the waterfront in that purchase of non-financial assets category. You will see in 2005-06, 2006-07, and 2007-08 our Territory's contribution to the community infrastructure. That is an actual cash payment that will occur in each of those years.

**Mr MILLS:** Because of the waterfront?

**Ms KIRKMAN:** Yes.

**Mr MILLS:** What has been the increase in capital expenditure over the period from November 2001 to 2005-06? And then for last year of the forward estimates?

**Mr STIRLING:** We will have to round all that up; that is a big number. We will have that back shortly, Mr Chairman.

**Mr MILLS:** How much of the \$300m or so increased financial capacity over and above what was expected in 2001 has been devoted to capital, and how much to recurrent purposes? An important question.

**Mr STIRLING:** Yes, it is a reasonable question; we will have that breakdown back to the committee.

**Mr MILLS:** Is it the government's intention to give more emphasis to recurrent expenditure than capital expenditure?

**Mr STIRLING:** I am not sure, Mr Chairman, what the question is.

**Mr MILLS:** Looking ahead, is it government's intention to give more emphasis to recurrent spending than capital expenditure? Where is your priority?



**Mr STIRLING:** They are both a priority when you get to framing a budget. However, as I said before in answer to a question from the member for Blain about whether we can be sure that we have not added to recurrent in a fashion that gets us into an unsustainable position in case GST receipts happen to drop off suddenly, I do not believe that is the case. However, there is a level of services that you want to sustain out there and, hopefully, strengthen over time, but you can only do that when the ability to pay for them in a sustainable fashion is there.

With capital, if you go one-off deficit or you use an unexpected receipt, for example, that is okay because it will wash through the system in one or two years, depending on when the capital works project is complete. However, it is not going to be there to bite you every year. Therefore, in emphasis, both have their own in framing a budget. I guess we, as a government, are very conscious of how recurrent cannot be wound back so easily in the same way as, perhaps, capital can - although there are probably real difficulties in winding back capital too, once you get to a high level.

I am not trying to be evasive, I am just not sure of the meaning of the word 'emphasis' in your question, I think.

**Mr MILLS:** It is a question that arises from my good Dad, who is always watchful of Labor governments and says that they are good at spending money, but not so good at making it. That is why this is so important; that we are going to ensure that we grow the farm and are able to pay for all the things that you have just cited that, largely, you said the GST has been spent on - recurrent.

**Mr STIRLING:** That is not true.

**Mr Mills:** You are not growing the Territory with those massive projects – railways, wharves.

**Mr STIRLING:** That is not true. Those massive capital works programs the last three years, you can say have, in part, been funded by increased GST receipts. However, we are mindful of where we are at any given time regarding what we expect to receive and what we put out, either one-off in capital or recurrent in agency funding and wages and salaries. A government that is not mindful of that is a government that could fall into strife pretty quick, and I agree with that point of view.

**Mr MILLS:** Thank you. Treasurer, what is the nature of the items, 'Nett cash flows from investments in financial assets for policy purposes'? Also the next item, 'Nett cash flows from investments in financial assets for liquidity purposes'? Which agency budget do they appear in and why are they high in 2004-05 but low every year thereafter? Is it correct that they do not affect the deficit?

**Mr STIRLING:** Mr Chairman, Jodie Kirkman.

**Ms KIRKMAN:** I go first to your last question. Yes, they do not affect the deficit; they are not taken into account in working out the surplus or deficit. In regards to the nett cash flows from investment and financial assets for policy purposes, the large component in that in 2004-05 has to do with transactions regarding the railway. Therefore, \$25m is being paid in what was set as contingent equity, being paid in 2004-05. In fact, it was paid in 2004-05. In addition, an advance paid in a prior year of \$10m came back to the Territory. So the nett difference between those two is \$15m.

**Mr MILLS:** Right.

**Ms KIRKMAN:** Those two transactions are not occurring again in 2005-06, so that is one of the reasons for the difference. There are some other minor amounts in 2004-05: a small amount in the Department of Health. These are advances that are paid out. In the Department of Business and Industry, you will see some of those loans paid out to businesses will show up in that category. Essentially, it is the advances paid out nett of what is repaid in the year.

**Mr MILLS:** Okay, thank you.

**Ms KIRKMAN:** The second one?

**Mr MILLS:** Yes.

**Ms KIRKMAN:** This one is, essentially – you will see it in the Central Holding Authority - where we have, through the year, converted financial assets from securities into cash. Instead of keeping a particular amount of money in securities, we have transferred that into the cash that we hold in the Central Holding

Authority. In each year, you generally see that movement occur because we do not budget for that sort of thing to happen. It just depends on what we need to do with the cash though the year. This year, we actually have \$96m from the Central Holding Authority moving out of the purchase of securities and into a cash liquid asset.

**Mr MILLS:** I will be reading the *Hansard* on this to fully digest that. Thank you for that. There is \$107m of deposits received in 2004-05, but little in future years. What is this item, and is it of the same nature in future years? Why is it lower in future years? It is 'Deposits received'.

**Ms KIRKMAN:** I do not have the breakdown of that, but I am fairly sure it is the opposite side. One is the liquidity – the assets held in liquidity, which we just went through - and the opposite. In double entry accounting, you have to have two parts of your financial statement; that is the other side.

**Mr MILLS:** Okay, so it is reciprocal.

**Ms KIRKMAN:** Yes.

**Mr MILLS:** There is a large item for 'Finance leases and similar arrangements' commencing at very much higher levels in 2005-06. What is it and why has it increased?

**Ms KIRKMAN:** As Jennifer mentioned earlier, that is the finance lease arrangements for the convention centre.

**Mr MILLS:** Right.

**Ms KIRKMAN:** Generally, that is a fairly low number. You will see in 2004-05 it is around \$3m and, if you go back over past years, it has always been between \$1m and \$3m. Generally, it is for finance leases for things like software licences that we hold. It goes up from 2005-06 through to 2007-08 because of the construction of the convention centre. As the convention centre is being constructed, while we do not make any cash payments, we have to bring that onto our books as a liability. We show the liability increasing up to the total cost of the convention centre. Over the 25-year period, as we make operating payments, that liability will decrease and an asset, which will be the convention centre, will correspondingly increase. The finance lease you see up-front.

**Mr MILLS:** Okay. The finance leases are also mentioned in Table 3.3 on page 14 of Budget Paper No 2. Is there an explanation of that item in the budget papers? I see it adds to the deficit, so it must be an important number. Why is there no explanation of this at pages 15 and 16 where the variations are explained?

**Mr STIRLING:** It will be there somewhere, Mr Chairman, I am absolutely positive.

**Mr CHAIRMAN:** Keep digging, Treasurer, I am sure it is there.

**Ms KIRKMAN:** If it is not there, then it should be. No, we have not explained it on those two pages, but that is the explanation that I just gave.

**Mr MILLS:** Sorry, I did not catch that.

**Ms KIRKMAN:** We have not explained it on those two pages, but it is the explanation that I just gave in relation to the waterfront.

**Mr MILLS:** So which agency's budget incurs the cost?

**Ms KIRKMAN:** It is shown up in the Department of Infrastructure, Planning and Environment, but it is not a cost as in a cash payment. It is an accounting term; it is an accrual item. As Jennifer mentioned earlier, we are looking at the convergence between the financial statements that we use now as prescribed by the ABS and the financial statements set out by Accounting Standards. The one anomaly in the ABS statements is that they have a non-cash item in their cash flow statement, which is that finance lease.

**Mr MILLS:** Are you happy with that, Treasurer?

**Mr STIRLING:** Absolutely, member for Blain, if you are all right with it.

**Ms KIRKMAN:** I am fairly sure and, just checking, you will not see that in the Department of Infrastructure, Planning and Environment's financial statements, as these are done on an accounting standard basis as opposed to our whole-of-government numbers, which are on the ABS standard, as we are required to do.

**Mr MILLS:** Thank you. I might have to come back to that. Page 22 of Budget Paper No 2 says: 'The most significant risk to these estimates on the expenses side are increasing budget pressures due to increased cost and demand influences'. What is the nature of these influences? Has any provision been made for contingencies? How much and where does it show in the budget? How does it compare with the provisions for contingencies in past years? Have any of these influences emerged at this point in time?

**Mr STIRLING:** Mr Chairman, there are always additional cost pressures, whether it is a natural function of CPI flowing through every service and good that the government purchases or, of course, the delivery of services through its agencies as a result of EBAs and wage movements coming on each year as a result of the previous enterprise bargaining agreements. There are always those costs pressures in and around what government does.

What is the estimate? If nothing else changed, the cost of government goes up by about \$60m per year. If government bought no new initiatives and did nothing more this year than it did last financial year, it would cost \$60m more to achieve the same. That is an around about figure. That is on that side of the pressure. The second ...

**Mr MILLS:** What provision is made for these sorts of pressures?

**Mr STIRLING:** There is always a contingency within the budget by way of the Treasurer's Advance in the first instance because, for example, for untoward events - floods, cyclones, emergencies and that type of situation - government always has to be able to put its hand on large amounts in a short time for that type of provision. Needs emerge during the year of an urgent nature, sometimes, and it is not possible, clearly, to substitute, 'Don't let us do that; let us do this', and it does have to be an additional in that year. Governments always have a contingency of a certain nominal amount called Treasurer's Advance, which is drawn down throughout the financial year as the need arises.

**Mr MILLS:** I guess the size of a Treasurer's Advance indicates the Territory's financial capacity. Would you ...

**Mr STIRLING:** No, that would not be true, Mr Chairman. What you might put down as Treasurer's Advance does not indicate anything other than that is the amount that has been put aside for Treasurer's Advance.

**Mr MILLS:** Ultimately, it refers to the capacity of the Territory economy to cover contingencies; ultimately, the strength of the economy, and what the potential is of our financial capacity. Would you say there is a risk to the Territory's financial capacity, and could it decline over time? What is the nature of that risk?

**Mr STIRLING:** With so much of revenue received by the Northern Territory government as a result of the financial sharing arrangements with the Commonwealth, I believe there is probably less risk. As a proportion of revenue received, we receive a fair degree higher amount from the Commonwealth than other states and territories do, which tend to be much more reliant on own source revenue. Would there be a risk of a downturn in economic activity and less own source revenue? Well, if there were, we are least exposed of all the states and territories because we have that guaranteed minimum amount flowing through from the Commonwealth at a much higher level, in percentage terms, than any other state and territory. Therefore, from that point of view, I would say our risk is lower than other states and territories. The Under Treasurer might add more; I hope I am right.

**Mr MILLS:** We are covered by the Commonwealth? The strength of our own economy is not driving the show, we are just dependent on the Commonwealth?

**Mr STIRLING:** Not that the strength of our own economy is not important, nor that our own source revenue is not important. It is of less importance than compared to other states and territories - to that extent, least risk of anyone.

As Standard & Poors, Moodys, and those people who give you the AA+, they always comment on that and say that, because of the nature of the arrangements between the Commonwealth and the Northern

Territory, they are happy to give us a fairly high AA2 - the lowest of all the states and territories, but still pretty strong.

**Mr MILLS:** I would like to explore that further, but in the interests of time, I will not. I know other members would like to ask questions, and I do acknowledge the patience of other members.

I see from page 17 of Budget Paper No 2, there has been a 2% productivity dividend for all but the major agencies. How credible is this? Is this an area of risk? What is the total value of the 2% efficiency dividend?

**Mr STIRLING:** Mr Chairman, we will provide the total value. Some agencies are immune, or have a reduced dividend placed on them. I believe it is 0.5% for Police, Health, Education and Corrections, and 2% across the board. In terms of what risk there is, could the member for Blain give me an indication why he thinks it is a risk?

**Mr MILLS:** Could it be much more than that? Is it a conservative guess? Can be less, more? Confident with it? What was some of the thinking behind the 2%? Where did you pick 2% from?

**Mr STIRLING:** It was 1% previously, Mr Chairman. Agencies, with technology and greater experience, year by year, ought to find, in the general sense, better ways of doing things; more efficient ways of delivering services. That is an expectation that is placed on agencies; that they will do things better over time. The overall amount across all agencies is \$10m.

**Mr Mills:** \$10m.

**Mr STIRLING:** Therefore, if you are saying this is hard on agencies, you need to put that in the context of - what will agencies spend this year?

**Ms Prince:** \$2.7bn.

**Mr STIRLING:** \$2.7bn - \$2700m. We are saying 'You can find an improvement to your bottom line, agencies, of \$10m'. This ain't going to scare the horses.

**Mr MILLS:** As we are often told in the Chamber: get out there and have a listen to folk. I understand that the public sector is actually having some difficulties. To impose a 2% productivity dividend now - easy to say when you are talking about big numbers, but that is going to bear considerably on some agencies. What do you think it would mean in terms of staff? How many staff would you have to shed to meet that dividend?

**Mr STIRLING:** Mr Chairman, a dividend of this nature has been in place since 1991. Apart from *Planning for Growth*, where there was some dislocation around agencies, and no one was really sure what the end result of *Planning for Growth* was - except we had a view that the Treasurer, at the time, went to save \$50m-odd and finished up costing us about \$15m. We were encouraging him to, in the future perhaps, to not plan for growth quite so assiduously as they did at that stage.

However, we have not seen massive downturn in agency numbers, notwithstanding that time of *Planning for Growth*. This efficiency productivity dividend has been around since 1991, so it is 14 years of operation. Agencies are used to it; they know that they are expected to find, and continue to look for, better ways to do things and more efficient processes. It is not a shock to them. I would not think we would see dislocation of people at all. I would be very surprised

**Mr MILLS:** We will investigate this, of course, further when we are interviewing other ministers.

Looking at the balance sheet that is on page 113 of Budget Paper No 2, Table 9.2, I see that the nett debt is rising by \$62m in 2005-06. It appears that most of that increase in nett debt is due to the combination of using cash and deposits and increased borrowings. Is that correct?

**Mr STIRLING:** Mr Chairman, Under Treasurer.

**Ms PRINCE:** Mr Mills, most of that increase is associated with the Territory's contribution to the waterfront. As we have explained earlier, the requirement to bring on to our balance sheet the liability associated with the convention centre occurs as that construction is complete. Therefore, what you are

seeing there is most of the convention centre and community infrastructure work that is undertaken during those years.

**Dr LIM:** The Treasurer said that nett debt was going to be unchanged in 2001 to 2008-09 – nett debt is unchanged.

**Mr STIRLING:** By 2008-09.

**Mr MILLS:** Is this a combination of cash, deposits and borrowings?

**Mr STIRLING:** Can I just clarify for the member for Greatorex, that the nett debt level – make sure I am right here - in 2001 on election to government; we have improved over time. The addition of the waterfront and the increase to nett debt, when we balance the budget in 2008-09, that nett debt level, at the moment, is estimated to be about the same as that inherited at 2001. My personal view - not that of the Treasurer or the Treasury - is that it will be improved by 2008-09. However, the estimate is that it will be the same.

**Dr LIM:** I draw your attention to page 12 of Budget Paper No 2, and I quote:

*Nett debt is set to rise by \$128m over the period 2004-05 to 2008-09 to \$1781m, an increase of \$28m on the level of nett debt in 2001-02.*

Are you right, or is this book right? Or have we been misled? Who is right?

**Mr STIRLING:** Ms Kirkman.

**Ms KIRKMAN:** The numbers that the Treasurer is referring to are from the pre-election outlook report where we had improved revenue in 2004-05. That flows through to improving nett debt so that, by 2008-09, nett debt will be the same as it was in 2001-02.

**Dr LIM:** You are comparing apples with oranges ...

**Mr CHAIRMAN:** Member for Greatorex ...

**Dr LIM:** I am ...

**Mr CHAIRMAN:** We will stick with the shadow Treasurer, and then it will go to the rest of the committee members after that. You will get your chance to ask it.

**Mr MILLS:** Cash and deposits and borrowings - is that what comprises the increased nett debt? Is it a combination of those three?

**Ms PRINCE:** Mr Mills, I am not just quite sure of your question. At the bottom of that table, table 9.2, there is a footnote that explains how nett debt is calculated. It is equal to the sum of deposits held, advances received ...

**Mr MILLS:** I will not worry about breaking it up into its components, then. How much of the increase in nett debt is due to the waterfront?

**Mr STIRLING:** The full amount.

**Mr MILLS:** Why would the government need to increase nett debt by \$62m when you have had \$141m windfall increase in revenue from 2005-06 recorded in May 2005? That was just that time alone, which comes on top of another \$91m windfall increase reported in May 2004? Why, when you have these unexpected windfalls - better than expected, in fact, in your own words, and yet we go into further debt.

**Mr STIRLING:** Mr Chairman, we have been through this ...

**Mr Mills:** You must write to Mr Costello often and thank him so much.

**Mr STIRLING:** What? For the \$48m he knocked off us last year?

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

**Mr STIRLING:** Mr Chairman, we have been at this a number of times by way of a number of different questions. We talked about the fiscal strategy, the principal point in the fiscal strategy being sustained at serviceable levels, and the fact that Police, Education, Health, Tourism were not at sustainable levels of funding, nor at sustainable levels at which to be able to deliver the service required of them as primary service delivery agencies in the public sector. We have talked about the 22% increase to Education, the 43% increase to Health, the 38% increase to Police, and the \$27.5m that went into the Tourist Commission over a three-year period. That is where much of that increase has gone, and for very good reason, because we are building those agencies to better understand their proper, natural base of funding and to get to that.

It is up to government, in the future, if they want to bring forward new initiatives, whether we increase that base level of funding. However, it was critical to find what that proper base level funding should be and to address it, otherwise we would have continued to have not enough police on the streets, not enough teachers in the schools to get into what we are trying to do with secondary education, particularly in indigenous areas, not enough money to market the Tourist Commission agency when other states were coming forward with big amounts, and not enough in Health to look after all the people who require a health service. That is what it has been about. It is a modest level of deficit over the next few years compared with what was occurring under a previous government. It is a sustainable level of deficit to go into, bearing in mind we will be back, in 2008-09, balanced and probably with no worse a nett debt situation.

**Mr MILLS:** My father's words stand again: it is so easy to spend it and difficult to make it. We have increased debt in light of the significantly increased revenue. That is the real point here. The issue here is the state of the Territory economy going forward with diminishing GST receipts.

**Mr CHAIRMAN:** Is that a question?

**Mr MILLS:** No, it is not a question; it is directed for the Artful Dodger. The fact is ...

**Mr CHAIRMAN:** Member for Blain, I remind you that we have quite a number of outputs to go through. These statements are colourful; however, they do chew up a fair bit of time.

**Mr MILLS:** They do, indeed, and I will be disciplined in the interests of ...

**Mr STIRLING:** Sorry, a final point on that: the waterfront is critical, significant infrastructure that will serve the Territory well into the future. If you look at Victoria, Tasmania and, probably New South Wales as well, each state and territory jurisdiction has had the benefit of the GST, and they are all heading into deficit territory over the next few years. My preference would be that we did not, but it is entirely sustainable and achievable and, I believe, we will better the bottom line that appears in our estimates. We have, for four years in a row; I do not know why our fifth year would be different.

**Mr MILLS:** Why was a waterfront and a railway - significant infrastructure - put in place prior to the arrival of the GST? Since the arrival of the GST, you are only speaking of one significant project that really has not commenced. There was no GST before, and we had all the infrastructure put in place. Why don't you refer to that?

**Mr STIRLING:** With deficits of \$200m, \$300m and \$130m that were not predicted.

**Mr MILLS:** And the Territory population grew and employment increased. You never predicted the GST in that magnitude.

**Mr STIRLING:** A \$1m deficit, and you achieved a \$275m deficit - on the back of Territorians' forever.

**Mr MILLS:** Population down, economy down, revenue up.

Can I get an understanding, Treasurer, of the rate of growth of the components of revenue and expenditure over time? I note that the budget papers have the estimated outcome for the current year – in this case, 2004-05 – plus the budget year and the forward estimates. All that is really good, but what about the previous years? For accountability purposes, why do you not publish a series showing actual revenues and expenditures broken down, of course, for past years, and compare these on the numbers in the budget? Can those figures be made available to me on a comparable basis, going back to, say, the November 2001 mini-budget?

**Mr STIRLING:** I am sure they could be. The Treasurer's Annual Financial Report covers it year by year. It would be possible to gather them up and get that back to you. Just how far you would go back in an historic sense ...

**Mr MILLS:** Just 2001 would be fine.

**Mr STIRLING:** No, I am talking about in the budget presentations. You will find tables and graphs over time, but they are already pretty thick. Of course, you have to have forward estimates. How far you want to go back each budget reporting period, I am not sure. However, the Treasurer's Annual Financial Report covers that information, and we will round that up for you.

**Mr MILLS:** It is those two: your actuals compared with the estimates, going back. I ask, Treasurer, if we could include that in the budget papers in time to come; that we have the actual and the estimate compared.

**Mr STIRLING:** What, for the last five years?

**Mr MILLS:** Yes, 2001.

**Mr STIRLING:** We have five years estimates going forward. Budget papers have a comparison with the year before, what it would be this year, and an estimate of what it would be into the future. No other jurisdiction goes back five years. The information is on the public record by way of the Treasurer's Annual Financial Report each year. There it is. Get hold of the Treasurer's Annual Financial Report. It does not need to go into the budget as well. You can pick it up year by year through the annual financial report.

**Mr MILLS:** In the interest here, you often speak of accountability, and letting Territorians understand how you are going. This would be a reasonable accountability measure; we could all see it together in one place.

**Mr STIRLING:** There are tables in there. Mr Stubbin was able to produce tables and graphs going back 20 years for population and jobs.

**Mr MILLS:** I am sure he can. I am asking, can they - for the sake of Territorians and to reinforce your credibility with your assertions of that accountability - then be included in budget papers from now on so that we can see what you said you were going to get and what you actually did get. We could say with some confidence whether we should ...

**Mr STIRLING:** The information is on the public record.

**Mr MILLS:** Yes, I know it is.

**Mr STIRLING:** No one else does it. Look, if there was a compelling case - perhaps if the member for Blain was to put a case to us, I will ask Treasury to consider the wisdom or otherwise of such a measure. I will not rule it out; write to us and we will look at it.

**Mr MILLS:** I will write you a letter. Are there any new policies or programs in the estimates which are to be introduced in the 2005-06 financial year?

**Mr STIRLING:** Always.

**Mr MILLS:** Any that come to mind; plans that you have that you have not talked about just yet?

**Mr STIRLING:** There are a number of things in hand. Building better schools, \$42m over the next few years, is just one of those initiatives in education.

**Mr MILLS:** But these are new policies and new programs.

**Mr CHAIRMAN:** I am sure the Treasurer will have good news about new policies and programs. We will leave it here and take a break, Treasurer.

**Mr STIRLING:** Mr Chairman, at page 26, Budget Paper No 2, Economy and Business. Note the first home owner's stamp duty concession, the abolition of electronic debit transaction duty, the Business and

Skilled Migration Strategy, the Palmerston Information Centre, NT Build, investing in film - those are wide ranging - I believe there are 15 there but there is ...

**Mr MILLS:** What page is that?

**Mr STIRLING:** Page 26 of Budget Paper No 2, and then page 28, Jobs and Training; page 29, Schools - and you can just flick through.

**Mr CHAIRMAN:** Okay.

**Mr STIRLING:** Community Safety on page 30.

**Mr CHAIRMAN:** It has just gone 1 pm. We will resume at 1.30 pm. I remind members that we are still on consideration of item 1 of the schedule, Whole of Government Questions, Budget Fiscal Strategies and the shadow still has the floor.

**Mr MILLS:** And for the sake of my good colleagues here, I am nearly finished.

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The committee suspended.

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**Mr CHAIRMAN:** The time is 1.35. We owe the session 12 minutes already, so that is 17 minutes that we will be running over at the end. We will adjust our clocks accordingly. I would like to resume the estimates hearing now.

Prior to handing the question over to the shadow Treasurer, I have a response to Question on Notice No 1.6:

*The following information is provided in response to the question by the member for Karama relating to overseas travel by members, and the issue raised by the member for Blain in respect of the accuracy of the paper tabled by the Speaker in response to that question.*

*The Clerk of the Legislative Assembly has advised that incomplete details were provided in the tabled document, which was included in the folder of information documents provided to the Speaker by the Department of Legislative Assembly, and which the Speaker tabled in response to the question.*

*The Clerk has explained that the incomplete information was a result of an administrative error caused by a failure to thoroughly cross-reference details available in the METS travel database with the materials being collated and prepared for the Speaker.*

*The Clerk has expressed his sincere regret for this inadvertent error, and has expressed his apologies to the members of the Estimates Committee for any misleading information contained in the original tabled document.*

I table these documents. I remind the committee and the Treasurer that we still are on the consideration of Item 1 of the Schedule, Whole of Government Questions, Budget and Fiscal Strategies. Shadow Treasurer.

**Mr MILLS:** Thank you, Mr Chairman. Treasurer, going back to the last question asked before we went off and had are sumptuous feast, new policies and programs in the estimates that are to be introduced in the 2005-06 financial year, referring specifically to 'new' programs - are there any? Could you point me to that page again?

**Mr STIRLING:** Yes, Mr Chairman, the Under Treasurer referred me to Budget Paper No 2 at page 26. There is a range of items there under Economy and Business. For example, NT Build, the construction industry long-service leave, with a commencement date of 1 July is, obviously, a new program. The fuel terminal relocation incentive is just starting. Some of those are simply one-offs, in the sense that they are not ongoing programs such as the abolition of taxes under the IGA agreement. The increased first home owners stamp duty concession, of course, is ongoing.



**Mr MILLS:** I am wondering if there is a list of new programs that have been sifted out. So we have brand new programs ready to be wheeled out in this budget.

**Mr STIRLING:** In a sense, these are new since 2004-05. If you go to page 28, Jobs and Training, there are three items there. For Schools there are half a dozen items. In Community Safety there are nine items; Health and Community Services, 10. They are all listed, from page 26 on in Budget Paper No 2.

**Mr MILLS:** I want to talk about the port development. What will be the annual cost to government of this project, and where are the Northern Territory government costs reflected in the budget at both an agency and whole-of-government level?

**Mr STIRLING:** You said port. Do you mean waterfront? Let us be clear.

**Mr MILLS:** Waterfront, yes.

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

**Ms PRINCE:** Mr Mills, the payments that will be incurred in 2005-06 are included in the Department of Infrastructure, Planning and Environment's budget. The whole-of-government statements include the costs associated with the development and the revenues, and those summary amounts are in the consolidated figures in Budget Paper No 2. As we get up to each one of the forward budget years, most of these payments will be included in the Department of Infrastructure, Planning and Environment's budget. There may be some small costs that could be included in the Tourist Commission budget. There are some marketing costs. That is yet to be decided but, at the moment, they are all in the forward estimates for DIPE's budget.

**Mr MILLS:** Right. What is the annual cost to whole-of-government of this project?

**Ms PRINCE:** It is probably best to look at the 2008-09 year - that is the first full year of the operational costs of the convention centre. The estimated annual cost in that year is \$12m. That includes the availability payment for the convention centre, the management costs, fees, insurance and incentive arrangements for the operator.

**Mr MILLS:** There is an annual cost, though?

**Ms PRINCE:** That is it.

**Mr MILLS:** What is the annual cost?

**Ms PRINCE:** That is the cost in 2008-09. Those costs will continue at around that level for 25 years, and they will escalate at something like the CPI cost.

**Mr MILLS:** For how long?

**Ms PRINCE:** 25 years.

**Mr MILLS:** What is the interest bill?

**Ms PRINCE:** The interest costs associated over that period?

**Mr MILLS:** Yes, can it be calculated?

**Ms PRINCE:** Mr Mills, I do not have the interest cost here with me. As I understand your question, it is over the 25 year period?

**Mr MILLS:** Yes. Like buying a house, how much of the repayment is to pay interest as opposed to principle?

**Ms PRINCE:** I do not have that here with me, but we can get that for you during the course of this session.

**Mr MILLS:** Thank you. What are the main component parts of the costs of the project in 2005-06, for this period?

**Ms PRINCE:** In 2005-06, there will be a significant progress payment for the community infrastructure that is estimated to be \$61.5m, and there are some costs associated with the convention centre. These estimates go back to that finance lease liability that we were talking about earlier, so that these costs will be recorded in 2005-06, but they will reflect liabilities associated with the finance lease. They will not represent actual payments, because those payments do not commence until 2008-09. The amount of that finance lease liability that we have recorded in 2005-06 is about \$23.8m. There are also some costs that will be incurred that relate to pre-opening expenses – largely marketing – so that the convention centre can be opened and be operational in 2008-09. Then marketing will commence immediately.

**Mr MILLS:** Did I understand that the repayment commences formally in 2008-09? We would make provision now for ...

**Ms PRINCE:** For the convention centre, not for the community infrastructure.

**Mr MILLS:** Will the nature of these costs that you have outlined change over time?

**Ms PRINCE:** There are two large groupings of waterfront-related costs. One is related to the actual facilities; the availability payments including maintenance and operating expenses of the facility itself. They are indexed over time.

There is another element which relates to the operating of the convention centre itself. We have included in the financing arrangements a base case of operational costs of the facility. That has been confirmed for us by convention centre experts. The agreement that we have – and this is consistent with all other convention centres – is that the operating budget will be reviewed on an annual basis, taking into account actual delegates and functions at the centre. That base will be reviewed in accordance with the 25-year projections for the base case. That will be reviewed on an annual basis, whereas the operational payments are escalated according to certain formulae.

**Mr MILLS:** Okay. Just remind me again: what is the figure that is put aside to service all of that you have just described.

**Ms PRINCE:** Around \$12m a year from 2008-09.

**Mr MILLS:** Right. It has been brought to book now.

**Ms PRINCE:** The liability associated with the construction of the convention centre will be brought to book as it is constructed and so, in 2008-09, we will have the liability associated with the convention centre, and we will be making annual payments over 25 years. At the end of that period, our liability will be reduced to zero, and the convention centre will be returned to us at no cost – no additional cost.

**Mr MILLS:** In no way, Treasurer, should this next question be interpreted as being an opponent of the waterfront, because that is not the case at all. However, it is a big balancing act for you and your government, I am sure, to consider how many teachers and nurses could be employed for \$12m a year.

**Mr STIRLING:** Oh, round figures, \$100 000 each.

**Ms PRINCE:** About \$100 000 each, yes.

**Mr STIRLING:** About \$12m? Gee, we are good, aren't we? If you took just a round figure of \$100 000, it says 120.

**Mr MILLS:** Per year. Will the budget benefit from any revenue from this project?

**Mr STIRLING:** Oh, undoubtedly, over time. That will be in an around the land sales as the residential components of the development take fruit. I do not have the level of detail of that return and I am not sure if the Under Treasurer does. She is nodding, so I will refer the question to the Under Treasurer.

**Ms PRINCE:** Mr Mills, over the forward estimates period, we have two items of revenue estimated for 2007-08 and 2008-09 which are associated with rents, rate revenue and sale of land in Stage 1. For the 15 years or so after 2008-09, the Territory will be sharing a proportion of the gross sales of the development at the waterfront, and those revenues will be brought onto the Territory's forward estimates and budget over that period.

**Mr MILLS:** 2008-09?

**Ms PRINCE:** Yes. What we have in this budget and forward estimates period is, effectively, all of the liability but only the very first amount of the revenue.

**Mr STIRLING:** Mr Chairman, that is in direct terms. Obviously, the benefit to the Top End economy of supporting the convention centre will be the numbers that it will be able to take. I spoke earlier of the conventions that we have of 300 to 400 during the Dry Season – 400 is perhaps a bit optimistic in what you can fit in; perhaps 350 is as many as we can take now. The Alice Springs example has been a positive one, and this fits into a different niche or market, if you like, than the Alice Springs Convention Centre. The return to the Top End economy with tourism and the cost of staying here – delegates, if they are here for two or three days, undoubtedly spend money along the way - is a return if not directly to government, it strengthens the Top End economy and could be revenue to government over the longer term.

**Mr MILLS:** Thank you, Treasurer. Are there any government subsidies to parties who will be competing with Territory businesses not receiving the same subsidies? What about the accommodation elements in particular? Do you want that again?

**Mr STIRLING:** Yes.

**Mr MILLS:** Are there any government subsidies paid to parties who will be competing with Territory businesses not receiving the same subsidies? What about the accommodation elements in particular?

**Mr STIRLING:** My instinctive answer is no, there would not be because it is to support the operations of the convention centre and it is historic to recognise that they cannot make a go of it on their own, but they provide a very valuable spin-off to activity in and around them. However, I will just check with the Under Treasurer. That is right.

**Mr MILLS:** No subsidies?

**Mr STIRLING:** No.

**Mr MILLS:** Are there any government preferences given to any parties associated with the project - like undertakings from government to use the facilities?

**Mr STIRLING:** Are there any undertakings from government, commitments to use it? Is that the question?

**Mr MILLS:** Yes, for example, an undertaking from government: we commit to use the facility.

**Mr STIRLING:** No, I am advised that there is not. However, the operations in that sense are probably better to go to the Chief Minister who has carriage of the project overall.

**Mr MILLS:** There are no subsidies of any kind being paid to any operator?

**Mr STIRLING:** Only to help carry the cost of the convention centre itself.

**Mr MILLS:** Can you explain that to me?

**Mr STIRLING:** I thought I just explained it. The convention centre stand alone will not make a quid; it will go broke in a very short time. It has to be assisted in its day-to-day operations. The benefit of having and supporting a convention centre like that is the thousands of delegates it will bring to town on a regular basis who will spend and use services all through the Territory, and who will undertake tours of one sort or another. Therefore, there is a spin-off effect to the economy overall - not dissimilar, I would have thought, to the structural framework around Alice Springs Convention Centre.

**Mr MILLS:** Just to finish off this section with the issue of debt, Treasurer, I understand that you have this view that debt of the past governments was something very distasteful. Would you like to explain to me that the debt - as I see it in your mini-budget of \$1.588bn at page 3 - was, in the last term of the last government \$1.588bn. It rose, in the first term of this government, to \$1.714bn and is, in fact, increased now. So, we are looking at increased debt.

Your early assertion was that it was a terrible thing that previous governments got the Territory into debt, and you actually have the Territory in greater debt than it ever was.

**Mr STIRLING:** Yes. That initial increase in debt on coming to government was railway payments ...

**Mr MILLS:** There is always an explanation.

**Mr STIRLING:** Of course there is! ... going in to finish off the railway – a project that we always supported. Of course, notwithstanding the debt position it put us in, what was more galling than the continued deficits of the CLP - which suggested they could not manage a backyard toilet let alone a \$2.4bn budget - was the deceit with which it brought those budgets forward, where you said: 'We will have a \$1m deficit in 1999-2000'. It subsequently turned up minus-\$275m. You said in 2000-01 that you would have a \$12m deficit, and we subsequently found it to be \$139m! Not only were you wilfully adding to the debt load in nett debt terms for future generations of Territorians, you were being deceitful about it. That is up my nose probably more than anything else.

Regarding getting on top of that first year deficit - through no fault of our own, it was there and those railway payments had to be made - we struggled through those first couple of pretty tough years of reduced economic activity and pump-priming capital works in order to get the construction industry alive again - something you cut. You cut its throat and left it bleeding in the street when we came to office.

Notwithstanding all of that, we have produced cash surplus budgets throughout the succeeding years and we are going, as I explained before, to modest deficits in order to fund strategic investment in infrastructure that will benefit the Territory and the Top End economy for many years to come.

**Mr MILLS:** Okay, to correct earlier assertions: nett debt has increased significantly for the Territory in recent times above and beyond the last term of the last government in 2000-01. Revenue has increased in to the Territory, by virtue of the GST, almost to \$300m per annum above what you expected, and there have only been modest increases to population and employment. How can you assert any confidence in managing for the future if you cannot manage in good times?

**Mr STIRLING:** We are managing in good times, Mr Chairman. In fact, if you look at ...

**Mr MILLS:** What I have just outlined is pretty damning.

**Mr STIRLING:** ... those first couple of years, they were payments associated with the railway that pushed that nett level of debt up. If you look at June 2002, nett debt was \$1.753bn. At 30 June 2003, it was \$1.723bn, a nett reduction there of \$30m if my maths are correct. At 30 June 2004, it was \$1.656bn; we have taken off another \$67m in nett debt. Is this increasing? No. At 30 June 2005 - and we have gone past this – it was \$1.639bn, another \$17m less we owe this year than we did at 30 June 2004.

Therefore, if you take its peak at 30 June 2002, associated with payments for the railway driving that debt through the roof, it was \$1.753bn, and 30 June 2005 it was \$1.639bn - a \$114m improvement in nett debt. How can you say nett debt is going through the roof, where ...

**Mr MILLS:** Because I am reading from your own budget paper.

**Mr STIRLING:** ... there is \$114m improvement between 30 June 2002 when it peaked and 30 June 2005. When we look at it going back up with the waterfront capital payments over the next few years, at 30 June 2009 nett debt is estimated to be \$1754m and, at its peak, in 30 June 2002, \$1753m. If I said it comes in the same, well, I was wrong - I was \$1m out, and I am sorry. However, \$1753m in June 2002, \$1754m in June 2009 sounds pretty close to me. In fact, my own view, as I said before - and not that as Treasurer, or of Treasury - is that I would be very surprised if we did not better that bottom line. If you look at the historic record of our cash surpluses over the last few years – I would be surprised if we did not achieve that into the future. That is a conservative bottom line there and it returns nett debt at no worse than its worst position in June 2002. If you take CPI off it, in real terms you are ahead.

**Mr MILLS:** Unbelievable!

**Mr STIRLING:** Not unbelievable.

**Mr MILLS:** It is.

**Mr STIRLING:** Not unbelievable - absolutely believable.

**Mr MILLS:** When you came to office, debt increased by about \$150m and, in your own budget paper, page 12, you are saying nett debt is set to rise by \$128m over the period 2004-05 to 2008-09. All that you said is a little in the middle. We are talking about this budget paper and forward, and correcting some of your assertions about the past. You have increased debt and are increasing it again. Also you have increased revenue, close to \$300m per year you did not expect, above your own best expectations, and have modest increases in employment and population. End of my questions.

**Mr STIRLING:** Mr Chairman, what this underlines is the fact that we had the ability to better our bottom line ...

**Mr MILLS:** Because of the GST.

**Mr STIRLING:** We were able to knock off considerable amounts of nett debt because of our prudent and disciplined fiscal management, which allows us to put considerable money into what will be a fantastic piece of investment and infrastructure for the Northern Territory for many years to come, without worsening the bottom line from where they left it. The fact is that it was growing through that 2001-02, not just because of the ugly deficits you had left in the preceding years, but because of the ongoing payments into the railway.

I believe the member for Blain was there before - I am not sure if he was there or not - when we were passing legislation authorising the expenditure of a further \$150m on the railway. Well, how do you think that was getting paid for? It was going on the bottom line. Of course, that is what you see reflected in those first couple of years. In the end, we are back to where we inherited the situation and, as I said, if you add up CPI from 2001 to 2008, and take that into account, we are considerably better off. As I have said before, I would sooner be paying \$1754m worth of debt in 2008 than in 2001.

**Mr CHAIRMAN:** Now that the opposition shadow Treasurer has indicated that he has finished interrogating that particular aspect, I will open the questions to the floor.

**Dr LIM:** My only question is very much along the same line as what the shadow Treasurer asked about the statement by the minister. When I first heard the Treasurer say that there was, effectively, no difference in nett debt from 2001-02 to 2008-09, that was my understanding - nett debt is exactly the same. However, when I read page 12, in fact, it states that debt is going to be increased by \$28m. You now resile from that previous comment. You now say that we are, in fact, going to be worse off in nett debt.

**Mr STIRLING:** I table this document, but it probably needs to be adjusted for the last Treasury document that came out as a pre-election fiscal outlook; and this does not have that in there. That is not my document, it is Treasury's document and required under the *Fiscal Integrity and Transparency Act*. However, all I can say for the benefit of the member for Grotter: 30 June 2000 – \$1358m; June 2001 - \$1481m; June 2002 – \$1753m; and then we get this drop-off, June 2003 - \$1723m, \$30m down; June 2004 – \$1656m; June 2005 – \$1639m; and then 2006 up to \$1698m; 2007 – \$1735m; 2008 - \$1760m; 2009 - \$1754m. Its peak was June 2002 at \$1753m, and we estimate at June 2009 it will be \$1754m - pretty much the same nett debt. We are able to pay the capital payments into the convention centre because we have been able to wind back that level of debt in from its peak in 2002. We wound it back in 2003, 2004, 2005 and, in 2006, we see that the waterfront is biting into it again. These are absolutely conservative figures, and I would expect an improvement against those figures.

**Dr LIM:** Treasurer, apart from you with a piece of paper in front of you, I am sure everybody in this room could not follow those figures. All I am asking, in a very simplistic way, is: do you now resile from the comment you made earlier that nett debt was not going to be increased from 2001-02 to 2008-09 ...

**Mr STIRLING:** Absolutely!

**Dr LIM:** However, in your Budget Paper No 2, it quite clearly says that you are. Which one are you backing off from? The one that is in the budget, the comment that you made earlier today, or now? What are you backing off from?

**Mr STIRLING:** Both are accurate. It is a simple matter of when you take it. That budget paper was from the budget that went down on 3 May. The pre-election fiscal outlook was released on 9 June, which is later, more up-to-date and, presumably, more accurate. The next time we will see these sorts of figures is the mid-year report for 2005-06 which will come out October/November.

The pre-election fiscal outlook is, in a sense, a very preliminary, very early mid-year report. However, the mid-year report is mine, as Treasurer; the pre-election fiscal outlook was nothing to do with government. That was, under the *Fiscal Integrity and Transparency Act*, all Treasury's work. The figures I have here reflect - and you should have the pre-election fiscal outlook figures in there which are, six or seven weeks after the budget.

**Dr LIM:** Let us table that and then we will all have it. Are you going to table that so that we can all have it?

**Mr STIRLING:** It is in here.

**Dr LIM:** Thank you.

**Ms CARNEY:** Treasurer, can I ask you some questions about nett debt? This is not my favourite subject, and I doubt that the average punter goes to bed every night wondering about the exact nett debt of the Northern Territory ...

**Mr STIRLING:** I do!

**Ms CARNEY:** You do and, possibly, the Under Treasurer does. However, apart from that, I doubt that many would. It is important, nevertheless, for us to understand what the nett debt is. I have been somewhat confused by some of your answers, because some of the figures that you have provided are somewhat different to some of the ones that I have had. Therefore, with your indulgence, can I go through this slowly with you so that I understand?

**Mr STIRLING:** Sure!

**Ms CARNEY:** In the mini-budget in November 2001 at page 9, a table is provided and it says nett debt was \$1714m. I am happy to show you this if you do not have the mini-budget, although I am sure that you do.

**Mr STIRLING:** Yes, that is probably about right, tying in with this, yes ...

**Ms CARNEY:** Page 9, \$1714m of the November mini-budget.

**Mr STIRLING:** ... because that would have been about a mid-year report. Yes.

**Ms CARNEY:** In Budget Paper No 2 for 2005-06, at page 11, in the table, regarding nett debt gives the figure of \$1718m? Correct?

**Mr STIRLING:** \$1781m - no, \$1718m, yes.

**Ms CARNEY:** Therefore, there is only a \$4m difference between the nett debt in 2001-02 and this budget. Correct?

**Mr STIRLING:** Tell me that again - yes, yes, yes, November 2001, \$1714m.

**Ms CARNEY:** And 2005-06, \$1718m. So a difference of \$4m?

**Mr STIRLING:** Yes.

**Ms CARNEY:** To put it into the vernacular, as I understand from what you have been saying for the better part of four years, you have been having a pretty constant hissy fit about the level of debt that you found when you came to office. Yet, noting that the level of debt under your government has only increased by \$4m, I am wondering why you are not having a hissy fit about that.

**Mr STIRLING:** Let us be clear about the terminology here. Nett debt is something that governments have - in this case the highest per capita in the country traditionally and historically. It was not nett debt *per se* that we, or I railed against from the years of opposition, it was the two factors of recurring deficits much larger than that estimated and put in the budget paper. There were two elements to it: ongoing deficit that was continually worsening the nett debt and, second, the less than honest approach in that outcomes did not reflect what the budget papers said when the budget was put down.

We actually agreed with the government of the day that much of that nett debt was a consequence of the progress of the Northern Territory when the Commonwealth said 'see you later'. There was still very much to do in terms of hospitals, roads, schools and developing the infrastructure of the Northern Territory. We always acknowledged that a big part of the million-plus debt that had been built up over those years was a necessary consequence of development of the Northern Territory.

In large part, we accept nett debt for what it was. What I objected to and railed against, was the continually adding to nett debt with unsustainable budgeting, where you said we had a \$1m deficit and the outcome was a \$275m deficit. After the next year, it was along similar lines and then, of course, we saw nett debt jump again with those last associated railway payments. Again, you can say - and we agreed - that was a part of development of vital infrastructure for the Northern Territory.

My view, as Treasurer, would be that government has a responsibility to work towards getting nett debt down over a process of time. Other states have done it, by and large, by selling off large slabs of what government owned. We are not in that position, in having lots of things that we could sell off and reduce our nett debt. In part, lots of governments - all governments - have big nett debt. They have driven theirs down, in part, by fire sales. We continue to have the highest per capita and will, probably, a fair way into the future. However, it remains an objective of mine that we will work to reduce nett debt over time.

**Ms CARNEY:** Thank you for that. In relation to the GST revenue, you said earlier, I am fairly sure, that the Territory has received \$425m from GST since 2001. You referred to it as the 'cumulative benefit' of the GST. What did you mean by the cumulative benefit? Is it as simple as the NT government, or the NT, has received \$425m in GST since 2001?

**Mr STIRLING:** It is simply adding up 2002-03 - does that all add up to that? Yes. In 2002-03, we were better off to the tune of \$10m.

**Ms CARNEY:** Sorry, when you say 'better off', can you tell me how much was actually received in that financial year?

**Mr STIRLING:** \$1515m.

**Ms CARNEY:** In 2002-03?

**Mr STIRLING:** Yes.

**Ms CARNEY:** GST. And for the next year, 2003-04?

**Mr STIRLING:** \$1681m, better off by \$112m.

**Ms CARNEY:** Okay.

**Mr STIRLING:** But you have to take that 'better of by' figure because other things grow, too: special purpose payments, any number of payments from the Commonwealth to the Territory. If we were talking GST, you need to take this 'better off' figure that I am giving you.

**Ms CARNEY:** Sure.

**Mr STIRLING:** In 2004-05, it is \$1740m, better off by \$150m.

**Ms CARNEY:** Sorry, can you just go back because I did not write down the 'better off' figure in 2002-03. In 2002-03, what was the 'better off' figure?

**Mr STIRLING:** \$10m.

**Ms CARNEY:** \$10m. Okay. All in all, in anyone's language, government has received - I think you would acknowledge this - massive GST revenue, regardless of whether you are using the bigger figures or, indeed, the 'better off' figures. Would you agree with that?

**Mr STIRLING:** I would like to see that in the context of the revenue growth that the Commonwealth continues to tuck away behind everyone's back because, every time the federal Treasurer ...

**Ms CARNEY:** Forget about the Commonwealth, we are here.

**Mr STIRLING:** ... says: 'Look how much the states have out of the GST,' Commonwealth revenues are growing at a rate three and four times, and continue, despite the fact that, if the GST growth begins to curtail - or heaven forbid, even wind back on us – Commonwealth revenues continue to grow at a breathtaking pace. They come out a bit cautiously and say estimates are about for an \$8bn surplus, and it seems to pass everyone's attention, so then they quietly admit, a week or two later, that it might be closer to \$11bn. Then another fortnight goes by and the *Financial Review* says it looks like closer to \$15bn. Where will this surplus finish with the Commonwealth government? A \$15bn surplus and they say: 'Look at the GST growth'.

Have a look at what the Commonwealth is. We will get you a graph, if you like, that shows the relative split between the Commonwealth, on the one hand, and all the states and territories on the other in the share of national wealth. You can see it is like crocodile jaws: the Commonwealth going up at about that rate; the GST is here, and starting to come off, but not the Commonwealth – a fantastic share!

**Ms CARNEY:** Treasurer, I am sure what the Commonwealth receives is fascinating; however, I prefer to stick with the Northern Territory.

**Mr STIRLING:** Bear in mind that this was the rationale for the GST. This was the rationale for the GST because they said: 'The states want a growth tax and we will give them one,' - said Mr Costello and Mr Howard, and they did. However, here they say: 'Look at this GST growth!' but they do not have the other bit of paper and say: 'Look at the Commonwealth growth' which is, as I said, three and four times the size. Growth since 2001-02, national GST: Commonwealth, 40.5% growth; GST 21.9% or 22%. There you have it in a nutshell.

**Ms CARNEY:** Work with me, Treasurer, work with me. Let us come back to the Territory. Do you accept or not accept that the Northern Territory has received massive GST revenue since 2002-03?

**Mr STIRLING:** Mr Chairman, we have received growth in the GST as I outlined: \$10m, \$112m, \$150m and \$153m this year.

**Ms CARNEY:** Thank you. The reason I asked that question is that I now go back to the nett debt situation. You have been miserable about the level of nett debt since you first came to office. We now know that the level of nett debt is not much more, but you are not miserable about that. My question is: why has nett debt not reduced when you have received significant – some would say massive – GST windfalls? Where has it gone?

**Mr STIRLING:** It is not true to say, in the first place, that nett debt has not decreased. It has, and I go to those figures. However, I go back to my earlier point: it was not nett debt per se - we accepted there was a high level of nett debt and there were reasons for that - it was the continued blow-outs and deficits that were continuing to add to that nett debt rather than nett debt itself. You asked why nett debt has not decreased. Well, we will go back. In June 2002 - \$1753m; June 2003 - \$1723m, \$30m less; 30 June 2004 - \$1656m, which is \$97m less than 2002; June 2005 - \$1639m, which is \$114m less than its worst point at June 2002. Then it grows again slightly, with deficit funding, until you get to the estimate here for 30 June 2009 of \$1754m. I would expect that to improve.

**Ms CARNEY:** Okay. I am conscious of time, so I am volunteering not to ask some questions. I know my colleagues want to ask more. We have not got to other members yet. I want to put a couple of things to you. Earlier on - in fact, some hours ago now - you waxed lyrical about a number of economic indicators when the shadow Treasurer was asking you about key economic indicators such as employment growth and population growth. Despite, in a sense, begging you to just stay on track, you talked about a number of other indicators. You mentioned Access Economics and Sensis - almost everybody. You maintain, obviously, that the economy is in good shape. Can I put a few things to you and get your comment?

Unemployment in the Territory is the highest of any mainland jurisdiction, as an economic indicator. The Sensis Business Index in late May showed business confidence in the government had dropped to record lows of minus-18%. There was a nett loss of population from the Territory, the ABS demographic statistics published ...

**Mr STIRLING:** That is not true.

**Ms CARNEY:** The ABS demographic stats published on 3 June show that 1200 people left the Territory. State Final Demand in 2004-05 has grown only by 1.2% indicating to, I believe, pretty much everyone, a stalled economy. Government has consistently overshoot targets in almost every government



department since it took office, and taxes have increased by a massive \$140 per year in one year. The average taxes Territorians are paying is almost \$1500 per head. In light of some of those indicators - and I have pages of others - do you still maintain that the Territory economy is doing well and, if so, why?

**Mr STIRLING:** Which indicators do you want to hear about? It is simply taking a snapshot in time and using what you want to use. Well, I will use what I want to use.

**Ms CARNEY:** Right. That is the answer.

**Mr STIRLING:** Economic growth in Australia - 7.2%. Highest growth in new residential building approvals of 25.8%, year May to May 2005. Do you know what it is nationally? Minus-12.7%. Where would you sooner be living? There was a 25.8% growth in new residential building, May to May, negative 12.7% nationally. Rental vacancy rates in the Northern Territory - absolute record low. Owner/occupier finance commitments up 25.5%, April to April 2005; nationally, decrease of 7%. Highest growth in retail turnover anywhere in Australia - 7.3%, May to May 2005. Population growth of 1%, three times the budget estimate of 0.3%.

If you want to talk about unemployment as measured by ABS, go and talk to some of the companies out there and they will tell you the biggest they have is skill shortages; getting people to work for them - not a question of high levels of unemployment. We have been through, at some lengths this morning, about ABS and how it may or may not fit the Northern Territory very well.

Regarding interstate migration, you pick one aspect of population and one that serves your point. I can give you a graph which takes us through, apart from the build-up of the Defence years, where interstate migration is a big factor all of the way through. However, you do not include in your comment the fact that it was tipped over by growth, natural increase, and overseas people coming into the Territory, the number that were moving interstate. I can give you that graph and, except for those couple of years there where the Defence build-up was occurring, there is always nett interstate migration. The fact is, we have had seven quarters of positive growth in population.

There is a little of the economic data that is totally at odds with the national trend. That is not unusual; we do tend to run counter-cyclical to the national situation. However, new residential building approvals are up 25.6% and are minus-12.7% nationally. I know where I would sooner be.

**Ms CARNEY:** In Budget Paper No 2 at page 95 - the shadow Treasurer referred to it earlier and you also referred to positive growth. Well, it is infinitesimal, isn't it? If you look at that table, population growth in 2001-02 was 0.9%; 2002-03, 0.1%; 2003-04, 0.4%. The estimate and forecast is 1.1%. It is barely significant.

In relation to employment, the last two years have been negative employment growth: 2002-03 was minus-0.1%, 2003-04 was minus-2.2%. We can throw economic indicators at each other for hours, but I would have thought that, on the basis of these figures in your budget papers, you should not be feeling anywhere near as buoyant as you do about the economy.

Can you tell us why would you expect those figures to improve? What is going to happen to make those figures improve and be significant?

**Mr STIRLING:** Going forward in terms of jobs?

**Ms CARNEY:** Jobs and population.

**Mr STIRLING:** Jobs and population. We went through this at some length this morning and I do not intend to go over it all. We know there are difficulties with methodology in ABS, particularly around population. However, it also goes to labour market statistics. What they are looking for is a level of unemployment. They are not out there trying to count up the number of jobs that are in the labour market, which is probably a much better thing to try to get a hold of; that is, the number of people employed out there. I can take you and introduce you to about 2500 people I know who are not captured in the ABS monthly surveys. Are they working? Undoubtedly! However, they are of a fly-in/fly-out nature so they do not get picked up in the stats.

We have the continued work, of course, at Bechtel. We will have the permanent work force beyond the completion of the construction stage. G3 Alcan at Gove is well under way, and I know somewhere between 100 and 120 permanent families post-construction will build to about 1700 to 1800 peak into the future. The

Desert Knowledge Precinct in Alice Springs will get well and truly under way in the near future. The LNG production itself will add to economic growth once that starts at the ConocoPhillips plant. The manganese production from Bootu Creek is expected to come on in the very near future. The construction on the Darwin convention and exhibition centre will sustain, for very many years, a sizeable work force of its own as construction works its way through the various projects. I would have thought there is a snapshot of activity going forward.

On top, I know ABS is national methodology - not that we are affected particularly. However, we are in the sense of quite a sizeable Defence presence in the Northern Territory. In relation to the size of the labour market overall compared to anywhere else in Australia it is not counted. You could say they are not counted in New South Wales either, but they are a much bigger part. Of course, all of those people have houses to maintain, run cars, all of the sorts of things that contribute to the economy, in the same way that many of those construction fly-in/fly-out workers are not picked up; nor would many of the casuals in the hospitality and tourism industry for the same reason.

They knock on your door. 'Hello, I am from the ABS. Where do you live?' 'Rockhampton'. 'Oh, fine. Are your working?' 'Yes'. They go through all the drama and hello! - Rockhampton has just got another person employed. You wonder where all these people fit in Queensland when you look at the ABS stats because they are our workers going on Queensland's books.

**Ms CARNEY:** Thank you for that long answer. As I understand it, it is really a case of waiting to see. All of the things that you mentioned, most of them have nothing or little to do with your government. We are all waiting with bated breath and hoping that all of those things come off so that they will improve your economic performance since first coming to office. I am hopeful, but perhaps I do not share your confidence. That concludes my questions in this output area.

**Mr STIRLING:** Just finally, Mr Chairman. The member for Araluen cannot have it both ways. We can not get banged up for the last two hours about adding to nett debt because of our contribution to the waterfront, and then be told in the very next breath that it was nothing to do with government.

**Ms CARNEY:** But it is the only thing you are even thinking about doing!

**Mr STIRLING:** We have just had a two hour debate about nett debt because of the waterfront, and then we are told that all this economic growth has nothing to do with government.

**Ms CARNEY:** But it is the one thing that you come up with, Syd!

**Mr CHAIRMAN:** Member for Araluen!

**Mr STIRLING:** You have to be consistent, member for Araluen!

**Mr CHAIRMAN:** We had a lovely, civilised time, I do not want to hear anything else.

**Dr LIM:** Mr Chairman, I would like to ask a couple of questions, if I may.

**Mr CHAIRMAN:** Certainly, member for Greatorex.

**Dr LIM:** Regarding the waterfront operations, what is the cost implication of environmental reparation of the contaminated land? Has that been factored into your costings for the wharf precinct?

**Mr STIRLING:** Just let me check, Mr Chairman. Cost of rehabilitation and is it in the costings?

**Dr LIM:** Yes. That is right. Your government has given an undertaking to repair all contaminated land at the wharf precinct for the developers. I understand that it is going to probably take the next 15 years of reparation to fix the land. What is the cost implication for Territorians?

**Mr STIRLING:** Let me check. The Department of Chief Minister has carriage on this project overall and that level of detail. We are happy to answer the global of what our contributions are.

**Dr LIM:** I am looking for a global figure from the Treasurer as to what it costs the Territorians.

**Mr STIRLING:** All I am saying is ask the minister responsible. All right?

**Dr LIM:** You are the Treasurer ...

**Mr STIRLING:** I am not minister responsible for the waterfront. Either ask her, or do not ask the question.

**Dr LIM:** No, no. The thing is you are the Treasurer who has carriage of the Treasury, and you have to put money aside for that.

**Mr STIRLING:** You are not in here asking me about DBIRD, DIPE, Health questions, so do not ask me questions relating to the Chief Minister!

**Dr LIM:** I would be. No, but ...

**Mr CHAIRMAN:** Member for Greatorex! Please, member for Greatorex, you have your response. He has directed you to ask the Chief Minister so can we move on from this one?

**Dr LIM:** So the answer is no answer!

**Mr STIRLING:** Yep!

**Dr LIM:** Treasurer, in your speech that you made in parliament about the budget, you said that there was improved nett interstate migration which saw population growth strengthening - let me quote directly: 'Improved nett interstate migration sees population growth strengthening to 1.1% in 2005'. Do you still stick to that comment that that is correct? Or do you think that you were inaccurate in making that statement?

**Mr STIRLING:** Oh look, it would be even stronger, as I said, if ABS were able to capture far more accurately than movement between jurisdictions. We know the primary method that they rely on to capture movement between states serves New South Wales, Victoria, and Queensland very well and serves the Northern Territory abysmally. That is an ongoing body of work between Treasurers. I have raised this at the Treasurers' Conference, the highest forum in the land for Treasurers. I have raised it directly with Treasurer Costello and he leaned across the table and said: 'We are not trying to do you over. If there is a problem here, we will work and help you to fix it'. The head of ABS has subsequently visited Darwin. He has met with me, the Chief Minister, and the Under Treasurer, and very senior people in ABS continue to meet with high level Treasury staff with a view to what levels of assistance the Northern Territory can bring to the Census exercise next year because we want the most robust assessment of the Northern Territory population, come Census time next year, that we have ever had. ABS has been very forthcoming in that exercise.

It ain't the easiest thing in the world to send a whole lot of people out there to count people in these rural and remote Aboriginal communities, where English can be the third or fourth language to a lot of these people. There may not, necessarily, be a lot of cross-cultural skill on the part of the field officer who is trying to get this information. You know, yourself, it is a fairly voluminous document that the ABS requires you to complete, and it is very problematic in Aboriginal communities.

That is only one aspect of it. There are weaknesses in their methodology around movements and transfers. However, as I said, those people actually working at Bechtel now are not travelling from Townsville to work every day; they are living here in the Northern Territory. They might fly home to Townsville at the end of their fortnight or three weeks or whatever they work, but they are living here in the Territory. Are they counted as part of the work force? Answer: no. Are they counted as part of the Northern Territory population? Answer: no. Are they spending money here in the Northern Territory? Are they buying milk, butter, bread and all the rest – running a vehicle, going fishing, spending money on recreational pursuits while they are here? Yes, undoubtedly. These are all economic contributors not captured by the methodology of the national agency. That is not the ABS' fault; it is just a fact of life. However, we will continue to work with them to better understand each other, the bottom line being a more accurate picture of just what happens in the Northern Territory. We lose real money with an under-count of our population in terms of the national share of revenue.

**Dr LIM:** Treasurer, my question was quite specific. I am talking about nett interstate migration, I am not talking about population. You, obviously, have not been able to answer my question. I am trying to marry the statement that you made, improved nett interstate migration, with the budget paper *Northern Territory Economy* for 2005-06. On page 19, it says:

*Except for the period during the Defence relocation to the north, the Territory has typically experienced negative nett interstate migration.*

That does not marry up very well with your speech saying that there has been improved nett interstate migration, when your budget papers tell us that there is an annual nett interstate migration loss to the Territory. That is why ...

**Mr STIRLING:** There is always interstate migration loss. It is more than compensated by other factors: people moving in from overseas or people coming into the Northern Territory and birth rates. There is a graph on page 25 of the *Northern Territory Economy* budget paper, which goes all the way back to 1980 - which will suit the member for Blain because he likes to go back at least 20 years. This one goes back 24 years and can show you the dips and turns. It has the nett overseas migration, the nett interstate migration, the national increase and the total growth. They all play a role.

**Dr LIM:** All right. I get your drift; you will not answer the question.

**Mr STIRLING:** It is a very busy graph! I would have to look at it for a while before I understood it, but it is there.

**Dr LIM:** What I am saying is that what you said about nett interstate migration improvement is incorrect. We lost 2100 people last year, according to your budget papers.

**Mr STIRLING:** Let us see in the mid-year report, which will come down later in the year. That will all be reviewed. All of these factors and estimates are reviewed; let us have a look at them.

**Dr LIM:** This is what we are working on today, just in case you do not understand!

**Mr CHAIRMAN:** Member for Nelson, do you have any questions?

**Mr WOOD:** Good afternoon! The last question was at 10.30 am or something!

**Mr CHAIRMAN:** You will be an Independent.

**Mr STIRLING:** You would not want to be a footballer, Gerry.

**Mr WOOD:** No. Treasurer, we have been talking about debt. We had a \$46m surplus last year and a \$68m deficit this year, which adds up to about \$114m when you add both figures together. This also means that nett debt to the Territory increases considerably over the next four years, an increase, in fact, as we have said, of \$128m over four years - we have been speaking endlessly about that - totalling \$1781m, an increase of \$28m over the level of debt you inherited in 2001-02. You have said that that original 2001-02 debt was also incurred because of the expenditure on the railway. Now, we are doing exactly the same thing. In fact, we are \$28m more in debt ...

**Mr STIRLING:** No.

**Mr WOOD:** I can only go by your page 11, which says we have an increase of \$28m on a level of nett debt in 2001-02. You are saying that is because we are spending money on the waterfront. Surely, people could say that if it was a black hole in 2001-02, it is a bigger black hole in 2005-06.

**Mr STIRLING:** For a start, Mr Chairman, there is no black hole here. The black hole was referred to because of the deceit by the previous government. That is what the black hole was. The black hole is something you do not expect to find. There is no black hole here – we are broadcasting loud and clear that there will be a \$68m deficit to 2005-06, on the record for everyone to see and understand – not saying balance and then suddenly finding a \$68m deficit. We are saying a \$68m deficit up-front, because that is part of the up-front payment into the waterfront. We are not saying \$1m deficit in June 1999, when they put the budget in and, subsequently, finding a year later, 'Whoops, sorry, we overspent a bit, \$275m deficit'. We are up-front. The *Fiscal Integrity and Transparency Act* rightly demands that we be up-front. There is no deceit with this budgeting process under the *Fiscal Integrity and Transparency Act*; it keeps everyone honest. We have put it there, and, if we do not improve on a \$68m deficit for 2005-06, I would be very surprised.

**Mr WOOD:** I am not saying you are deceitful, but we know, looking back at history, exactly what was ...

**Mr STIRLING:** No, you asked me about the black hole: why is this not a black hole? It is not a black hole because it is up-front and transparent.

**Mr WOOD:** That is right, but we know the black hole was related to debt in 2001-02. You are saying that is what occurred. I am saying exactly the same thing is occurring and we know it. I am not saying it is deceitful, but we do know that we will be \$28m more in debt than we were at that time, for the same reason, because we are going into capital works infrastructure. I am saying, surely, if that was a black hole, are not people going to say we are now in a bigger black hole?

**Mr STIRLING:** No. Black holes are referred to as such because they are mysterious, unknown beings out there, much the same as these blokes used to budget, because you never really knew what the bottom line was going to be, despite what they put in the budget. Go and have a look at the cash outcome terms of what we said we would achieve when we put the budget in, and what we subsequently achieved 12 months later. You will find significant bottom line cash improvements over those years, not \$275m worse off - in fact, \$40m, \$50m and \$60m improvements as we work through the year. You could say: 'That is because you have had healthy GST receipts and more revenue'. In part that is true, but also requires discipline and prudential financial management by government, by Cabinet ministers and by the Chief Minister.

**Mr WOOD:** I could say in reverse that this is not a black hole, the other was not a black hole; it is just that you just did not exactly know what occurred.

**Mr STIRLING:** I can tell you. We passed a budget in June 2001. We sat down and went through the Estimates Committee and everyone left parliament: 'Oh, \$12m deficit, could be worse; they had \$275m'. That was not even known at that time that we were headed for a \$275m deficit from the year before. You can imagine the shock on the newly-formed government of the day, the Cabinet ministers when we were elected, and we met with the then Under Treasurer and his opening statement was: 'The budget is in an unsustainable position'. We said: 'How can this be? Parliament only passed it six weeks ago, headed for a \$12m deficit'.

Then – what was his name? – Professor Percy Allan came to town and went through the books with Treasury's assistance – not that we did not trust Treasury, but he was an independent outside observer. Estimates were made of the true level of the deficit if everything remained in place, that it was probably \$139m, not \$12m as predicted. We were told this six weeks after passing the budget; it was not when we got six months into the financial year and then found out that spending was running out of control. This was before spending even started in the financial year. That was the level. That is why we and the media always refer to it as the black hole – unknown ...

**Mr WOOD:** Treasurer, don't we have a total deficit of \$114m this year?

**Mr STIRLING:** Sorry?

**Mr WOOD:** Don't we also have a total deficit, as well, this year?

**Mr STIRLING:** Where do you get ...

**Mr WOOD:** We were \$46m surplus, and then we just turned that around to a \$68m deficit. Have we not gone backwards there ourselves? That is what is in the figures on page 10.

**Mr STIRLING:** I will ask the Under Treasurer to explain that, Mr Wood. I am half onto your line of thinking there. I am sure that is not right.

**Ms PRINCE:** Mr Wood, I believe it is not quite the same thing. The so-called black hole that the Treasurer was referring to was a more accurate assessment of the 2001-02 financial position that Treasury advised the government of shortly after the election in August 2001. That matter was discussed in quite extensive detail by the PAC in 2002.

The variation that you have just referred to between 2004-05 outcome and the 2005-06 estimate is, indeed, an estimated surplus of \$46m in 2004-05 and a deficit of about \$68m in 2005-06. The deficit in 2005-06 is caused solely because of the capital payments associated with the waterfront. It is not ongoing or recurrent spending, it is one-off for a particular project.

The improvement in 2004-05 is due to increased revenue that we have received during the 2004-05 year that has not been met by spending obligations. That improvement is due to both increases in the GST

and in our own source revenue – mostly stamp duty on conveyances just because of the improvement in the local economy.

Therefore, those improvements that you see in 2004-05 will carry through into the forward estimates here, but the deficit in 2005-06 is due to those one-off payments associated with the waterfront.

**Mr WOOD:** Thank you. I will not continue down that path at the moment. Treasurer, we are going to have this large debt which is forecast to be \$1781m even in 2008-09. How will we service that debt? I have a question that might help there: is it true that the borrowing program is the largest state debt refinancing and that an estimated \$530m is due to mature this year? Will Treasury be undertaking borrowings for new and extra funds for 2005, or only revamp financing previous borrowings that are due to mature this year?

**A member:** Good question, Gerry.

**Mr STIRLING:** No new borrowings, but necessary to refinance loans that are expiring. One of the things that has served government well in getting the daily interest payments down, or interest rate bill down overall, is that much of that earlier debt and big loans were in fixed big interest figures. Probably almost the last of them – Jennifer? ...

**Ms PRINCE:** Yes.

**Mr STIRLING:** ... rolls through this next financial year and that it would bring all of government's outstanding borrowings at pretty reasonable contemporary interest rate levels

**Mr WOOD:** So what is keeping it down is cheaper interest rates? Is that summing it up? Would that be fairly accurate?

**Mr STIRLING:** Oh, no, nett debt has decreased. Nett debt has decreased as well, as I went through before.

**Mr WOOD:** I can only go by page 11 of the fiscal position outlook and that shows you we will have a higher debt or \$1781m in 2008-09, compared to next year or this financial year of \$1718m.

**Mr MILLS:** That is right.

**Mr WOOD:** Using these figures, we are going further into debt.

**Mr STIRLING:** Yes. Again, that document, the pre-election fiscal outlook which is a more - and I am not saying the budget is wrong, it is just that things change over time. However, the pre-election fiscal outlook figures are better than that again. As I said, I think it was \$1753m in June 2002 and estimated to be \$1754m in June 2009 - a worsening of \$1m of that nett debt figure between June 2002 and June 2009. You are a long way in those estimates, and any number of things can happen – both positive and negative. However, our track record shows that we return a better bottom line by a significant amount compared to what is put in the budget papers; albeit, not as strong a positive improvement as the former government showed a negative. If they came in and said they were \$275m worse off than they said they would, well be are not \$275m better off. But we are \$50m or \$60m each year better off. It all helps.

**Mr WOOD:** Just a couple of other questions, Treasurer. As part of the national tax reform, you had an intergovernmental agreement to abolish taxes. Could you say – and it is probably repeating yourself - could you, well ...

**Mr CHAIRMAN:** Member for Nelson, I am just wondering whether this issue is a ...

**Mr WOOD:** No, this is to do with policy, I am not asking about ...

**Mr CHAIRMAN:** Is this to do with item 1 on the schedule?

**Mr WOOD:** Mr Chairman, I think about 50% of the questions that were asked in the global content could have been put into Output 1.1. Having waited four-and-a-half hours to ask questions, Mr Chairman, you could give some leniency. The question is about policy.

**Mr CHAIRMAN:** About policy?

**Mr WOOD:** Yes, the policy is that the government ...

**Mr CHAIRMAN:** The Treasurer is happy to take it, member for Nelson.

**Mr WOOD:** I would probably much prefer you were happy to take it, too, then we would all be in agreement. Thank you.

**Mr CHAIRMAN:** It has been a long day. Can you ask the question, please?

**Mr WOOD:** Treasurer, we have an intergovernmental agreement about the abolition of some of our taxes. Can you say what that agreement covered in taxes and which ones have you now abolished?

**Mr STIRLING:** Yes, there is a little history around this so-called agreement. When the first agreement was reached, food was in the GST, so there were estimates put around what the GST would be. Agreement was reached, at the same time, that all of these so-called intergovernmental agreement taxes would be removed by such-and-such a date.

The Democrats, of course, and other parties, opposed food, subsequently in the Senate. Food was then exempted from the GST which changed the whole composition of the estimates of what the GST might accrue. There was then never a new agreement to knock off these taxes as per the first agreement which was signed in 1999.

In 2000-01, there was no new agreement reached, so when we got to the Treasurers' Conference earlier this year, that was the federal Treasurer's opening line: 'What about this agreement?' There was no agreement; there was an agreement for a review. Notwithstanding that, the federal Treasurer made it very clear that these IGA taxes would have to go, and states and territories would be required to put up proposals to the federal government for the removal of them.

We structured a proposal to remove each of the IGA taxes, with the last one going, I think, in 2009-10. Other states did the same with the exception of Western Australia and New South Wales who, subsequently, put in a proposal that did not meet with minimum requirements from the federal Treasurer. He was on radio last week saying:

*We've laid down a program starting on 1 July 2006 for the states to observe the intergovernmental agreement and to abolish the nine taxes that are replaced by the GST. Six of the states and territories have come forward with a program. Some of them are reasonable programs, some of them a bit slow. The remaining two have not observed their obligations at all; they have no timetable for the abolition of those remaining taxes and, between now and 1 July next year, the Commonwealth will be announcing a response designed to get the tax cuts for people in New South Wales and Western Australia ...*

The rest of the interview then concentrated on New South Wales and Western Australia. Therefore, the best we have in whether he accepts our proposal is: 'Well, six have come forward, some of them are reasonable, some of them are a bit slow'.

**Mr WOOD:** Which are we?

**Mr STIRLING:** We are hoping we are in the reasonable camp. We think we probably are. In what we have said we will do: unquoted marketable securities from 1 July 2006, which is \$0.6m; this year we knocked off the electronic debits duty at \$2.4m; the electronic transactions duty; the debits tax has gone off as well; the grant renewal of leases and franchises from 1 July 2005, \$1.4m; hiring arrangements, 1 July 2007, \$5.3m estimated in 2007-08; non-residential conveyances excluding land from 1 July 2008, estimated collection 2009-10, \$6m. That is our latest, 1 July 2009, and we do not have a view yet, as I said, that he accepts at all. I suspect he will, and we will be found to have conformed with the agreement, which we did not think was in place in the first place.

**Mr WOOD:** On another area that we spoke about, the waterfront. I know you said some of that is with the Chief Minister, but I have spoken before about the importance of a cost-benefit analysis. I would have thought that is something Treasury would have done. Has Treasury done a cost-benefit analysis of the waterfront project?

**Mr STIRLING:** I am not sure. I will ask the Under Treasurer, Mr Chairman.

**Ms PRINCE:** Mr Wood, during the preliminary stages, the Department of the Chief Minister, on behalf of a number of agencies, commissioned a number of consultants' reports. One of them went to the nett benefits that would flow to the Territory from an investment of this sort, and that actually followed an earlier report that was done in about 2000, I think. The nett benefit goes to the increased visitation, jobs during the construction period and the ongoing jobs arrangements. The assessment was that it was a very positive investment but, as I say, it was not commissioned by Treasury, although Treasury was involved in the work that led up to it.

**Mr WOOD:** I will follow that question up with the Chief Minister. I might ask for some guidance here, Mr Chairman. I want to ask a question on financial grants to local government. Does that come into global?

**Mr CHAIRMAN:** No, I should not imagine so.

**Ms PRINCE:** That is Local Government

**Ms LAWRIE:** CDSCA.

**Mr WOOD:** Yes. The only reason I am bringing it up is because it appears in this document. If it is not a question to ask ...

**Ms LAWRIE:** CDSCA. Ask minister Henderson.

**Mr WOOD:** I realise that. However, it is in the budget, which is why I thought ...

**Mr CHAIRMAN:** Are there any more questions? That being the case, that concludes consideration of the whole-of-government issues. I should mention to the Treasurer that we will probably conclude this session at about 6.20 pm.

## TREASURY

### OUTPUT GROUP 1.0 – TERRITORY REVENUE

#### Output 1.1 – Territory Revenue

**Mr CHAIRMAN:** I now call for questions on Output Group 1.0, Territory Revenue, Output 1.1, Territory Revenue. Are there any questions? Shadow Treasurer?

**Mr MILLS:** No.

**Mr CHAIRMAN:** Members of the committee?

**Members:** No.

**Mr CHAIRMAN:** Member for Nelson, do you have any questions in relation to Output 1.1?

**Mr WOOD:** Yes. Treasurer, have you corrected the anomaly of stamp duty being charged on the GST component of transactions?

**Mr STIRLING:** I will refer to Mr Vukman, the Commissioner of Taxes in the Northern Territory.

**Mr VUKMAN:** First, could I clarify your question? Is GST included in the calculation of stamp duty? Is that what you are asking?

**Mr WOOD:** I am asking this is on behalf of my other Independent who left me with this. She asks: have you corrected the anomaly of stamp duty being charged on the GST component of transactions?

**Mr STIRLING:** I think that is what it is.

**Mr VUKMAN:** Stamp duty is calculated on the GST inclusive values of goods and services that it is imposed on, generally. It has historically been the case for costs to be included in the end value that you charge stamp duty on. GST is one of those costs. That treatment is fairly consistent around Australia.

**Mr WOOD:** I have asked this question before: when will the double taxation come off? That is probably what she is getting at.



**Mr STIRLING:** In a sense, it is part of the IGA itself. It is treated the same way nationally, in the same way that sales tax, as a predecessor before GST, was treated. Everyone does it that way. That is the way those manner of taxes have always been treated, and remain so. I would have thought any change in treatment of the way those things were done would be a part of the IGA itself, and necessary to take back.

**Mr WOOD:** Of course, you could do it without the IGA, if you thought it was a good thing? You get it on house insurance and car insurance. They are the things people see; they see two lots of taxes on their one bill.

**Mr STIRLING:** Sales tax used to go on top of freight and everything else as well. People used to complain. That is the normal manner of treatment.

**Mr WOOD:** It is a new era of GST, and that is a growth tax on a growth tax.

**Mr STIRLING:** GST is just a big sales tax, or a more comprehensive sales tax. It was always there, but only on some items. It was always treated that way then, and by everyone else in Australia.

**Mr CHAIRMAN:** All right, are there any more questions on that output?

**Mr MILLS:** Yes, I have one, Mr Chairman. Why do you use the CPI figure of 1.6%, when the ABS figure and the figure you use in your own economic review is 1.9%?

**Mr STIRLING:** That is not quite a revenue question but we will answer it.

**Mr MILLS:** No, I am not quite sure where it fits.

**Mr STIRLING:** No. This is the escalator for 2005-06. For the last few years, Treasury have used the January to December CPI figure for the Northern Territory as the escalator for the next year's budget. The 1.6% is the CPI figure for the Northern Territory for January to December 2004. For the next budget, we will use the CPI figure for January 2005 to December 2006.

Prior to that, there was a very imprecise science around what an escalator should be; it could be fairly wildly out in comparison with the real CPI. At least there is a logic and a rationale here. It looks back at the year before and says: 'That was the CPI figure for the Northern Territory for that 12 months, that is what will be used as the escalator for the forthcoming budget'.

**Mr MILLS:** Wages growth - sorry, I do not know where this fits – and EBAs.

**Mr CHAIRMAN:** I will leave it to the Treasurer. At the moment, we are on Territory Revenue.

**Mr MILLS:** In the budget for wages growth, you use a figure of 3% for this year. In the forward estimates, where are the extra costs allocated for the greater than 3% EBAs you have given the teachers, police and firies?

**Mr STIRLING:** I will go to the Under Treasurer or Jodie for the full explanation so you are clear why we might use a figure - in this case 3%. You would not want to have a figure in the agencies that could lead expectations to a higher wages outcome. For example, if you put, say, 10% in there you are only fuelling expectations ...

**Mr Mills:** Yes, I can understand, yes.

**Mr STIRLING:** ... as to what that would be. I will go to ...

**Mr MILLS:** I just want to be assured that you actually have it covered properly.

**Mr STIRLING:** Anything extra is simply locked up the Central Holding account. If you want more detail, perhaps Jodie or the Under Treasurer can give you that.

**Mr MILLS:** So that is coming from Central Holding Authority?

**Mr STIRLING:** Yes.

**Mr CHAIRMAN:** Are there any further questions? That being the case, that concludes consideration and Output 1.1.

### **Output 1.2 – Tax Related Subsidies**

**Mr CHAIRMAN:** The committee will now proceed to Output 1.2, Tax Related Subsidies. Are there any questions?

**Mr WOOD:** I might also ask for guidance on this one. This is from the member for Braitling regarding Tax Related Subsidies and it refers to - I will give you the question anyway. The government is buying back 12 blocks of land in Stage 4 of the Larapinta subdivision. How much is being allocated for those blocks? How many will be for the first home buyers? What will the other blocks be used for?

**Mr STIRLING:** Yes, I think it is more directed to the Housing Minister.

**Mr WOOD:** That is fine.

**Mr STIRLING:** I am sure they have it. Yes.

**Mr CHAIRMAN:** If there be no further question, that concludes consideration Output 1.2.

## **OUTPUT GROUP 2.0 – FINANCIAL MANAGEMENT**

### **Output 2.1 – Financial Management**

**Mr CHAIRMAN:** We now proceed to Output Group 2.0, Financial Management, Output 2.1, Financial Management. Are there any questions?

**Mr MILLS:** I have already covered that, thank you.

**Mr CHAIRMAN:** As there are no further questions, that concludes consideration of this output group.

## **OUTPUT GROUP 3.0 – ECONOMIC SERVICES**

### **Output 3.1 – Economic Services**

**Mr CHAIRMAN:** The committee will now proceed to Output Group 3.0, Economic Services, Output 3.1, Economic Services. Are there any questions?

**Mr MILLS:** Yes, I am not sure whether this fits the category: the cost of promotions as an economic service.

**Mr STIRLING:** We will have an answer.

**Mr MILLS:** Does it fit in this category? All right. How much was spent on behalf of Treasury on advertising promotional activities, videos, DVDs, brochure and general printed material for 2004 ...

**Mr Stirling:** Shameless hussies they are, Terry.

**Mr MILLS:** I forgot to ask this question of Treasury last year and, when we asked it of all the other agencies, they said: 'You should have asked the other bloke'. So I am asking you guys first up: how much did you spend on promoting the budget?

**Mr STIRLING:** Under Treasurer. I cannot achieve much, and I do most of it.

**Ms PRINCE:** Mr Mills, if I could just make sure I have the question right. It is the cost of the communications campaign for the 2005-06 budget?

**Mr MILLS:** I call it shameless promotion but, yes, okay - advertising promotion activities, etcetera.

**Ms PRINCE:** I do not know whether I could comment on whether it was shameless or not, but we spent \$303 000 as at the end of May.

**Mr MILLS:** Okay. Have you broken it down?

**Ms PRINCE:** I do have some details here: the printing of the budget papers themselves - \$159 000; media kits including the printing, the folders, the envelopes and so on - \$53 000; the graphic design of the budget papers and related books - \$15 000; radio advertising - \$23 000; print advertising - \$29 000; and newsletter printing and distribution - \$24 000.

**Mr MILLS:** All of the materials that appeared in people's letterboxes is contained in there?

**Ms PRINCE:** There was certainly some information that was prepared and distributed by the Chief Minister's Office.

**Mr MILLS:** Right.

**Ms PRINCE:** These were the items that we, as Treasury, were responsible for.

**Mr MILLS:** Okay.

**Mr STIRLING:** It compares very well. The feds spend about \$45m, I think, selling their budget. It compares very well.

**Mr MILLS:** We only have 200 000 people here. Thank you.

**Mr CHAIRMAN:** Any other questions? That being the case, that concludes consideration of Output Group 3.1.

### **Output 3.2 – Community Service Obligations**

**Mr CHAIRMAN:** The committee will now proceed to Output 3.2, Community Service Obligations. Are there any questions?

**Mr WOOD:** Again, for clarification, because I have a question under the utilities section but, of course, further down it relates to a community services obligation. We had another section ...

**Mr CHAIRMAN:** It says here community services obligations payment to electricity, water and sewerage service providers supplying non-contestable ...

**Mr WOOD:** I did not know whether that would come under Economic Regulation which might have a different - Economic Regulation also covers CSOs.

**Ms PRINCE:** No, Economic Regulation is simply the cost of the Utilities Commission; the office and various investigations. However, payments for community service obligations in respect of electricity, water and sewerage are borne by Treasury and are in this particular output that we are now in.

**Mr WOOD:** All right, well I will leave the question until we get to Economic Regulations as it comes out of that section back there.

**Mr MILLS:** Can I ask a question about community service obligations? I have not had enough time to research properly. Treasurer, can you indicate what pressures are there on community service obligations with regards, specifically, to electricity in the coming budget?

**Mr STIRLING:** Can you give me any more?

**Mr MILLS:** There is a commitment to keep electricity costs down. The only way that can be maintained is if you increased community service obligations.

**Mr STIRLING:** At the moment, to maintain the uniform tariff which is, as it suggests, the same price right across the Territory, the CSO payment for 2005-06 is \$50.46m, as opposed to \$48.96m in 2004-05. That is uniform tariff.

**Mr MILLS:** What is the next year? Do you have the projected ...

**Mr STIRLING:** That figure I gave you was water, sewerage, and electricity. Do you need electricity on its own? Electricity on its own, uniform tariff, 2004-05 - \$35.4m; 2005-06 - \$38.47m.

**Mr MILLS:** Do you have an estimate for the next year; that is, 2006-07?

**Mr STIRLING:** They are in forward estimates. This is the actual payment. In the forward estimates there is a figure; not all of it is funded. However, this is the funded.

**Mr MILLS:** Where do I find that?

**Ms PRINCE:** Mr Mills, in Budget Paper No 2 on page 80 there is a discussion of all the CSO payments included in the budget.

**Mr CHAIRMAN:** Any further questions? That being so, that concludes consideration of this output group.

#### **OUTPUT GROUP 4.0 - COMMERCIAL SERVICES** **Output 4.1 – Commercial Services**

**Mr CHAIRMAN:** The committee will now proceed to Output Group 4.0, Commercial Services, Output 4.1, Commercial Services. Are there any questions? That being the case, that concludes consideration of this output group.

#### **OUTPUT GROUP 5.0 - ECONOMIC REGULATION** **Output 5.1 - Economic Regulation**

**Mr CHAIRMAN:** The committee will now proceed to Output Group 5.0, Economic Regulation, Output 5.1, Economic Regulation. Are there any questions?

**Mr WOOD:** Treasurer, I am reading the annual report for this section. It talks about community service obligations valuation, and it says:

*The commission's recommendations regarding the value of the CSOs, which implied a substantial increase in the value of the CSOs since the first valuation undertaken in 2001, were accepted by the government. The government opted to compensate the corporation in a manner different from that proposed by the commission.*

Can you explain what that actually meant or means?

**Mr STIRLING:** No. He is a regulator; you are not supposed to understand what he is saying. However, someone will. Under Treasurer.

**Ms PRINCE:** Mr Wood, the Utilities Commissioner is, from time to time, asked by the Treasurer to value community service obligations. It is not part of his statutory obligations, but he is an expert in this area and we have asked him, from time to time, to value the CSO.

Last year, in the lead-up to the 2004-05 Budget, he undertook a valuation of the CSO. He did qualify his assessment, though, by discussing the uncertainty associated with asset valuations of the Power and Water Corporation.

The government decided, last year, not to fund the additional amount of the CSO that he had identified, but to continue the cash payments to Power and Water at similar levels, just escalated for normal parameters. To do otherwise would have simply resulted in a very substantial increase in the profit of Power and Water at a time when they were already increasing their profits. Therefore, the decision was taken that there was no overall benefit increasing the size of the CSO.

Since that time, the Utilities Commissioner has reviewed the cost of Power and Water's network assets and has, in fact, revised those assets down by over \$100m, which just further gives support for his concerns last year about adequate valuation of assets from Power and Water. Therefore, we would expect that, over the next couple of years, there will be further asset valuation work done by both Power and Water and the Utilities Commission before we get to a fairly stable period. Those asset valuations are also going to be affected by the move to international financial reporting standards in a year's time, so we will be looking at just how those asset valuations change. It is the asset valuations that largely drive the CSO estimate.

**Mr WOOD:** One other question: in the future priorities for this area, it said that you were to advise the government of the results of first round of the commission's monitoring of the corporation's electricity generation prices and also approve/revise pricing principles and methods underlying the structure of

electricity network tariffs as a vigorous and transparent basis for any future rebalancing of network tariffs associated with the move to price-cap form of price control.

If the Utilities Commission comes out and says that the price of electricity should go up, what does the government do if it wants to keep the price down? What happens in actual fact? They are there to say we want to keep our electricity going at commercial rates and profit, and the government comes in over the top and says: 'No, they are frozen'. What then happens?

**Mr STIRLING:** Government, faced with what you are saying, has a couple of things it can do. One is to put prices up or, if it does not want to do that, put more in by way of community service obligation payments. I guess the other way would be to hold them there as an unfunded CSO, although that may be unsustainable. That would have to be worked out with Power and Water. I guess the two choices are to put prices up and, if we do not want to do that, give them more money.

**Mr WOOD:** Could I just ask - maybe it is a philosophical question - if Power and Water is running as a business and you step in and say: 'You have to keep the prices at a level playing field that will last the next four years', does it not really make it look a bit silly when it is actually a business? Is it not really just a government department?

**Mr STIRLING:** They get, now, around \$50m or a bit more in CSOs.

**Mr WOOD:** That is mainly for outback remote areas. However, it is also for ...

**Mr STIRLING:** It is more than that. There are two elements. There is the uniform tariff side of it and then there is the maintenance of the electricity prices for domestic and the smaller business end tranche. I will hand over to Ms Prince.

**Ms PRINCE:** Mr Wood, the \$50m in uniform tariff CSO is for the commercial operations of Power and Water. They also receive, as a payment from CDSCA, an amount of almost \$50m - it is about \$48m or \$45m - for the provision of essential services in remote communities. They receive quite a substantial lot of funding from government either to undertake non-economic services in the bush or to subsidise the commercial cost of providing services.

**Mr WOOD:** I will think about that.

**Mr CHAIRMAN:** Any other questions?

**Dr LIM:** Yes, I have one. With regard to the election promise to underground power in Alice Springs, what funding have you put aside for that?

**Mr STIRLING:** I have a list here, just bear with us. The advice I have is that it is to go on the program; I am not sure of the scope of the commitment. At this stage, \$3m goes into the undergrounding each year. That funding will spread across both programs. However, we will get more information to you in the precise nature of the program, what detail we have. We will get back to you.

**Dr LIM:** I look forward to a detailed table of works for Alice Springs and underground power. Thank you.

**Mr CHAIRMAN:** Will you take the question on notice, Treasurer?

**Mr STIRLING:** Yes.

**Mr CHAIRMAN:** Can you restate that question, please?

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#### Question on Notice

**Dr LIM:** Mr Chairman, I ask the Treasurer if he could kindly table the full list of works to underground power in Alice Springs, including the costings and the time frame with regard to the closure of the project?

**Mr CHAIRMAN:** Do you accept the question on notice, Treasurer?

**Mr STIRLING:** Yes.

**Mr CHAIRMAN:** Then I will allocate that No 2.1.

**Mr WOOD:** I have a question based on the mission statement, but I did not know whether it came into what we were doing, or should I leave it to non-specific?

**Mr CHAIRMAN:** You can ask it now or ask it in the non-specific.

**Mr WOOD:** I will ask it now; that might be better. Treasurer, under the Output Group, Economic Regulation, it talks about 'our work', and says:

*Management of the Territory's economic regulatory regime in relation to the provision of essential services and, as necessary, to promote competition or, in its absence, simulate competitive market conduct to prevent the misuse of monopoly power ...*

From listening to what the Under Treasurer had to say about adding \$50m plus \$50m to a so-called GOC, do we really have competition in the first place, and do we really need Power and Water as a business, because it is being propped up, you might say, by a \$100m worth of funding – for work that it could not do if it was a business. Why is it a business?

**Mr STIRLING:** I will ask the Under Treasurer to fill in the detail, but 'propped up' is a bit unfortunate. It sounds like it is a broken down crock and needs that support. It is actually charged with carrying out quite uncommercial activity; that is, supplying electricity, power, water and sewerage in remote and isolated parts of the Northern Territory with small populations that you simply could not charge enough, in a commercial sense, to recoup the cost. Like Telstra, it is a community service obligation or ...

**Mr WOOD:** I am not disputing that.

**Mr STIRLING:** If you said: 'You have to go and do that', they would go broke; that is the outcome there. You have to go and do it because it is a service that the people are entitled to, so you have to pay. That, really, is the nub of it. The other side of that is that, at some point - who knows when - you would expect competition may enter the Northern Territory.

**Mr WOOD:** But they would never take on a remote community? You would always have to be funding those because, as you said, they do not make money. What I am saying is that, if you had competition, they will strip the best bit out of the Territory ...

**Mr STIRLING:** That is the danger with competition. That is precisely why the ACCC and the regulator - and you need to get to the regulator because what could happen is that a profit maker gets in and takes the cream off the top that would be easy to generate, sell to and distribute, but not the hard end of the equation. Leave that to the taxpayers so the taxpayers are fitted with the bill of doing all the hard and expensive stuff while some company gets a nice and pretty solid return from the rest of the market. That is always a danger and a risk, and the government, regulator, ACCC all need to be alert. Competition is a fine thing, but not if it is at the expense of the taxpayer, as that potentially could be.

The point I was going to make is that, at some point, you would reasonably expect – it may be a fair way distant - competition to enter the Northern Territory. Therefore, you want your own organisation to be as robust as it possibly can in efficiencies and ability to compete, if ever that arose. The mechanics and implementation of that competition would require very careful scrutiny, indeed, to avoid what you see immediately as a pitfall - and I agree with you.

**Mr WOOD:** Yes, I must admit, I am not a fan of privatisation in essential services, so I put that on record. I believe there are some benefits for the Territory to stay as is.

**Mr CHAIRMAN:** Okay. Are there any further questions under this output? That being the case, that concludes the consideration of this output group.

#### **Non-Output Specific Budget-Related Questions**

**Mr CHAIRMAN:** Are there any other non-output specific budget-related questions? Right, okay.

## RACING, GAMING AND LICENSING

**Mr CHAIRMAN:** The committee will now move onto Racing, Gaming and Licensing. Treasurer, do you need a five minute smoko?

**Mr STIRLING:** That would be a really nice gesture.

**Mr CHAIRMAN:** We will have to do that now. Five minutes, everyone.

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The committee suspended.

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**Mr CHAIRMAN:** Treasurer, are you feeling comfortable?

**Mr STIRLING:** Thank you for the break, Mr Chairman.

**Mr CHAIRMAN:** I invite the minister to introduce the officials accompanying him and, if he wishes, to make an opening statement on behalf of Racing, Gaming and Licensing.

**Mr STIRLING:** I had that list in front of me, Mr Chairman and, somehow, I lost it. However, on my far right is Mr John Montague, who has the title Senior Director, Funds Management and, on my left, Ms Elizabeth Morris, Executive Director, Racing, Gaming and Licensing.

## OUTPUT GROUP 6.0 – GAMBLING, LIQUOR AND OTHER REGULATION

### Output 6.1 – Gambling, Liquor and Other Regulation

**Mr CHAIRMAN:** The committee will now proceed to consider the estimates of the proposed expenditure contained in Appropriation Bill (No 2) 2005-06 as they relate to Racing, Gaming and Licensing. I call on questions relating to Output Group 6.0, Gambling, Liquor and Other Regulation, Output 6.1, Gambling, Liquor and Other Regulation. Are there any questions?

**Mr MILLS:** Yes, Mr Chairman. What was the 2004-05 forecast for gambling revenue?

**Mr STIRLING:** The 2004-05 original budget is – what was the question?

**Mr MILLS:** What was the forecast in 2004-05 for gambling revenue?

**Mr STIRLING:** Total gambling tax, original budget 2004-05 - \$40.011m.

**Mr MILLS:** Thank you. What was the actual?

**Mr STIRLING:** We do not have it, of course. The revised – this is the mid-year report; we will have the actual in about October or November – is \$43.055m.

**Mr MILLS:** So, it is up slightly. What is the forecast of gambling revenue for 2005-06?

**Mr STIRLING:** \$49.057m.

**Mr MILLS:** Is this based, Treasurer, on increased population or increased uptake of gambling?

**Mr STIRLING:** A combination of both, bearing in mind that our figures are inflated from a Territory population input into the figure, if you like, by virtue of the existence of a number of major corporate sports bookmakers who have a large number of clients interstate and overseas, boosted further by non-Territory residents with the existence of Lasseters Online – that is overseas residents only – and non-Territorians again in tourism visitation to casinos and clubs. The outstanding jump in that escalating figure is better than estimated, a \$5.187m increase because of the community rebate that was in existence for, originally Lasseters and SKYCITY. Lasseters lost theirs in 2003 and the SKYCITY rebate finishes 1 July 2005. There is a full financial year without that rebate, which is \$5.187m.

**Mr MILLS:** Okay, I will just go on to that then, Treasurer. Regarding the takeover by SKYCITY of the MGM casino – what arrangements are in place in regard to our rebate from community gaming machines in this venue? What is planned?

**Mr STIRLING:** Originally, there was exclusivity of gaming machines only in the two casinos. That was the deal with the casino management owner/operators when they were set up; they were the only ones that could have gaming machines. When the government of the day decided to introduce gaming machines into the community, it was necessary to obtain the agreement of the two casinos to break the exclusivity. That agreement was arranged by virtue of the rebate scheme to both casinos, and they had finite life. As I said, in the case of the Alice Springs casino, it was 1 July 2003, which would have resulted in an increase in gambling taxes in that financial year, and this year, SKYCITY's agreement finishes. That agreement was it. That bought out the exclusivity of the day and there is no further agreement around it.

**Mr MILLS:** I should have been more precise. From this point that you have just referred to on, no rebate arrangements at all?

**Mr STIRLING:** No.

**Mr MILLS:** Okay. What is the 2004-05 revenue collected from the bookmakers' tax?

**Mr STIRLING:** Again, we will have a mid-year estimate revised. Bookmakers - racing at \$4.574m; sports at \$906 000.

**Mr MILLS:** Estimated growth of bookmakers' tax - is it expected to grow? By how much?

**Mr STIRLING:** The racing sector, around 3%. That is sport and racing.

**Mr MILLS:** Sport and racing? Do you think it would be evenly applied?

**Mr STIRLING:** No. It is primarily racing.

**Mr MILLS:** What is the 2004-05 revenue from community gaming machines?

**Mr STIRLING:** The revised figure is \$17.368m.

**Mr MILLS:** What is the estimated annual growth rate on community gaming machines? Is it growing?

**Mr STIRLING:** We estimate 4% annual growth.

**Mr MILLS:** Has that been an even rate of growth over the last couple of years?

**Mr STIRLING:** Pretty much.

**Mr MILLS:** Right. Wagering tax - are there similar increases?

**Mr STIRLING:** Estimated \$5.344m, which was also the original; so a 2% estimated annual growth.

**Mr MILLS:** The revenue collected in 2004-05 in Internet gaming?

**Mr STIRLING:** It has dropped. The original budget was \$625 000; the estimate now is \$543 000. There is a little note there: on-line gaming gross profit comes as US and Euro and is converted to Australian dollars. The majority of on-line bets come from the US. The increased exchange rate for Australia has contributed to a lower Australian dollar gross profit. Actual gross profit in US dollars has decreased by 8.8% in the first six months of 2004-05, compared to the same period of 2003-04, probably due to more competitors in the international market and economic circumstance of source countries.

**Mr MILLS:** Treasurer, that puts a different light on the information you supplied to me earlier, where gaming revenue is increasing from 2004-05 to 2005-06 by nearly \$9m. You said part of that is as a result of the increase in Internet gaming when, in fact, it is reduced. Therefore, it appears that it is primarily pokies, I suppose, and the casinos - local consumption - is where the revenue from gambling is increasing.

**Mr STIRLING:** Did you measure the increase, member for Blain?

**Mr MILLS:** Did I measure the increase?

**Mr STIRLING:** Yes, when we said the global increase?



**Mr MILLS:** Yes.

**Mr STIRLING:** \$5.187m is simply a result of SKYCITY's rebate agreement lapsing as of 1 July. It is not an increase in activity, gaming or gambling or any other activity; it is simply a matter of the cessation of the agreement which improves our bottom line by \$5.187m.

**Mr MILLS:** Fine. It is just the first questions were that the forecast of gambling revenue was \$40m; the actual gaming revenue was up \$3m on that to \$43.5m; the forecast for this year is \$49.57m; and Internet gaming revenue has dropped and it is only in the order of \$0.5m. I am just making that observation ...

**Mr STIRLING:** Of the \$6m increase overall, \$5.1m of it is the agreement with SKYCITY. The answer is there.

**Mr MILLS:** I am not having an argument with you; it is just an observation. Since 1 July 2004, how many venues have gaming machines?

**Mr STIRLING:** We have machines, but not the number of venues. I think we have that for 2005. We will get it for you.

**Mr MILLS:** Okay. Is that before the close of proceedings, or on notice?

**Mr STIRLING:** No, it is just not in there.

**Mr MILLS:** While you are looking then, how many venues had gaming machines at 1 July 2004? How many venues had gaming machines at 30 June 2005? Then detail the venues and the number of gaming machines in each venue.

**Mr CHAIRMAN:** Is this a question on notice?

**Mr MILLS:** I just want to make sure ...

**Mr STIRLING:** It would probably be easier just to give you the print out, so we will take it on notice.

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#### Question on Notice

**Mr CHAIRMAN:** Would you care to restate that question.

**Mr MILLS:** Happy to, Mr Chairman. How many venues had gaming machines at 1 July 2004? How many venues had gaming machines at 30 June 2005? Detail the venues and the number of gaming machines in each venue.

**Mr CHAIRMAN:** Are you happy to take that question on notice, Treasurer?

**Mr STIRLING:** Absolutely! It is probably easier to have a tabled list anyway.

**Mr CHAIRMAN:** For the purposes of the record, I allocate No 2.2.

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**Mr CHAIRMAN:** Please continue, shadow Treasurer.

**Mr MILLS:** I am done with racing and gaming, thank you.

**Mrs MILLER:** I have a question. Minister, this may have to be on notice too: what is the breakdown of revenue from the gaming machines from the various clubs and the hotels at Katherine in the 2003-04 year and the 2004-05 year?

**Mr STIRLING:** Thanks, Mr Chairman and member for Katherine. I am not sure about what liberty we have to disclose that level of information. If it is in the annual report, then it is no problem. That is worse than the racing results in the *NT News*, Jennifer! Member for Katherine, your question again?

**Mrs MILLER:** What is the breakdown of revenue from the gaming machines from the clubs and hotels in Katherine during the 2003-04 and 2004-05 year? That is the Katherine Country Club, the Katherine Club, the Sport and Recreation Club, the Katherine Hotel, and the Crossways Hotel.

**Mr STIRLING:** This will not be all of the information, but if you have a pen handy though. This is 2004-05 as at 31 May, so it is not a full financial year.

**Mrs MILLER:** But will you able to provide them for the financial years?

**Mr STIRLING:** Katherine Club for example - NT tax, \$557 189; Katherine Country Club - \$136 291; Katherine Sports and Recreation Club - \$106 920; the Crossways Hotel - \$195 660; and Katherine Hotel Motel - \$214 245.

**Mrs MILLER:** Are you able to provide me with the up-to-date figures to the end of June when they are available?

**Mr STIRLING:** Yes. It will be a month or so before they are through.

**Mrs MILLER:** That is fine.

**Mr CHAIRMAN:** Any further questions, member for Katherine?

**Mrs MILLER:** No, thank you, Mr Chairman.

**Mr WOOD:** Treasurer, one thing that was raised during the substance abuse committee was the possible effects of gaming machines on places like Tennant Creek where it was understood that monies lost there went out of the community. Has the government had a look at the possible effects of gaming machines on remote communities?

**Mr STIRLING:** Mr Chairman, very much so. We commissioned, in about February/March this year, 12-month research under a couple of headings: into the level of gambling and gaming across the Territory then, more specifically, that level occurring around gaming or poker machines and then, a third layer was around indigenous communities and the interaction to the effect there.

I might ask Ms Morris, because she has seen very preliminary feedback from the researchers. We do not expect them – that is a full 12-months study – to report back until about March April next year. I will ask Elizabeth to make comment on the feedback she has had thus far.

**Ms MORRIS:** Two different studies are being done by the same people at Charles Darwin University. The first of those looks at the prevalence of different forms of gambling in the Territory, and that will involve a fairly large telephone survey done by Roy Morgan, which will commence in August. The data from that should be available some six weeks after the commencement of the telephone survey. That is a telephone survey of some 2000 people. They recognise that that will not get a lot of people in remote areas, and so they are looking at various focus groups, and focusing on a couple of remote communities, in order to get some data there.

The other work, which looks specifically at the impact of gaming machines on the community, again, the information from the data that they gather from the telephone survey will feed into that about the impact in relation to financial, social and otherwise of gaming machines in various communities across the Territory.

**Mr WOOD:** I will look forward to the report.

**Mr STIRLING:** We see it as important research in the sense that there were benchmark studies done prior to the introduction of community gaming machines way back in 1995-96. However, I do not know how useful – that research was never really fully explored or analysed so, in some ways, this is very important in trying to get a benchmark.

I have a concern in my own electorate, for example, about the propensity of some individuals within the community to just hammer these machines at their own cost. They can soak up disposable income at an alarming rate.

**Mr WOOD:** The other concern, of course, was that there have always been card games, but the money at least stayed in town. The problem with these small communities is that, once it goes into the poker

machine, it goes out of town. That is what I was also looking at: the effect on the economy of some of those small communities.

**Mr STIRLING:** I think that is right, although there has been evidence with the size and the amount of money in some of these card games; that often a winner or winners will board a plane straight to the white house here. That, of course, is straight out of the community as well. If it stays in the community, you win it this week and lose it the next, and it may be a circulation effect. However, there is some evidence of big winners taking it with them and subsequently losing it.

The Community Benefit Fund and the way that is structured - because that comes out of the levy on machines in hotels - does get spent back by way of community grant applications in reasonable proportion as to where it emanated. Therefore, there is some redistribution effect there out of player loss, going back to the community from which it came via community groups. It is not ideal, but it is something.

**Mr WOOD:** Another question, minister: you have the Responsible Gambling Code of Practice which was released about two years ago. Is there any way to measure, or have you tried to measure, whether such a gambling code of practice has had any effect on the way people gamble?

**Mr STIRLING:** Mr Chairman, it is probably hard to get objective measures around it when you do not have the research or the benchmark out there in the community in the first place. The idea is not to stop people, but to encourage responsibility. Those people who have licences do have a responsibility to look out for people and levels of self-harm.

Again, I go back to that research, which is critical. Once we have the results in next year, that ought to be fairly constantly looked at in whether we have higher levels into the future.

**Mr WOOD:** I suppose I asked the question from a budgetary point of view. The government spends a lot of money putting out these pamphlets that they leave at pubs for people to read, in theory. What is the measure that it is actually having an effect, or would we be better off not having the pamphlets at all? We do a lot of these pamphlet drops for lots of different educational programs, but are they of any value?

**Ms MORRIS:** There is also a series of funds available for all gambling amelioration. Previously, this has just been paid to two organisations across the Northern Territory - Amity and Anglicare - in relation to providing services for people with the pamphlets and things of the kind that you have talked about, as well as one-to-one counselling and general community education. That process of funding those organisations just recently has gone to a tender process. Tenders were called for, and recently assessed by the Community Benefit Fund Committee. As part of that process, the committee will be asking for performance indicators from the organisations who do get funding as to whether they are actually achieving their aims; whether their programs are successful or not. Their ongoing funding will depend on how well they are able to achieve those things; whether what they are doing actually makes any difference.

**Mr WOOD:** I suppose what I was aiming more at is that it is called the Responsible Gambling Code of Practice, which is very airy-fairy a little. We spend money on it, but we do not really have any idea whether it is making any changes. It is different for the groups you are looking at, because they are targeting. I will not drag it out any longer; I know we are running out of time.

Quickly, minister, could you give me the details of the costs and resources for the new Office of Alcohol Policy, including the number of staff?

**Mr STIRLING:** It is on the next page, Mr Chairman. This goes to the question of the capacity to provide alcohol policy development coordination. We expect to spend \$290 000 in 2004-05, and we were budgeting for \$1.15m in 2005-06.

**Mr WOOD:** How many people are employed within that office?

**Ms MORRIS:** There are currently two people employed in the office. There is capacity within the budget to provide full-time employment for two further officers. However, part of the operation of the office is as a part of Racing, Gaming and Licensing, and so various projects that the Office of Alcohol Policy will take on will integrate various members of Racing, Gaming and Licensing. However, it is budgeted for four full-time positions of which two are currently in place.

**Mr WOOD:** Treasurer, I ask about the *Liquor Act*. Were there any time frames, and who will actually review the *Liquor Act*?

**Mr STIRLING:** Mr Chairman, it is not so much a review now as a complete rewrite. It is out of date; it has been added to and amended in a bit of an ad hoc fashion over the years. It does not serve us particularly well, particularly in and around the Liquor Commission and licensing. With the best will in the world, a full rewrite of a major piece of legislation like that would take a year. You would want feedback with key groups along the way so that you do not get too far ahead of the pack. That would result in draft legislation that you would want to put out there and circulate for comment as well. Gee, you are not going to get much change, probably out of 18 months to two years, in a complete rewrite of a major piece of legislation like that. For anything urgent, we would continue to amend the act, obviously, in that time.

**Mr WOOD:** Treasurer, what is happening to the Alcohol Framework? How many of the recommendations are we starting to put into place and how many are still to be put into place?

**Mr STIRLING:** In part, the proposals around rehabilitation are coming out of that Alcohol Framework review. Some decisions were made earlier in relation to Sunday trading for grocery stores and if we should go there. We decided not to. However, the Office of – what were you just talking about?

**Ms MORRIS:** Alcohol Policy and Coordination.

**Mr STIRLING:** Alcohol Policy and Coordination will pick up the rest. Elizabeth, would you comment on that?

**Ms MORRIS:** Of the 62 recommendations, we have just done a review of how we have progressed so far since December last year in relation to those. Work has commenced on approximately 70% of those recommendations, including the rewrite of the *Liquor Act* where we have had a full-time Senior Policy Officer coordinating that project for the last couple of months.

**Mr WOOD:** The last question on the alcohol side of things: liquor management plans. I know we have a couple operating and one looks like coming into being soon. Have you had any feedback on how well they are working?

**Mr STIRLING:** The only thing - and I do not have formal briefs from the Treasury or Racing, Gaming and Licensing or anyone on this. However, there is a measure of encouraging signs, if I put it like that, from Groote Eylandt where they have taken some quite strong steps in the control of alcohol through the local alcohol management plan, to the point where senior people at Yirrkala community have looked very closely at what they have heard and what they have seen at Groote, with a view to going the same way along similar lines. RGL will be out there in the near future to scope out their views a bit better, with a view to going to community meetings and hearings to get the agreement of the rest of the community.

By giving local control within the community that knows what the problems are, they are probably best placed to come forward with practical solutions that will work, other than those imposed from above that may or may not hit the mark. Certainly, early signs at Groote are good. I will be working with Yirrkala very closely to encourage them to take whatever steps they think will work to ameliorate the abuse of alcohol. It could be a powerful tool in the hands of the local communities to make what they can of it. Early signs are positive, but nothing I can show you.

**Mr WOOD:** Thank you.

**Mrs MILLER:** I just have one question, minister, and probably Elizabeth would be able to answer this one for me. The survey that is being undertaken with 2000 telephone calls, that you discussed earlier: are you going to specifically target the regions and the community areas that are affected, or is it blandly, randomly checked throughout the Territory?

**Ms MORRIS:** The people who are undertaking the survey have said they would try and get people from various regions in relation to getting - so they are not just taking 2000 people from the phone book. Most of them, of course, would end up being in Darwin or, perhaps, a few in Alice Springs. They are targeting groups - genders, ages - in order to get a definite cross-section sample. One of the main communities where they are thinking of doing one of their large scoping studies is Katherine ...

**Mrs Miller:** That is good to hear.

**Ms MORRIS:** ... as a community where there is a mixture of various gaming machines in hotels and people coming in from outlying communities.

**Mrs MILLER:** That is good. Thank you.

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

**Mr MILLS:** So what section are we at?

**Mr CHAIRMAN:** We are still at Output 6.1. No more questions? That concludes considerations of Output 6.1.

### **Output 6.2. – Gambling-Related Grants**

**Mr CHAIRMAN:** The committee will now proceed to consideration of Output 6.2, Gambling-Related Grants. Are there any questions?

**Mr MILLS:** Yes. Treasurer, how much was distributed in 2004-05 in gambling-related grants?

**Mr STIRLING:** Be right with you, Mr Chairman. There were two rounds of small grants processed for the community organisations in 2004-05. The first round attracted 193 applications with 135 approved totalling \$349 000. The second round attracted 231 applications, with 174 approved totalling \$353 103. In September 2004, \$450 000 was made available for gambling research. Applications were called. Two grants went to Charles Darwin University totalling \$375 000. One project will look at the prevalence of different forms of gambling, and the other will look at the impact of gaming machines on the community.

**Mr MILLS:** Can we go on a step further, Treasurer, and detail all the recipients of gambling-related grants, the amount and purpose of the grant?

**Mr STIRLING:** Yes, it is a lot of information; we will just table it.

**Mr MILLS:** That is the lot, is it?

**Ms MORRIS:** From 2004-05; two rounds. These are just the small grants, and does not include the gambling research or gambling amelioration payments. That is just the small grant program.

**Mr MILLS:** Thank you, Mr Chairman.

**Mr WOOD:** Just one question which I know the minister will be able to answer. Regarding one of the future priorities in the annual report, it said that there would be finalisation of the thoroughbred racing industry funding agreement and formalisation of a new greyhound industry funding agreement for the next three years. Can you say if that has happened and what does that actually incur?

**Mr STIRLING:** Mr Chairman, both agreements were completed to the satisfaction of both groups. We split the greyhound industry from the thoroughbred industry. The Darwin Greyhound Association will receive \$352 642 per year over three years as an annual CPI increment to that. The Principal Racing Authority, on behalf of thoroughbreds, will receive base funding of \$5.8m in 2004-05 indexed by 5% each year; a one-off capital grant of \$1.05m has been made in 2004-05; and there will be ongoing capital funding of \$350 000 per year. The principal authority will be responsible for the distribution of the \$1.05m capital grant. That was a pretty sizeable grant up-front to try to catch up with the backlog of infrastructure and capital needs on all of the race tracks, including some that carry a priority around occupational health and safety as well. The Principal Racing Authority will also be responsible for the distribution of the \$350 000 ongoing for all of the clubs so that Darwin and Alice Springs does not gobble it all up.

**Mr WOOD:** All the money comes from gaming revenue? Where is it initiated from?

**Mr STIRLING:** No, it is a straight line budget item. There is this history around the sale of the TAB in those agreements, and the Under Treasurer will give you that information.

**Ms PRINCE:** Mr Wood, when the Territory had its own TAB, the arrangement that was put in place was the TAB received 50% of their nett profits, and the rest went to the racing industry. When we were putting the arrangements in place to sell the Territory's TAB, the racing industry funding arrangement was established in 1999-2000, with a five-year agreement with escalation provisions and incentive arrangements. That actually increased the amount of funding available to the racing industry from what had been received under the TAB arrangements.

The new arrangement that has been put in place increases the base slightly and simplifies the escalation arrangements. However, because of what was done back in 1999, there is no direct link between revenues for racing or gaming; they go into the Central Holding Authority with the exception of the Community Benefit Levy that is allocated to gaming research and amelioration and small grants. If you go back in history, you can see that relationship was there, but the direct link has been broken.

**Mr WOOD:** Thank you.

**Mr CHAIRMAN:** Any further questions? That being the case, that concludes consideration of this output group. Are there any other non-output specific budget-related questions?

**Dr LIM:** I do not want to hold it up for too long. I have a few questions and I will put the rest on notice to the minister. Minister, what was your ministerial office budget for 2004-05?

**Mr STIRLING:** That is a Chief Minister's question.

**Dr LIM:** A Chief Minister's question. So, you do not know what it is?

**Mr STIRLING:** The Chief Minister handles ministerial staffing.

**Dr LIM:** How many staff are currently employed in your ministerial office?

**Mr STIRLING:** Chief Minister's question.

**Dr LIM:** You do not know, either. You do not know how many staff are working in there. What was the staffing level in the minister's office on 1 July 2004?

**Mr STIRLING:** Chief Minister's question.

**Dr LIM:** Do you know how many staff you employ, as a government minister, in any other Territory centres?

**Mr STIRLING:** How many do I employ?

**Dr LIM:** Yes.

**Mr STIRLING:** As ministerial staff?

**Dr LIM:** Yes.

**Mr STIRLING:** None.

**Dr LIM:** How many positions in your ministerial office are secondments from departments but are not employed on your books, but paid for by the department?

**Mr STIRLING:** One departmental Liaison Officer from the Department of Employment, Education and Training, and we did have one from Treasury but they have not given us one back yet.

**Dr LIM:** Since when?

**Mr STIRLING:** The person who had that position was promoted to, I think, a position in Health. What is happening with that position? Are we going to get one back, or what? The Under Treasurer is considering it.

**Dr LIM:** That is fine. Can you detail your ministerial office expenditure on reports produced that have been either outsourced or produced internally, including responses such as what is the purpose of the report, what organisations produced the report for you, at what cost, and have they ever been tabled in parliament?

**Mr STIRLING:** I do not believe there are any but it is a question, again, that would be in the Chief Minister's budget, not mine. I do not have a ministerial budget.

**Dr LIM:** You would know what reports your office commissioned. The Chief Minister would not know that.

**Mr STIRLING:** Again, I do not know of any, but it is a question for the Chief Minister.

**Dr LIM:** How would the Chief Minister know what reports your office commissioned?

**Mr STIRLING:** Because it is her budget and she understands her budget. I try to understand mine and, no doubt, she understands hers.

**Dr LIM:** You assume that the Chief Minister will know what ministerial reports you have commissioned?

**Mr STIRLING:** If I had ministerial reports commissioned and she was paying for it, she would know, wouldn't she?

**Dr LIM:** If that is the way you think, then I will put that question to her later on.

**Mr STIRLING:** Yes.

**Dr LIM:** How much has been spent directly from your ministerial office, specifically in 2004-05 in promoting your portfolio responsibilities, for brochure, electronic media, newspaper advertisements and direct mail?

**Mr STIRLING:** Chief Minister's question.

**Dr LIM:** What consultants were employed by your ministerial office for 2004-05?

**Mr STIRLING:** Chief Minister's question.

**Dr LIM:** The Chief Minister is going to be very busy this evening. If they are the Chief Minister's questions, I shall refer them to her.

**Mr MILLS:** Mr Chairman, I would like to ask similar questions, but not to your ministerial capacity, but to the Treasury. How many staff are currently employed to carry out the functions of Treasury?

**Mr CHAIRMAN:** Could we stick to Racing, Gaming and Licensing?

**Dr LIM:** I thought we went through that and on to non-output specific budget-related ...

**Mr CHAIRMAN:** No, no. We have miles to go yet. We are nowhere near finished with Treasury yet.

**Mr MILLS:** I will hose myself down.

**Mr CHAIRMAN:** Admirable. All right.

#### **Non-Output Specific Budget-Related Questions**

**Mr CHAIRMAN:** Are there any other non-output specific budget-related questions in regard to Racing, Gaming and Licensing? No?

#### **CENTRAL HOLDING AUTHORITY**

##### **OUTPUT GROUP 1.0 - CENTRAL HOLDING AUTHORITY**

**Mr CHAIRMAN:** The committee will now proceed to questions regarding Output Group 1.0, Central Holding Authority

**Mr MILLS:** How much of the Treasurer's Advance have you spent in the last financial year?

**Mr STIRLING:** The question was?

**Mr MILLS:** What have you been looking for? How much of the Treasurer's Advance have you spent in the last financial year?

**Mr STIRLING:** The answer, Mr Chairman, is all of it.

**Mr MILLS:** I have a fair bit to cover. Can you remind me of how much that was?

**Mr STIRLING:** It was originally set at \$29m at the time of the budget, and it was increased by \$48m throughout the year.

**Mr MILLS:** You have some people who could add that up for us? My head is a bit tired.

**Mr STIRLING:** Yes.

**Mr CHAIRMAN:** \$77m, Terry.

**Mr MILLS:** Okay, \$77m. I will make a note of that. Why has there been a \$10m increase in other salary expenses?

**Mr STIRLING:** Can you tell us where?

**Mr MILLS:** It is a little while since I prepared these. With just one person to do all this, and you have ...

**Mr CHAIRMAN:** Used to be a lot more, didn't there?

**Mrs Miller:** You have heaps more.

**Ms LAWRIE:** Can't you get any help from Gary?

**Mr MILLS:** We have a fair bit to cover, the four of us.

**Mr CHAIRMAN:** Keep it on line, folks.

**Mr STIRLING:** Mr Chairman, it appears to be enterprise bargaining agreement costs, but it is not yet allocated to individual agencies.

**Mr MILLS:** Okay, I will move on then. There has been an increase in an administrative expenses. Is that the same issue?

**Mr STIRLING:** Again yes, same answer: part EBA, part other items that have not yet been allocated to agencies.

**Mr MILLS:** All right. Why has the government transfers output expenses blown out by over \$93m?

**Mr STIRLING:** Jodie, please.

**Ms KIRKMAN:** That is the output expense that is provided to agencies through the year so they get output appropriation for their operating costs and capital appropriation for any capital payments. A lot of that is for new decisions and spending initiatives through the year. A part of it is also some reclassification from capital appropriation to output appropriation. You will see that, as we have been going through the accrual process, we have been making sure that everything that we treat, we treat correctly. There have been some payments we have been treating as capital that are actually operating. Therefore, what we have done is you will see capital appropriation was decreased a little and output appropriation increased.

**Mr MILLS:** Once again, I will read the transcript really carefully. However, it strikes me that \$93m is an extraordinary amount. I do not really understand that.

**Ms KIRKMAN:** Agencies are all funded by output appropriation so, if you go to any particular agency, you will see an output appropriation amount.

**Mr MILLS:** Yes.

**Ms KIRKMAN:** That is funded through the Central Holding Authority. At the start of the year, we have \$1.766bn and, at the end of the year, \$1.859bn. That is that an increase of \$93m. Around \$24m of that was transferred between capital appropriation and output appropriation. The remainder is core payments through the year. That would have included things like the public sector EBA at the start of the year that



was not allocated out to agencies so, through the year, once the EBA had been agreed and decided, that was allocated out to agencies. Various other decisions made through 2004-05 had to be funded by output appropriation.

**Mr MILLS:** Right. I shall probably seek briefings on that later on, rather than to continue with this now. I just have another one. My final question on this area is: why has the interest revenue received jumped by over \$13m in the last financial year?

**Mr STIRLING:** Because they are doing so well.

**Ms KIRKMAN:** It is because of ...

**Mr STIRLING:** No, it is a money question, isn't it? Mr Montague, I am sure you can answer.

**Mr MONTAGUE:** Primarily, it is due to the funds earned on conditions of service reserve, which is a fund which was established initially for funding superannuation purposes. That has risen from roughly \$166m, by around about \$10m.

**Mr MILLS:** What are those figures? I am presuming if you are going to earn \$13m in interest, you have a lot of money in the bank.

**Mr MONTAGUE:** Correct. We started the year with roughly \$164m.

**Mr MILLS:** \$164bn?

**Mr MONTAGUE:** Million.

**Mr MILLS:** You mean \$1.64m?

**Mr MONTAGUE:** \$164m.

**Mr MILLS:** \$164m. Gee whiz! With lowish interest rates; you have done well.

**Mr MONTAGUE:** There is also a slight benefit which flows through from the refinancing debt as well. There is a slight timing difference between when we had to refinance debt and when the Central Holding Authority refinanced its debt to us. That is worth about 15 days to us.

**Ms PRINCE:** The conditions of service reserve is invested in equities. It is the reserve fund.

**Mr MILLS:** Okay. What is the interest rate?

**Mr MONTAGUE:** It is likely to earn around 15% this financial year.

**Mr MILLS:** Really?

**Mr STIRLING:** Very good.

**Mrs MILLER:** We will have to find out where that is.

**Mr MILLS:** See you later.

**Mr STIRLING:** One of the questions we have is what to do with it. It does not affect that nett debt in the sense it is held as an asset, so it offsets that record debt. However, if you whacked it all off on debt, then you have less debt to pay, then you have less interest but, of course, it is an asset gone as well. The original purpose of that it was there to service outgoings from superannuation. It could be used for that as well.

**Mr MILLS:** I just thought that this might have been the place where when Mr Costello writes out his bonus cheque each year for about \$300m more than you expected - it is lobs into this account.

**Mr STIRLING:** You are being inaccurate again, member for Blain - it is nothing like \$300m.

**Mr MILLS:** We covered that at about 10 am. It is okay. Please don't.

**Mr STIRLING:** It is the historic fund - in fact, when we came to government I think it was about \$150m. Mr Montague actually lost money one year; it went backwards. I thought: 'This is worse than useful having this lying around'. However, as equity markets have improved, it has bounced back. Mr Montague has made up that little loss and much more in the subsequent years as markets have improved. What purpose does it serve? It is a bit questionable really.

**Mr MILLS:** I will not progress that one or hang around there a while. That will be enough from me, thank you, Mr Chairman.

**Mr CHAIRMAN:** Any further questions? That concludes consideration of this business line.

#### **NT TREASURY CORPORATION**

**Mr CHAIRMAN:** We will now move onto NT Treasury Corporation. Treasurer, do you wish to make any opening statement?

**Mr STIRLING:** No, Mr Chairman.

#### **OUTPUT GROUP 1.0 – NT TREASURY CORPORATION**

**Mr CHAIRMAN:** The committee will now proceed to consider questions regarding this business line. Are there any questions?

**Dr LIM:** Mr Chairman, how many staff are currently employed to carry out the functions of Treasury?

**Mr STIRLING:** How many staff in Treasury? Under Treasurer?

**Ms PRINCE:** Mr Chairman, sorry, I thought we were doing the Treasury Corporation.

**Mr CHAIRMAN:** We are doing Treasury Corporation.

**Dr LIM:** It is not part of that?

**Mr CHAIRMAN:** No, it is not part of Treasury Corporation.

**Ms PRINCE:** We can answer the question for both.

**Mr CHAIRMAN:** Minister, do you wish to take it on?

**Mr STIRLING:** I am sure we have that here.

**Dr LIM:** I am happy to wait until we go to specific budget questions.

**Mr CHAIRMAN:** Are there any further questions in regard to NT Treasury Corporation? That concludes consideration of this business line. That concludes consideration of all Treasury-related output groups.

#### **Non-Output Specific Budget-Related Questions**

**Mr CHAIRMAN:** Are there any other non-output specific budget-related questions?

**Dr LIM:** Mr Chairman, how many staff are currently employed to carry out the functions of Treasury?

**Mr STIRLING:** Under Treasurer.

**Ms PRINCE:** Dr Lim, if I give you the number in full-time equivalents in Treasury, not including Treasury Corporation, there are 259 with full-time equivalents. In Treasury Corporation, there are about another nine. I am sorry, the 259 includes Treasury Corporation.

**Dr LIM:** Is it possible to provide us with an organisational chart with the names of people in there? Not down to the very bottom but ...

**Ms PRINCE:** I have a listing here of classification by gender. We normally include in our annual report a structure of the senior staff - not of all branches - and we have details in each division of the number of staff they have. We would not ordinarily provide a detailed organisation chart down to that level, but we can give you information by our various groups. I can read those out to now, if you like.

**Dr LIM:** No, if you could provide me with the detail, that would be fine, thank you.

**Mr CHAIRMAN:** Are we taking that as a question on notice?

**Mr STIRLING:** Yes.

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#### Question on Notice

**Mr CHAIRMAN:** Member for Greatorex, could you please restate the question?

**Dr LIM:** The question was to ask the Treasurer to provide us, in due course, with an organisational chart, I suppose, with the number of staffing allocated to various positions and levels.

**Mr CHAIRMAN:** Do you accept that question, Minister?

**Mr STIRLING:** Yes, Mr Chairman.

**Mr CHAIRMAN:** For purposes of the record, I allocate it No 2.3.

**Ms LAWRIE:** There was a point of clarification in there. Was it senior management staff?

**Dr LIM:** No. [inaudible] pressure to speak about seniors. Certain levels are, but not right down to the very base levels. We are not expecting that at all.

**Ms PRINCE:** We would ordinarily provide our organisation charts by division and for the senior staff. Each of our divisions has flexibility to allocate its resources within an overall funding level, and that is what we would provide.

**Dr LIM:** Thank you.

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**Dr LIM:** Minister, I assume that the Government Printing Office provides lots of work to Treasury?

**Mr STIRLING:** I am sorry?

**Dr LIM:** I assume that the Government Printing Office provides lots of printing work for Treasury? Am I right?

**Mr STIRLING:** Certainly the budget and related papers. I do not know on an annual basis what else there would be.

**Dr LIM:** Are you able to list the works that are produced by the Government Printing Office for Treasury?

**Mr STIRLING:** It looks like it. To the end of May 2005, Treasury spent \$368 000 on document production such as budget papers, Treasurer's Annual Financial Report, mid-year report, superannuation scheme's annual reports, payroll tax monthly and annual returns packages, Northern Territory Treasury's Annual Report and Alcohol Framework final report. Other document production expenses include notices in the Government *Gazette*, printing of revenue acts, production of First Home Owner Grant brochures and printing of Treasury corporate stationery, including letterheads, file covers and business cards.

**Dr LIM:** Would you be happy to table that report?

**Mr STIRLING:** Yes.

**Dr LIM:** We there any other reports produced or outsourced on behalf of Treasury?

**Mr STIRLING:** No, Mr Chairman.

**Dr LIM:** Was any of the 2005-06 budget promotional campaign literature printed in languages other than English? If so, which languages and at what cost?

**Mr STIRLING:** No, Mr Chairman?

**Dr LIM:** Are you sure?

**Mr STIRLING:** I am so advised, Mr Chairman.

**Dr LIM:** All right. If you find out that is not correct, will you come back with the appropriate advice?

**Mr STIRLING:** The answer is no.

**Dr LIM:** Thank you very much, minister, if that is your answer. Dear, oh dear. I will not pursue it any further.

**Mr STIRLING:** It may be a question for the Chief Minister.

**Dr LIM:** No, no, it is not. It is a question for you.

**Mr STIRLING:** They may have had something produced in language other than English, but it was not Treasury.

**Dr LIM:** Sorry, it wasn't?

**Mr STIRLING:** It was not us.

**Dr LIM:** It wasn't you. Somebody did produce documents promoting ...

**Ms Lawrie:** May have.

**Mr STIRLING:** May have.

**Dr LIM:** May have.

**Mr STIRLING:** May have.

**Dr LIM:** May have. You don't know?

**Mr STIRLING:** I have had an indication that the Chief Minister's Department may have produced something. I am just trying to give you a lead here.

**Dr LIM:** You give me a lead. I might give you a lead and say that your ...

**Mr STIRLING:** You are trying to get me to do her in.

**Dr LIM:** ... answer might be incorrect.

**Ms LAWRIE:** No, no, no – not by Treasury.

**Dr LIM:** You do not know. Okay. I shall ask the Chief Minister, then.

**Mr STIRLING:** Good! Do not tell her you got it from me.

**Dr LIM:** I am sure she is listening to you right at this very moment. Thank you, Mr Chairman.

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

**Dr LIM:** Did you have any consultancies in Treasury that were provided with certificates of exemption?

**Mr STIRLING:** Under Treasurer.

**Ms PRINCE:** Dr Lim, we employed 22 consultants, eight of whom were contracted via a certificate of exemption. The key one of those was with Charles Darwin University for the provision of demographic and statistical advice. We have an arrangement with the university where we jointly employ Professor Tony Barnes on statistical matters, particularly population matters. We also engaged a couple of other people under certificates of exemption, simply because they were the only providers with the expertise. An example of that was CSC, who was looking at some of our superannuation business systems. They are the provider of the system that we used, and so we used them for those reasons.

**Dr LIM:** Thank you. Treasurer, the question I asked you earlier about whether Treasury had any reports – if you had 22 consultants on your books providing you with advisory reports, there were reports provided to Treasury. In other words, when you said there were no reports, you are announcing they are reports.

**Mr STIRLING:** I understood the question earlier was to the Treasurer, me. I did not commission any reports. Treasury did, quite clearly, but not the Treasurer.

**Dr LIM:** Would you be prepared to table the consultancies, with the lists, and also the various certificates of exemptions that were issued?

**Mr STIRLING:** We will take that on notice. There were 22 of them; we will have to look at it. We will give you what we can.

**Dr LIM:** In previous years, Mr Chairman, ministers were very prepared to provide us with the whole list of consultancies and certificates of exemptions.

**Mr CHAIRMAN:** It goes to whether it is operational or not. You are taking the question on notice, are you, Treasurer?

**Mr STIRLING:** Yes. It may be better do it by way of briefing, I am not sure. We will get the information one way or another.

**Dr LIM:** I will put the question on notice then.

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#### Question on Notice

**Dr LIM:** Provide a list of consultancies awarded by Treasury, including those awarded by, or through, certificates of exemption.

**Mr CHAIRMAN:** You will take the question on notice, Treasurer? For the purposes of the record, I allocate No 2.4 to that question.

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**Mr CHAIRMAN:** Are there any further questions? Any other questions from the committee? That concludes consideration of all Treasury line items. On behalf of the committee, I would like to thank officers from Northern Territory Treasury for attending today.

### POWER AND WATER CORPORATION

#### Statement of Corporate Intent

**Mr CHAIRMAN:** Treasurer, I note that the next area for consideration is Power and Water, with specific reference to the 2005-06 Statement of Corporate Intent. Do you wish to make a statement?

**Mr STIRLING:** No, Mr Chairman.

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

**Dr LIM:** Yes, I have, Mr Chairman. Treasurer, given that the income tax occurrence from Power and Water has fallen by about \$6m between last year and this year's budget, what are you doing to ensure that power costs do not rise for Territory businesses and families?

**Mr STIRLING:** Mr Chairman, we went through this a little inside Treasury regarding the size of the CSO payments that are paid to Power and Water in order to keep prices for domestic customers and the last of the tranches – that is, the small business customer base - where they are. Those CSOs are there and there is an increase - from memory, when we looked at the budget papers in the earlier session this year - to keep the downward pressures on electricity prices as far as is possible.

**Dr LIM:** How are you going to ensure the ongoing financial success of Power and Water for the future?

**Mr STIRLING:** That is very much up to the chairman and the senior management of the board in keeping their asset base up and their R&M up and replacement of the capital required when it is due, in order to keep Power and Water as efficient, effective and delivering the lowest cost power it possibly can, albeit with a small and scattered population base that it has to serve.

**Dr LIM:** You spoke about the CSO just now and that you are increasing the CSO to continue to keep the price of power down. How are you going to offset that with the tightening of gas supplies in the Amadeus Basin? Our prices for gas keep on going up. What are you going to do to ensure that – normally we have equal tariffs around the Territory - prices remain fixed as you suggested at the pre-election campaign.

**Mr STIRLING:** The question of gas prices into the future - whether they go up, how much they go up, or whether they go up at all - is pretty speculative. The market remains open, and Power and Water certainly remains open, as to where and how much they might source gas supplies from into the future. They are probably questions that would go better to the GOC Scrutiny Committee itself.

**Dr LIM:** I have to refute that it is speculative that the price of gas will go up. You have no gas coming into the Territory that can be used by Territorians - not one skerrick in the current gas that is coming to the Territory. Not one skerrick, not enough to even light up a Bic gas lighter. It is not speculative that gas prices will go up. What are you going to do to ensure that power prices do not rise for the four years per your pre-election promise?

**Mr STIRLING:** Mr Chairman, I am advised that current supplies and agreements are out there until 2011. Power and Water remain in dialogue with potential suppliers at the present time. At the moment, no one has been apprised of any price shocks into the future regarding those supplies, albeit it is probably a fair way from actually signing contracts. However, I am not prepared to sit here and say that it will be massively more expensive. It may not be.

**Dr LIM:** Does the government have any plans to open up contestability of the Territory electricity market?

**Mr STIRLING:** The market is totally contestable. That type of questions should go to the regulatory minister rather than the shareholder minister.

**Dr LIM:** All right, I accept that. What would be the dividend that government expects to receive from Power and Water this financial year?

**Mr STIRLING:** 2005-06?

**Dr LIM:** You reported last year that you received a \$20m dividend. The year before, you said that you received a \$20m dividend from Power and Water. What did you receive this last 12 months, and what do you plan to receive in the next 12 months?

**Mr STIRLING:** Let me just check those figures.

**Ms PRINCE:** The dividend estimated for 2004-05 is \$18m. That will, obviously, be subject to Power and Water's annual financial accounts. The amount estimated for 2005-06 is \$15m.

**Dr LIM:** In spite of the CSO having been providing at increasing levels to Power and Water?

**Mr STIRLING:** Sorry, Mr Chairman?

**Dr LIM:** In spite of the increasing CSOs that were provided by government to Power and Water, the dividends are slightly decreasing from \$20m to \$18m to \$15m.

**Ms PRINCE:** Mr Chairman, the dividend in 2004-05 was up slightly because of increased capital grants that had been provided late in the previous year in relation to some capital expenditure that the government had asked Power and Water to undertake such as extending power to Dundee. There was one other amount, which I have forgotten. The dividend has fallen largely because of the payments from government declining in 2005-06.

**Dr LIM:** In your pre-election campaign, you promised that electricity prices will not increase. Will you now reaffirm that electricity prices will not increase for Territorians over the next four years of this term?

**Mr STIRLING:** Mr Chairman, I do not know what quote that was from me. Can the member for Greatorex show me where I said that?

**Dr LIM:** This was a pre-election campaign promise by the Labor Party stating categorically that power prices will not increase over the next four years.

**Mr STIRLING:** Show me where I said it. Give me the evidence. Where was it said?

**Dr LIM:** I am saying that is what it is. If you do not know your pre-election campaign promises ...

**Mr STIRLING:** I do not take your word for it. If it was said, show me where it is printed, where it was said, what it was in.

**Dr LIM:** We will make sure the Leader's office provides you with that information. Obviously, you are now renegeing on your promise.

**Mr STIRLING:** No. The commitment was that CSOs would be maintained.

**Dr LIM:** CSOs will be maintained for the next four years to ensure that power prices do not increase for Territorians for the next four years?

**Mr STIRLING:** They are your words, not mine. Show me the document you are quoting from.

**Dr LIM:** I do not have it here, of course, but I will send it to you. I am sure the Parliamentary Library will be able to provide us with that information also.

**Mr STIRLING:** Yes.

**Dr LIM:** I am sure this is a question also relevant to the shareholding minister. What long-term effect and consequences for the supply of [inaudible] electricity was the decision of the Utilities Commission to reduce the value of the [inaudible] asset value of electricity networks from \$431m to \$350m?

**Mr STIRLING:** I am advised that it will reduce slightly the revenues from contestable customers. The onus will be on Power and Water to find efficiencies to match that slight loss of revenue coming from those contestable customers.

**Dr LIM:** So, you are going to keep prices of electricity fixed and make sure that Power and Water becomes more efficient, with fewer power outages and burnouts, and be competitive with the open market? That is what you are going to do? Do you think that is believable?

**Mr STIRLING:** You are making the statements, not me.

**Dr LIM:** I am putting that to you.

**Mr STIRLING:** You are making the statements.

**Dr LIM:** Thank you, Mr Chairman.

**Mr CHAIRMAN:** Are there any further questions? That being the case, that concludes consideration of policy relating to the 2005-06 Statement of Corporate Intent. We will now be taking up Department of Employment, Education and Training issues.

**Mr STIRLING:** I thank the Under Treasurer, Jennifer Prince, and all of her staff who were here throughout the Treasury session, and that of Power and Water. Thank you, Jennifer, your assistance is greatly appreciated.

**Mr MILLS:** Thank you.

## **EMPLOYMENT, EDUCATION AND TRAINING**

### **EDUCATION**

**Mr CHAIRMAN:** It is my intention to conclude interrogation of this item at 6.25pm. I invite the minister to introduce the officials accompanying him and, if he wishes, to make an opening statement on behalf of the Department of Employment, Education and Training.

**Mr STIRLING:** Thank you, Mr Chairman. I would like to introduce officers from Employment, Education and Training and provide an outline of their areas of responsibility: the Chief Executive, Mr Ken Simpson; the Deputy Chief Executive of Employment Services covering NT WorkSafe Employment and Training, Mr John Hassed; the Deputy Chief Executive, Education Services covering Curriculum Services, Student Services, Business Planning, People and Learning, Accelerated Literacy and the COAG trial at Wadeye, Mr Ken Davies; the Acting Deputy Chief Executive, Resource Management and Schools, Schools Information Technology Services, International Services, Legal Services, Mr John Glasby; Chief Financial Officer, Financial Services, Infrastructure Services, Non-government Schools, Mr Trevor Saunders; and Executive Director, Central Australia, Alice Springs and Tennant Creek Regions, Ms Rita Henry.

### **OUTPUT GROUP 1.0 - EMPLOYMENT**

#### **Output 1.1 - Employment Initiatives**

**Mr CHAIRMAN:** The committee will now proceed to consider the estimates and proposal expenditure contained in the Appropriation Bill (No 2) 2005-06 as they relate to the Department of Employment, Education and Training. I call on questions relating to Output Group 1.0, Employment, Output 1.1, Employment Initiatives. Are there any questions?

**Dr LIM:** Mr Chairman, I seek your guidance. I am sure this is the right place to ask the question. It is in relation to a statement made by the Chief Minister. On the night of her election celebration, she said that her government was committed to 10 000 apprentices for this term - 'we will deliver' were her words. I watched the announcement or her victory speech on Sky News several times on Saturday night of the election. I ask the minister whether he agrees with that; that his government will deliver 10 000 apprentices over the next four years?

**Mr STIRLING:** Of course, I agree with it. It is a sustainable rate, as the numbers in training would suggest we would do it well within our current operational levels. Ten thousand apprentices and trainees over a four year period is the target. For detail of just how we arrange commencements per year of the numbers in training - we have all that information - Mr Hassed will fill in those gaps.

**Mr HASSED:** Certainly. Currently, I believe what one needs to do here is differentiate between in-training numbers and commencements. Regarding the 10 000 target, we are talking about commencements for apprentices and trainees. Currently we are running around 2500 commencements per year. That is a record level, and it is going to be a job to keep that momentum going. We are confident we can do it. With that, we believe that the 10 000 is an achievable target. We are on line to do that in terms of the past year. I have to say the activity at the New Apprenticeships Centre here in Darwin and in Alice Springs further supports our ability to achieve 10 000 apprenticeship and traineeship commencements over the current four years.

**Dr LIM:** What the Minister for Employment, Education and Training and the officer is saying is that the Chief Minister was wrong in her victory speech. You are talking of 10 000 apprentices and traineeships, whereas she was talking about 10 000 apprentices. She was wrong. There is quite a big difference, and ask your officer if you do not understand that, minister.

**Mr STIRLING:** The commitment from us was very clear, and it was 10 000 apprentices and trainees over the next four years. 'Apprentices' is being used as an interchangeable term more and more often, and there are people who refer to what we would say is the 12-month traineeship - whether it is retail, tourism, hospitality, office work or whatever - as an apprentice. That terminology is interchangeable. Not in my view, I always refer to apprentices. Maybe the member for Greatorex is of the same view and, if he is, I agree with him. Apprentice, to me, is competency-based, could be as long as four years, not a 12-month traineeship. But that is neither here nor there. The fact is: 10 000 apprentices and trainees over the next four years.



**Dr LIM:** I would like to hear what the apprentices out there have to say about you when you compare them to trainees. An apprentice leads to a full tradesman.

**Mr STIRLING:** Burn up the clock if you like, but your wasting time.

**Dr LIM:** No, I am not. I am asking you: are you saying now that the Chief Minister was wrong, when you said there will be 10 000 apprentices in the next four years?

**Ms LAWRIE:** Ten thousand young people in employment.

**Dr LIM:** You are all rewriting history now.

**Mr STIRLING:** The Chief Minister was not wrong. Mr Hassed has another comment in relation to this.

**Mr HASSED:** Mr Chairman, technically, the term in the legislation here in the Northern Territory is 'apprentice' and that term stands for both apprentices and trainees. From a Commonwealth perspective, the term they use, which is no longer taken up in any other jurisdiction, is 'new apprentice', which covers both apprentices and trainees. Technically, the term 'apprentice' does cover both apprentices and trainees. We do have, however, differentiate, effectively in light of what is a competency-based training arrangement. However, again I would like to re-emphasise from a technical perspective, the term used in the legislation to describe both apprentices and trainees is 'apprentice'.

**Dr LIM:** Thank you for the explanation. I hope the media will take this up and explain to all Territorians the difference between trainees and apprentices so that people out there in the public understand it, because everybody out there thinks you are training electricians, plumbers, carpenters, builders for three to four-years, training to be apprentices for a qualified trade. I will move on.

**Mr STIRLING:** Hang on, you have just reiterated the error you made at the start; that is, you hope someone explains the difference. The act does not differentiate; the act calls them all apprentices. You and I might say apprentice and trainee, the act calls them all apprentices.

**Dr LIM:** I am saying to you that the public out there, Territory-wide, assume that you are talking about apprentices that develop people into becoming tradesmen. You are misleading them. Treasurer, you say you will train the extra 10 000 apprentices in the next term of government ...

**Mr Stirling:** You might find a lot of people a whole lot more informed than you.

**Dr LIM:** ... these apprentices will be eligible for \$1000 grant under commitments made by your government during the election. Where is the allocation in the budget for this funding which represent some \$10m if all the 10 000 apprentices take up the grant?

**Mr STIRLING:** This guy just does not want to learn, Mr Chairman. He has had explained to him the difference between apprentices and trainees. Now, he wants to premise, incorrectly, every question in relation to 10 000 apprentices - which they are. Not all of them are competency-based four-year apprenticeships.

The fact is, in relation to the incentives - and we are talking about the Workwear/Workgear Bonus which does differentiate between identified skill shortage trades apprentices who were to get \$500 and are now to get a \$1000 bonus to relieve some of the financial burden of starting an apprenticeship in buying tools, boots and other necessary equipment. That boosted Workwear/Workgear Bonus will assist around 750 Territorians each year, with an additional cost to government of \$375 000.

A \$300 bonus is available to trainees who started out their new career after 4 April. Both apprentices and trainees receive those bonuses three months into their training.

**Dr LIM:** Curiouser and curiouser. You are talking about apprentices and trainees now eligible for this \$1000 grant. You were saying there are going to be 10 000 of those apprentices and trainees, and now you saying there are only 750 who are going to be eligible. Where are you? Are you talking about apprentices now or you talking about trainees? Where are you at?

**Mr STIRLING:** I have answered the question, Mr Chairman.

**Dr LIM:** You have not. You are really confusing the issue even further.

**Mr CHAIRMAN:** Do you have another question, member for Greatorex?

**Dr LIM:** Obviously, you are not going to respond to that.

**Mr STIRLING:** I will respond to commonsense, logical, rational questions. I will not respond to nonsense and misleading information.

**Dr LIM:** In your apprentice numbers, you are talking about a population of working people in decline. You might have increase in natural births more than that; that is why your population is going up. Where are you going to find your apprentices?

**Mr STIRLING:** Mr Chairman, we are showing 1% and better, seven consecutive quarters of population growth. The work force is growing; we know that despite some of the month-to-month figures. It is no secret that it is difficult to get apprenticeships in. It is part of the reason why we are making it easier for employers, particularly around those skill shortage traditional trades areas where we have incentives for businesses taking on an apprentice. It is also why we brought in the \$500 and then boosted it to \$1000 for that same cohort of apprentices, recognising that the first- and second-year wages for apprenticeship is lousy - to put it frankly - and it is very hard (1) to attract and (2) it is a contributing factor in the attrition rate.

I know of a family friend, a young woman who was a second-year electrical apprenticeship at ERA at Jabiru. The bank offered her \$35 000 a year to start work with them, and she did. She subsequently moved on to another job, notwithstanding that same young woman, had she completed her apprenticeship and a couple of years out in the trade, could be pulling down anything from \$140 000 to \$150 000 a year. Seven or eight years later with the bank, she is probably on about \$37 000. It is difficult to get that through to young heads sometimes: that you have to make the sacrifice to get the eventual reward.

Those first- and second-year apprenticeship wage rates are simply not enough. When Brendan Nelson, Peter Costello and the Prime Minister himself go on about skill shortages and how necessary it is to get young people into apprenticeships, they have to look at the way the award and the base rates of pay are structured in some of these areas, because it just makes it that much more difficult to get young people into these areas.

**Dr LIM:** You said your training budget is pretty good and your program is good and that is why you can deliver 2500 apprentices each year. Yet, you have cut your funding for this budget by \$3m. When you add CPI to the cost of delivering training for these young apprentices, and the 2% draw back through efficiency dividend, you are truly underfunding employment and training, aren't you?

**Mr STIRLING:** I am not sure if the member for Greatorex was listening earlier. There are a number of agencies that do not wear the 2% dividend, and DEET is one of them - it is 0.5%, as is Health, Police and the Corrections side of Justice. They all have a 0.5% dividend. Point us to a page, a column, a paper or something, and we will get an answer for you around the so-called cut.

**Dr LIM:** Page 88 of your Budget Paper No 3. Under Employment Initiatives, you are down by \$3m.

**Mr STIRLING:** Mr Hassed.

**Mr HASSED:** We have actually moved on here to the Training output rather than the Employment output. However, if you are comfortable, I can provide an answer that may clarify the situation.

**Mr CHAIRMAN:** In this case we will. If we can highlight these when we stray outside of the output, we would like to keep it tidy in the future. But we will nail this one now, yes.

**Mr HASSED:** In terms of that output, it identifies a difference here of \$2.766m. In effect, that came about because, in 2004, we had a one-off carry over from 2003 to 2004 of approximately \$3.9m; a substantial amount of that being Commonwealth funds. That did not carry over into 2005-06. There was also a one-off capital funding injection of approximately \$1.2m received in 2004-05 that was not recurrent in 2005-06. That is why you will see a drop there. Those figures were offset by increases for training under Jobs Plan 2.

**Dr LIM:** All right. I accept that carry over. Minister, do you see why I find it difficult to accept that you can deliver 2500 apprentices each year? When you look at page 89 of the Budget Paper No 3 - and you went back to your previous budgets. In 2002-03, you had a 2550 figure in training and then, over the next

two years, your numbers kept declining and the 2004-05 figures were down to 2400, so your figures are on the decline. How do you propose that you are suddenly going to climb up?

**Mr STIRLING:** Mr Hassed.

**Mr HASSED:** Again, this comes back to the fact that you have to differentiate between in-training numbers and commencements. In 2005, we have estimated there will be 2500 commencements. In 2004-05, the estimate was 2004, and we have actually gone past 2500 commencements for apprentices and trainees in the 2004 calendar year.

The issue here is that we do operate across two time frames: we are funded and report nationally on calendar years and, again, we abide by requirements from a financial year perspective for the likes of estimates and appropriations and such. At this stage, currently, we are confident we will exceed 2500 commencements in apprentices and trainees, and maintain the record levels which, by the way, include around 38% of those in traditional trades, which is the second highest ratio in Australia – another plus for us.

At present, we have in the vicinity of 3200 apprentices and trainees in training. The in-training numbers are always above the commencements on the basis that, in some instances, particularly apprentices and such, they are in the system for much longer than one year.

**Dr LIM:** Sure.

**Mr STIRLING:** Perhaps some context around that in an historic sense, Mr Chairman. Apprenticeship, traineeship, in-training figures: there was 31.8% growth from 2207 on 31 December 2001 to 2909 on 31 December 2004. Apprenticeship traineeship commencement figures: a 24.8% growth from 2018 on 31 December 2001 to 2519 on 31 December 2004. First quarter commencements in 2005 of 850 have grown 24% compared with the corresponding period in 2001 of 685. Therefore, if you look at 2519 on 31 December 2004, we are already achieving at a rate stronger than that which would have to be there to carry us past the 10 000 over the four years.

**Dr LIM:** Thank you, minister. I note that you and your officers continually use the word 'commencements' yet, in the same page of Budget Paper No 3, your apprenticeship and traineeship completion is only 48%. We are looking at something in the order of 1200 completions in any one year, so you are not able to deliver 2500 completed trainees and apprentices, are you? You cannot deliver on 2500 apprentices in any one year because the completion rate is 48% of 2500.

**Mr STIRLING:** In any case, if they are competency based and three-and-a-half or four-year apprenticeships, only a portion are going to finish in any one year. The first years are going to take another two-and-a-half of three years; the second years will need another couple of years; and so on. Of course, that has to be taken into account in that completion rate in any one year.

It may be that those figures ought to be separated out from traineeships, on the one hand, who are in the system for a given 12-month period, and skills-based apprentices, who are in the in-training number for a much longer period of time, and get completion rates around each one. Then you might get a more accurate figure of just what – I am sure we have it somewhere, Mr Hassed - the attrition rate or the drop-out rate is prior to completion.

**Mr HASSED:** We can actually track that during the life of an apprenticeship or traineeship. It is a relatively complex task, but it can be done using the system that we have recently put in place to register and monitor the movement of apprenticeships and traineeships.

**Dr LIM:** Mr Chairman, I come back to my opening point: that this government is committed to 10 000 apprentices that they will deliver over the next four years, including the 2500 per year. The minister tells me that there is significant attrition out of the 2500 commencements, so we are never going to ever achieve the 2500 per year that you propose over the next four years. If you are able to provide me with these aggregated figures to give me more accurate figures as to how many apprentices and trainees you can deliver each year, please do so. However, I suggest to you that you are not going to achieve anywhere close to 1200 completed apprentices and trainees each year for the next four years.

**Mr STIRLING:** Mr Hassed.

**Mr HASSED:** It needs to be recognised that the commitment was for commencements, and that is common practice across jurisdictions regarding apprenticeships and traineeships, generally measured on commencements and in-training. The National Centre for Vocational Educational Research also measures cancellations and non-completions; there is a difference between cancellations and non-completions. However, we are on target to achieve 10 000 apprentices and trainees commencing an apprenticeship and traineeship over a four-year period. There is always going to be an attrition rate. The attrition rate in the Territory is slightly higher than that in other jurisdictions for a number of reasons, particularly the churning of our labour force and our population.

Studies have revealed that the attrition rates in vocational education and training are on a par with those in tertiary education, so many people who commence a degree or other tertiary qualification do not complete. That is a fact of life these days. Again, I can only reiterate that the government focused in on achieving 10 000 commencements, and we are confident that that will occur in light of current activity.

**Dr LIM:** Mr Chairman, I take the officer's comments on board, but I come back to the point that the Chief Minister made on the second night of the election: that her government is committed to 10 000 apprentices over the term of government and 'we will deliver'.

**Mr STIRLING:** Maybe, but we are going to have to work a hell of a lot harder.

**Dr LIM:** What, the office?

**Mr STIRLING:** The commitment was around commencements; you have to accept that. If you want further information about it we might be able to round that information up by category and get it back to you at a later date.

**Dr LIM:** I appreciate that and I would like to ensure that you do that and provide me with precise figures as to how many commence, how many complete, what your attrition rate is, in which trades, and your projections for the next four years.

**Mr CHAIRMAN:** Are you prepared to take that as a question on notice, minister. Member for Greatorax, will you please restate that question?

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#### Question on Notice

**Dr LIM:** Would the minister please provide the exact figures of commencements versus attritions in each of the trades, and trainees and apprenticeships, and his projections for these categories for the next four years of this term of government.

**Mr CHAIRMAN:** Do you accept that question, minister?

**Mr STIRLING:** Yes. Having invited it, I do. I am just advised that it might be a bit more problematic in taking the question on in terms of getting the information, but we will get the best we can and we will offer you a briefing.

**Dr LIM:** I just want you to keep your promise of 10 000 for the next four years, that is all.

**Mr CHAIRMAN:** For the record, I will allocate that question No 2.5.

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**Mr MILLS:** Most of this has been pitched at the volume; my question goes to the quality of the training. The reason why the Chief Minister would make such an important announcement is because of the skills shortage. The training is, of course, to address that clear issue. Going to the quality of the training, what percentage of the training of apprentices is linked to known errors of skills deficiency? Is there a way that you can determine that the training has quality, because it is actually matched up against known areas of skills shortage, other than training for the sake of satisfying the volume?

**Mr STIRLING:** Mr Chairman, in relation to the overall global view in the percentage of trainees and apprentices in training, our percentage is second only to Western Australia in those traditional trades hard-to-fill vacancies or the scarcity; that is, the plumbers, electricians, gasfitters, all the way ...

**Mr MILLS:** On percentage terms better?

**Mr STIRLING:** In percentage terms, there is only Western Australia that is higher than us in the total number in those – what is that word? I always have trouble - skills shortage trade areas. That is the first point.

The second point is that our Jobs Plan is structured around having the highest level of subsidy to the employer for exactly those areas. Of course, in addition, they attract the \$1000 bonus for buying boots, tools, and other necessary equipment for their apprenticeship. In percentage terms, there is only Western Australia ahead of us, and the whole premise and rationale of our Jobs Plan is to go to those skills shortage trade areas.

**Mr MILLS:** So what is that percentage for the Territory?

**Mr MONTAGUE:** 38% of our in training figures are ...

**Mr MILLS:** So, 38%? Got that, thank you.

**Mr STIRLING:** I think Western Australia is only 43% or something like that – marginally ahead.

**Mr MILLS:** Notwithstanding that we are talking about very small numbers - and that can change significantly either way - I had concern - and I think a lot of people would - that training sounds great but you meet a lot of people who are embarking on training programs that actually do not lead anywhere. I just want to make sure that we have the opportunity - I guess with that last question - to keep an eye on this so that those who embark on training are given every opportunity for the quality of their training to link them to real work. The reason I asked that is that, when you look at the employment section within the Northern Territory economy, you see time and time again - and it is particularly referred to in here - the employment or jobs prospect opportunities, or job uptake in the Territory, is fairly low and forecast to decrease when all these major projects are largely being serviced by interstate migration. I am really concerned about our young cohort here not taking up the training and filling in that gap, when we seem to be resorting to people coming across the borders to take those jobs. We have a commitment to young ones.

**Mr STIRLING:** We certainly do, and there are a couple of things we have done - two or three things - over time. One, of course, was to create the Department of Employment, Education and Training to take control from an executive management board in the way that NTETA - the old Northern Territory Employment and Training Authority – worked and bring it in-house and give it a proper focus and sharp edge through the Employment and Training Division. On top of that, we have structured Jobs Plan 1 and Jobs Plan 2 very much around the emphasis on skill shortage areas.

However, we have also brought forward the labour market study, if you like. It is certainly the most in-depth look at the Northern Territory labour market regarding what it has but, most importantly, what it is going to need projecting that couple of years out.

I share your concern about young Territorians and I encourage - when I am out on school visits, particularly in the manual trades workshops and those sorts of things - them all I can into the trades-based apprenticeships. However, that is the function of time as well; they are not there tomorrow, there are some years away before they are fully productive tradespeople in their own right. The skills demands upon us now in the major projects; those companies have no option but to get them where they can. However, they also present, at the same time, very valuable opportunities to up the ante in both increasing the number of apprentices, and up the skills or increase and enhance the skills of the existing work force. We have a measure in this forthcoming budget to do exactly that in skills upgrade. We are trying to take advantage of a relatively buoyant labour market in the major projects in the construction industry, to push out and push through as many as we can. Do you want to add anything to that?

**Mr HASSED:** Mr Chairman, recently a national study was undertaken that found, across Australia, in excess of 90% of young people who had undertaken apprenticeship or traineeship are actually in full-time employment on completion of their qualification. That is a higher level than those receiving tertiary qualifications.

A couple of years ago, a similar study also looked at those not completing their apprenticeships and traineeships. A positive find out of that was that in excess of 60% of people who do not complete an apprenticeship or traineeship are actually found to be in employment after they have cancelled their particular apprenticeship or traineeship. That is an indication that employers are not picking up, particularly trainees, during the life of the traineeship and offering them a higher wage. They come on board and,

unfortunately, they do not finish their qualification. We would like to see them finish their qualification, but the fact that they have actually gone into full-time employment at a reasonable wage rate is, again, a positive outcome.

**Mr CHAIRMAN:** Any further questions?

**Dr LIM:** One last question, if I may. In regards to your grants to your trainees and apprenticeships, the university fees have gone up for apprentices, and they have gobbled up the \$500 that you were going to give them by way of grant. What are you doing to offset that; to ameliorate the difficulties that these young, poorly-paid apprentices are suffering?

**Mr STIRLING:** The member for Greatorex is right. In part, the response is the \$1000 bonus. They are at liberty to, as I said, use it for tools and equipment, but they could offset any training costs. In relation to Charles Darwin University, in an ideal world you would hope that prices never went up but, of course, they do; they go up around us all of the time. We are still working, and have more work to do, between Treasury, Employment and Training and Charles Darwin University, to get a much better grasp and understanding of the training costs arrangements within Charles Darwin University itself.

We now fund to the tune of \$32m. Whatever figure you put on it, Charles Darwin University say it is not enough - and they may be right. Until we understand the unit costs of delivery across the different modules within the university and all of the training that they offer - including the remote, which you and I know comes at premium because you have to get people out there, often in small groups as well which pushes the cost of delivery up again. However, we still have more work to do in and around that with Charles Darwin University. As I said, it may be that their request about more money is right but, until we understand fully the costs per unit and the drivers of the costs, we are a bit stuck with it just at the moment. However, certainly the \$1000 is, in part, a response.

**Dr LIM:** You are saying that the \$1000 that the Northern Territory government is going to give to these young apprentices can be used as they see fit? Or they can purchase tools and work wear specifically?

**Mr STIRLING:** Any one of which would be legitimate expenditure. It is not tied, is it?

**Mr HASSED:** No.

**Dr LIM:** Your announcements were all tied to work wear and ...

**Mr STIRLING:** It is work wear and work gear.

**Dr LIM:** And tools, that is right.

**Mr STIRLING:** We said tools, safety boots, safety clothing. However, if they wanted to offset it against any fees that might be imposed on them as the individual, I am not going to tell them they cannot.

**Dr LIM:** I just want to make it clear, that is all. I want to get it clear. Your announcements were about work gear and work tools. What you are now saying is that they can use the money to offset their fees. Is this right or wrong?

**Mr STIRLING:** Workwear/Workgear Bonus is the title of it. It is a recognition that the wage rates in those first two years of an apprenticeship are not flash, and this is an offset to the costs of them being in that apprenticeship position. Whether it is boots or safety equipment or they use it to offset any fees that might be imposed on them, it is all going to help them manage those costs in that first year of an apprenticeship.

**Dr LIM:** In working out the unit costs and all that, surely you have the great experience of Centralian College and how it delivered TAFE training to Territorians? Have you got the university to consider those figures and try to bring themselves to be a bit more efficient in undertaking training at a comparative cost to what Centralian was able to provide?

**Mr STIRLING:** Whilst we would all say Centralian did a terrific job - and the record stands for itself - that in itself does not go to the heart of the costs. I have never been apprised of the costs of delivery that Centralian was running up in those years, and it may be that they were comparable to CDU now. Notwithstanding Centralian did a wonderful job, it may be that they were, in fact, more expensive than what CDU is now. I would need to see those figures and have that comparison.

We will work with the university. Universities these days, because of a whole lot of financial restraints imposed upon them, work for efficiencies wherever they can find them. As I said, we will be continuing to work with the university to get a better handle on their costs. If it is a case, and we get the transparency that we want and we really deserve, and the taxpayer deserves, there may be a case for even greater levels of funding. However, we need that body of work completed first.

**Dr LIM:** No further questions.

**Mr WOOD:** Treasurer, I did have some questions relating to apprentices and non-completion of apprenticeships. I am a bit confused. I am not involved in education and training directly, but I would have thought that, when the Chief Minister said there are 10 000 apprentices, that was what was going to be completed. Now I find out that, basically, they are commencements. Completions as we have in the budget here are not really completed.

Could you tell us: if the figure of 10 000 apprentice commencements was put forward as the target, what is the number of completed? I am talking about what you are targeting or aiming for in numbers of apprentices who will be working after having completed a full training course. There must have been a reason for picking out 10 000 in the first place.

**Mr STIRLING:** Mr Hassed might be able to extrapolate that over a four-year period. However, 10 000 apprentices and trainees over the next four years was the commitment in commencements. You know that you can lead a horse to water, Gerry, but you cannot make it drink, necessarily.

**Mr WOOD:** Neither do chooks.

**Mr STIRLING:** You can do what you can to keep people in the apprenticeship. As I said, a big incentive in keeping young people in apprenticeships would be to address those first couple of years of wage rates, first and foremost. That is a federal government question, and one that we will continue to pressure them about, as do the other states and territories. In what might be the final outcome, Mr Hassed might hazard a guess.

**Mr HASSED:** As we said, the commitment was for commencements. We are working extremely hard to see that we gain the maximum number of completions out of those commencements. We are not the only jurisdiction that suffers from a problem whereby people go into a trade or into a traineeship and decide, somewhere along the line - whether it be in the first three months probation or thereon - to move to another job, occupation or whatever. Again, here in the Territory, we do see a slightly higher attrition rate because we have a lot of people. Many of these are young and, if their parents move from the Northern Territory down south, they have to cancel their training contract. They do not carry across jurisdictions, so that is a cancellation. Quite often, it means that they will move into something else and they will not complete in that particular occupation.

We have a series of strategies in place, as are nationally, to try and improve that completion rate. We have 48% here as an estimate. I would like to bring that up to 50%, but 48% is what we estimate next year. We are going to work hard to increase that completion rate. With some of the strategies that we have in place, we are running more pre-voc programs to better ready young people to enter into apprenticeships and traineeships. We are also substantially increasing the spending on VET in Schools programs under the *Building Better Schools* initiatives. We are actively, with industry, supporting career expos, Try a Trade, where young people come down and get a feel for a particular trade area that may then interest them to follow on. We have substantially increased the number of school-based new apprenticeships here in the Territory. We have also had a slight increase in the number of group training organisations, because they have a higher capacity to actually complete apprentices and trainees that they host out. They are paid monies by the Territory and the Australian government to provide additional pastoral care or support for these young people. We are also injecting funds into our indigenous communities under Training for Remote Youth - again, to give young people a taste for work, to gain some work exposure, some targeted training to assist them as they move as a transition from school, or from being disengaged with school, into the working population. We are actively pursuing a number of strategies to improve the completion.

**Mr WOOD:** What I was getting at, Treasurer was that you must know roughly how many people will not end up being apprentices, because the figure you said of 48% included people who are halfway through their apprenticeship - that was why it was a complicated figure. My understanding is you could not use that 48% as saying they did not ever complete it; they might have been part-way through the completion of the term. That is the understanding I got from what the Treasurer said. Or was that 48% of all people who

commence will not finish, regardless of whether they go interstate or drop out? Is that what the figure means?

**Dr LIM:** Fifty two percent will drop out, you mean? Forty percent completion.

**Mr STIRLING:** Mr Hassed.

**Mr HASSED:** That is correct. As I said, it does not sound all that good, but it is not far off national benchmarks. Effectively, what we are saying at present, on our prediction, is we are looking at about 48% of those who commence an apprenticeship or traineeship will complete that apprenticeship or traineeship. Again, studies taken by the likes of the NTDR - National Centre for Vocational Education and Research - identified that that type of rate is not that different from those who enter or start a tertiary qualification.

**Mr WOOD:** Can I take it one step further? In other words, we have 2500 commencements each year. Roughly, we think there will be 1250 people who will complete their apprenticeships. Is there work for those apprentices? Following on from the member for Blain, is there work in the fields they are being educated in? Are we targeting our apprentices?

**Mr STIRLING:** Yes. I believe the more strategic targeting of the training dollar over the past few years means that that is the case. I gave that example - I do not believe it is a unique example by any means - where a young electrical apprentice was paid a much higher wage to go and work in a bank and took it, and is now, subsequently, doing another job again. I believe Mr Hassed was making that point as well: the evidence is that if they do drop out of the traineeship or apprenticeship, it is into another form of employment rather than a loss to the system altogether. We would much prefer and want to see that they maintain and complete what has been invested in them to that point, and the time they have invested themselves. That is not always going to be the case.

However, if you are asking if we are training people in nonsense stuff, for which there are no jobs, the answer is no. It was not always the case. In fact, we had a company leave the Territory when the funding dried up for them because they were training for nothing out there.

**Mr WOOD:** Three quick questions about the Workwear/Workgear Bonus. How much have you allocated for this calendar year for that incentive?

**Mr STIRLING:** Financial year?

**Mr WOOD:** The financial year, yes.

**Mr STIRLING:** I will go to John. I have figures here, but ...

**Mr MONTAGUE:** Being a budget initiative for 2005-06, the initial allocation was \$850 000. That will have to be revisited now on the basis of the increase from \$500 to \$1000 in the bonus for apprentices in traditional trade skill shortage areas.

**Mr WOOD:** Where will the change in the budget come from for that change? Will it be a cut from somewhere else, or will Treasury increase out of civil counting house?

**Mr STIRLING:** No, DEET's budget will be supplemented to the extent of the increase. This is not a substitution at all; it is a new program and will be funded accordingly.

**Mr WOOD:** How much has been allocated to date, because I presume it started in April. Is that right?

**Mr MONTAGUE:** No, there is no allocation to date, I understand. We have about three months ...

**Mr STIRLING:** There is a three-month qualifying period on the traineeship and apprenticeship before they are eligible for payment.

**Mr WOOD:** Treasurer, you will not change your mind on backdating the bonus to include all first-year apprentices who started at the beginning of the year?

**Mr STIRLING:** Mr Chairman, we did backdate in the sense that the budget was handed down on 3 May. This has an effective date of 4 April, so there is a retrospective element there, as compared to the



federal government, which announced, I think, \$800 for traditional trades from the first day of the financial year. Mr Costello handed down his budget on, I think, 11 May, and his effective date is 1 July. We stand in stark comparison in generosity.

**Mr WOOD:** Always like to be different. We should be different, shouldn't we?

**Mr STIRLING:** April 4 is a fair backdate.

**Mr WOOD:** Okay, thanks.

**Mrs MILLER:** Minister, what specific plans have you in place to address traineeships and apprenticeships in regional and remote communities? There is obviously going to be more of a challenge than it is in Alice Springs and Darwin.

**Mr STIRLING:** Thanks, member for Katherine. It is and it is not, depending on what is happening in that particular region. For example, in Gove, the G3 Alcan project is an opportunity similar to this one over here, to really increase the training effort in the East Arnhem region. Certainly, there was a fair bit of work going on around the trans-Territory pipeline; in particular, for indigenous skills training, as that pipeline job went across. It is a bit of a loss, and some of those communities are very keen to speak to me about how we will now go forward on the sorts of opportunities that might have been opening up there.

There are a number of programs and training for remote youth that we do run out in the regions such as the Try program at \$1.1m, the flexible response funding program at \$1.8m, and the community response program at \$300 000, each of which is in the regions - I guess the remote training areas of the Northern Territory. For specifics on those programs, and probably some examples against those programs, Mr Hassed, would help both the member for Katherine and myself to understand where they take us: TRY, FRF and Community Response.

**Mr HASSED:** The TRY programs are focused on young indigenous Territorians; those who are either at school with some chance of becoming disengaged, or those already disengaged. Effectively, we go in and talk to those communities, the schools within those communities, as to what would be the best program that would suit these people. Sometimes, it could be basic mechanics, even allowing them to undertake driver training, for example, first aid in some instances, or horticulture.

Under FRF - flexible response funding - and CRP - community response programs - we have undertaken training programs in horse riding and horse care in the Barkly region, and in automotive, basic hairdressing, basic computing and driver training. It is quite varied and, generally, we allow the community and the schools - or the young people at least - to identify what they see as the prime training needs, particularly, hopefully, leading to some employment opportunities.

In other programs that we are running, we run pre-vocational programs, not only in Darwin, to again give young people a leg-up so that they are better placed to either gain employment or access apprenticeships or traineeships. School-based new apprenticeships are quite active in the Katherine area, with the assistance of the likes of Burridj and the school there doing some great work.

We are going to increase our emphasis on school-to-work programs over the coming 12 months. We have additional funding under *Building Better Schools* initiative to do that. Those programs will not be solely targeted in Darwin; they will be across the Territory. We will have our regional staff and those in our training centres work actively with the communities to increase the take-up and access by Territorians as a whole to a wide range of training programs.

**Mr STIRLING:** Mr Chairman, in addition to that, as Minister for Employment, Education and Training, we arranged and hosted an evening in each of the centres with the exception of my home town, Nhulunbuy - and you promised me we would do that and we have not done it yet. However, Katherine was a hoot. All of the apprentices and trainees in that town came out and the numbers were good. The numbers were good per capita for Katherine, across the region.

**Mrs MILLER:** I have to say, minister, I agree with you. The school-based apprenticeships in Katherine has been able to place 12 to 15 per year, but they have actually had queries for 25. The big challenge now is actually finding work and placements for them. That is another area we have to work on.

**Mr HASSED:** Mr Chairman, I advise that there were 198 apprenticeship and traineeship commencements in 2004 in the Katherine region.

**Mr CHAIRMAN:** Any other questions? That concludes consideration of Output 1.1. I just remind the committee that we have about 30 minutes left.

### **Output 1.2 – Regulation of Occupational Health and Safety**

**Mr CHAIRMAN:** The committee will now proceed to Output 1.2, Regulation of Occupational Health and Safety. Are there any questions?

**Mr STIRLING:** Mr Chairman, Mr Neil Watson will join us at the front on behalf of WorkSafe.

**Dr LIM:** Mr Chairman, a couple of brief questions. How are we dealing with the asbestos issues in the Territory at the moment?

**Mr STIRLING:** We have had a quite intensive publicity campaign promotion about asbestos and the need to take particular care. WorkSafe is introducing a tougher licensing regime in line with some new national codes of practice that have been handed down for asbestos demolition and removal. Asbestos information kits have been distributed to all schools throughout the Territory, key stakeholder groups, wholesale and retail outlets for building contractors and subcontractors. We will continue the public awareness campaign. We will bring them backwards and forwards, reshape and revamp and bring them back up. DVDs, videos, and story boards for remote communities were distributed in May/June 2005, and asbestos workshops were conducted in March/April 2005 with four indigenous Community Housing Officers in Katherine, Nhulunbuy, Alice Springs, Anglicare in Darwin, Darwin City Council, and 60 local government representatives from across the Territory attended the Darwin Local Government Association of the NT Conference. The Joint Asbestos Review Committee report has been completed and is to be tabled in the Legislative Assembly.

For the campaign thus far, it has cost about \$200 000. All restricted licence holders have to reapply and demonstrate competence in the revised codes of practice for asbestos. Training courses for asbestos removalists are currently available through a South Australian training provider, and this provider has already conducted courses for removalists in Darwin, Katherine and Nhulunbuy.

It is a responsibility that government has taken seriously. We are alarmed, particularly when we get reports in and around schools, and are getting that schools register up to date. Fortunately, some of the alarm bells have rung regarding asbestos in schools, and it was subsequently found - or most often found - not to be. However, we know that there is asbestos in many public buildings throughout the Territory, an issue we take very seriously indeed.

There are no current workers compensation claims in relation to asbestos in the Northern Territory. I hope and pray that will always be the case. It is unlikely that it will be, but it remains the case at the moment.

**Dr LIM:** In relation to the school in Tiwi Islands that was blown over by the cyclone, I understand that there was a lot of asbestos.

**Mr STIRLING:** Which one?

**Mr CHAIRMAN:** Croker.

**Dr LIM:** I cannot remember the name of it, but it was blown over in the cyclone.

**Mr STIRLING:** Minjilang.

**Dr LIM:** Minjilang School, all right. There was a lot of asbestos scattered all over the ground as a result of the cyclone. Can you tell me what was done to fix that and remove the asbestos which, I assume, will now be scattered around the surroundings of the school where school kids frequent. How did you fix the ground?

**Mr STIRLING:** Mr Simpson knows.

**Mr SIMPSON:** The clean-up of the school was organised through the Department of Infrastructure, Planning and Environment. I am sure that they used a licensed person to remove the rubble. We went out

and looked at the school the day after, I think it was, or two days after. DIPE arranged for people to go over on a barge and they removed it as quickly as they could. WorkSafe officers were involved as well.

**Dr LIM:** Sure. Obviously, the large pieces of rubble were easily removed. What about all the fine bits that are now scattered? Unless we have someone walking along in a search line and picking up bits and pieces a bit at a time, are you satisfied that the ground is clean and that the children at Minjilang are not going to be exposed to asbestos?

**Mr STIRLING:** Neil, did you say you were out there?

**Mr WATSON:** We actually had an officer as part of the Emergency Services over there who went to the site to provide immediate advice, and fed that information back to us. I know a licensed asbestos removalist did go over and clean up the area. That would have included a walk around the school grounds looking for those bits you are talking about.

**Dr LIM:** Minister, you can give the Minjilang community a clear assurance that children are not going to be exposed to asbestos?

**Mr STIRLING:** I would be satisfied that DIPE had completed all arrangements in conjunction with licensed removalists. However, as the agency responsible, it might be worth checking the detail. DIPE will probably have officers at the table that followed that very closely.

**Dr LIM:** Do you want to come back to me later on with a ...

**Mr STIRLING:** No, I would say DIPE was the agency responsible. They would be able to give you those assurances.

**Dr LIM:** I will ask DIPE.

**Mr STIRLING:** Yes.

**Dr LIM:** Minister, I understand that NT WorkSafe threatened a public person who wanted to construct an Internet web site in relation to asbestos issues in the Territory. He was threatened with a law suit if he pursued that. Can you elaborate on that?

**Mr STIRLING:** No I cannot, Mr Chairman. If the member has details and would like to provide it to me, perhaps at the completion of this session, I would be happy to have the agency follow it up. I do not like to go to individual names and pack drill on *Hansard*. However, if there is a legitimate concern here I invite the member to ...

**Dr LIM:** That is precisely why I did not mention their names. I know that the public person ...

**Mr STIRLING:** It is news to me. You are asking me a question, I am saying that I do not know a thing about it, but I am happy to ask to follow it up.

**Dr LIM:** Maybe you need to ask NT WorkSafe.

**Mr STIRLING:** I am happy to ask to follow it up.

**Dr LIM:** This is the estimates; this is where we should be asking questions.

**Mr STIRLING:** How is it a budget question? What money was spent on it? Where is it in the budget?

**Dr LIM:** NT WorkSafe is your responsibility?

**Mr STIRLING:** Yes.

**Dr LIM:** Obviously, something happened in NT WorkSafe. I will give you ...

**Mr STIRLING:** Tell me under what page of the budget this appears on and we will answer it.

**Dr LIM:** No, hang on a minute. Obviously, NT WorkSafe used its resources - whatever they may be - to stop a public person from publishing a web site. Resources have been used to stop that.

**Mr CHAIRMAN:** Member for Greatorex, I believe it is a long bow to be drawing to say this is a budget-related question.

**Dr LIM:** I am not drawing a long bow. This is a serious question.

**Mr STIRLING:** This is an unsubstantiated allegation, the very first of which I have heard of it 30 seconds ago. You ask me to ask the officer to get involved in this. I will have it followed up and answered for you, but I do not believe that it is a budget line item. I do not believe that it is an appropriation question. This is not general question time, this is Estimates Committee.

**Dr LIM:** I look forward to your response.

**Mr STIRLING:** You give me the information, I will ask Mr Watson to provide a response for you.

**Mr CHAIRMAN:** Are there any further questions on this output? That being the case, that concludes consideration of this output group.

### **OUTPUT GROUP 2.0 – GOVERNMENT EDUCATION Output Group 2.1 – Preschool Education**

**Mr CHAIRMAN:** The committee will now proceed to Output Group 2, Government Education, Output 2.1, Preschool Education. Are there any questions?

**Dr LIM:** We have very little time, so I will skim through some very brief questions. Have there been any new preschools built in the Northern Territory this last four years?

**Mr STIRLING:** No permanent infrastructure by way of new preschools have been built over the last couple of years. However, a good deal of money is going into mobile preschools around the Northern Territory, which have really worked for the communities in which they are operated by way of preparing kids for the life of bigger school ahead. Ken Davies, is that an area of expertise to you – the mobile preschools?

**Mr DAVIES:** The Mobile Preschool Program was originally a Commonwealth-funded project through the National Indigenous English Literacy Numeracy Strategic Plan. Because of the success of it, it has now been converted to core funding, so there are a number of mobile preschool programs now running in Katherine, out of Nhulunbuy, and also in the Alcoota and Utopia regions in Alice Springs. We believe that is the way to go in servicing these young children in very remote communities without having to build substantial amounts of infrastructure.

**Dr LIM:** That is all, Mr Chairman.

**Mrs BRAHAM:** Minister, all my questions are, obviously, to do with Alice Springs pre-primary schools ...

**Mr STIRLING:** Good.

**Mrs BRAHAM:** Teppa Hill Preschool is the only preschool in Alice Springs ...

**Mr STIRLING:** Sorry?

**Mrs BRAHAM:** Teppa Hill Preschool is the only preschool in Alice Springs that does not have a car park. It has a very dangerous situation four times a day as parents drop off or pick up their children. What allocation is made in the budget for a preschool to be developed this financial year, as being negotiated with the department?

**Mr STIRLING:** Thank you, Mrs Braham. In fact, I have visited this preschool and had a look at the plans and the views of what might occur in and around this. Ken, you might be right on top of this. I actually had a look at it a couple of times, and we even walked across to the preschool, been inside, and had a look at the whole thing. I believe we have a plan that will come together.

**Mrs BRAHAM:** It is in a very heavy residential and shopping centre area, so there is no space except on park land next door that is owned by the Alice Springs Town Council.

**Mr STIRLING:** Sorry, it is not the one I visited. I went to Ross Park, up the road.

**Mrs BRAHAM:** Could you, perhaps, get back to me on that, minister? I am aware we are running out of time.

**Mr STIRLING:** I have it here. I do not think we have had a submission. I had Ross Park in mind.

**Mrs BRAHAM:** Mr Davies would remember, he was principal of the preschool.

**Ms Lawrie:** Question is directed to the minister.

**Mr STIRLING:** Mr Saunders first, and then ...

**Mr SAUNDERS:** Mrs Braham, there is nothing on the forward works program for Braitling Primary School, and there is only one small item on the 2005-06 minor new works program for Braitling. I do not recall receiving a submission for a car park for Braitling. I would be happy to receive a submission.

**Mrs BRAHAM:** Thank you. Minister, most primary schools in Alice Springs have preschools attached, and the principals are on contract – that is at Bradshaw, Braitling and Gillen. There are three principals recently been appointed to Ross Park School and, I believe, Sadadeen, who have been pegged at ET5. Although they have preschools, I believe they were to be put on contract. Could you tell me whether these principals will be put on contract?

**Mr STIRLING:** Yes, in fact, I would like to have seen it done by now. Mr Chairman, there was a Cabinet submission that was on its way and then went back to the department. However, the plan has not changed and it will get through to Cabinet. All the ET5 principals will be offered contracts as a key question of equity, in my view. We would not force an ET5 who did not want to take the contract; they would have that right not to. However, the offer will be made in all cases as soon as we get that submission through and ticked off.

**Mrs BRAHAM:** Thank you. The other one is regarding inclusion policy which, as you know, deals with children with development delays, requiring a large number of hours to be allocated for preschool and primary school. Could you tell me how much was in the budget last year, 2004, and how much is allocated this year ...

**Mr CHAIRMAN:** Preschools?

**Mrs BRAHAM:** Preschools. If I could just go on so you could see where I am going. There is a proposal to establish an early childhood development unit as an educational option. It was proposed some time ago by the department and has not been implemented yet, I believe, due to lack of funding. Has it been funded in this year's budget.

**Mr STIRLING:** The account will take us to that. The question for inclusion support funding for 2004-05 was \$4.362m. The 2005-06 budget is yet to be finalised within the global DEET. Allocation is likely to be similar to 2004-05. My own view would be that it would increase; it has increased every other year we have been in government. I do not know why 2005-06 would be different.

In 2003-04, the total allocation for government schools was \$3.665m of which \$604 000 was provided by the Australian government. In 2004-05, the total allocation to government schools was \$4.362m of which \$598 000 was provided by the Australian government. It is a great news story: as the Australian government contribution goes down the Northern Territory government contribution continues to increase. However, if you look at 2003-04 \$3.6m, and last year \$4.3m; there are healthy incremental increases there and we would expect to see the same in 2005-06.

**Mrs BRAHAM:** And for the early childhood development that was proposed ...

**Mr DAVIES:** Mrs Braham, the project proposal is being developed by the Students Services General Manager along with the General Manager of Schools in Central Australia. The General Manager Central Australia also is involved in the development of that. Currently, in Alice Springs, as you know, the only options are the Special Education Units within schools or Acacia Hill. There is an intention to have this project developed, this classroom put *in situ* for the start of the 2006 school year as quickly as possible.

**Mrs BRAHAM:** That is the lot for me, Mr Chairman, thank you.

**Mr STIRLING:** Hold him to it, Loraine.

**Mrs BRAHAM:** I will.

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

**Dr LIM:** Not on preschools, no.

**Mr CHAIRMAN:** That concludes consideration of Output 2.1.

### **Output 2.2 – Primary Education**

**Mr CHAIRMAN:** The committee will now consider Output 2.2, Primary Education. Are there any questions?

**Dr LIM:** Yes, I have some for Primary Education. Minister, would you agree that, since 2002-03, the Territory has lost 1288 primary school students?

**Mr STIRLING:** Where did we lose them?

**Dr LIM:** You tell me!

**Mr STIRLING:** I would not agree. Let us check the figures. We had a little of this debate in the Chamber earlier in the year. It is simply a matter of drawing different collection dates, and that can lead to all sorts of anomalies in your final figures. There are about eight collection points throughout a given year and, of course, they can vary dramatically throughout the year.

**Dr LIM:** If I can take you through some figures myself. Talking to your eight collection dates and all that, these figures are all from your budget book.

**Mr STIRLING:** Yes.

**Dr LIM:** In 2002-03, the estimate for total primary school student enrolments was 20 888; for 2003-04 it went down to 20 177; for 2004-05 your estimate has gone down to 19 851; and for 2005-06 you estimate is 19 600. Just on those figures alone you have lost 1288 students. These are your budget book figures.

**Mr STIRLING:** Yes, Ken.

**Mr DAVIES:** Dr Lim, the figures are correct as we understand them. Nationally, at the moment, the enrolments have plateaued. In the Northern Territory, preschool enrolments are increasing as are our secondary school numbers, particularly with the rise of secondary education in the remote areas and more secondary students enrolling in our indigenous schools. At the moment, in the urban sector, the primary school area numbers are flat. We are putting that down to just a trend that is just flat; they are not showing a decline at the moment. Our enrolments in the primary area are just that; they are just sitting steady at the moment. We have growth in preschool and in the secondary area.

**Dr LIM:** Minister, I put to you between 2003-04 and 2002-03, you lost 711. It is the equivalent of two schools. Yet, 2004-05 against 2003-04, you lost 326 again, the equivalent of one school. Between 2005-06 and 2004-05, you are losing 251, again the equivalent of one school. So, it is not flat; you are losing a school a year. Even when you take in the indigenous primary student enrolments, they are going down: in 2002-03, 8794; 2003-04, 8699; 2004-05, 8550. They have gone down until this next year, you add this figure of 25 student increase - not 25%, 25 student increase. These figures are not good for the Territory.

Let me now come to a point I was going to make. However, in a promise that your party made before the 2001 election, you were going to build the Rosebery Primary School. To date, there has been no activity. Bakewell Primary School is bursting at the seams, with pupils being taught in windowless rooms. They are sitting, in fact, in a room that has four blank walls and a door. Some students have transferred to Woodroffe Primary School. What are you doing to ensure that our children are taught in an optimum school environment?

**Mr STIRLING:** Mr Chairman, I have been given information in the Chamber in the past from various members opposite that Bakewell students were sitting in a concert hall or a stage hall ...

**Mr Mills:** Yes, they were.

**Mr STIRLING:** Yes, yes, for a short time. That was well and truly fixed and, six months later, you are still running around telling the same story and asking the same questions in the Chamber, well after we have addressed that situation.

I do not know if we have percentages – you know how we have the capacity of schools, percentage. We are talking about Bakewell and Woodroffe here. In part, whilst we do not have students sitting on stages or, if they are, it is for a very short time until we get suitable accommodation in, part of the question will rely on the next stage of community consultation and discussion around the secondary review and middle schools. If there are decisions taken that a middle school approach is the way to go and Year 7s come out of these schools that, I would think, would relieve a fair bit of the immediate pressure. Woodroffe Primary – and the date of this, Trevor? – today, is standing at 91% of the built capacity. They ought not have kids sitting in stages. They would have to be at over 100% for them not to be in normal class rooms.

Bakewell is a very busy and an excellent school, which has a capacity of 700, and it is getting up there. There are 673 enrolments, 96%, probably the fullest school in the Territory. However, there is capacity there and that will be watched very closely throughout the rest of the year. If they do not have 100% or more, then there is no reason why they are not in normal classrooms.

We intend to get pretty quickly down to business around the middle stages discussion. It is not an issue in Alice Springs. You know, as well as I do, that the Year 7s go to high school. If that is the will and the movement that occurs up here, quite a few students would come out of those primary schools into secondary schools. Those with middle school it is seven or eight at \$15m at the moment.

**Dr LIM:** It is heartening to hear that the minister is interested in middle school, obviously picking up on the fact that the Country Liberal Party suggested smaller schools and you are going along that line. That is good. I also remind the minister ...

**Mr STIRLING:** Hang on! Smaller schools – 300? You wanted to build a school every time a school went over 300. Try Bakewell; there are 673 kids there; Bees Creek, 300, there is a new school; Driver, 464, there is another one-and-a-half schools; Durack, 500; there is another school; Gray, 461; Humpty Doo, 523; Palmerston High, ditto. How many new schools were you going to build?

**Dr LIM:** I am talking about the issue of overcrowding in our primary schools, particularly Bakewell and Woodroffe. In fact, you received a petition from very disgruntled parents - a petition that you presented in parliament yourself. Here you are saying to them: 'I am not going to listen to you, you are only 91% occupied. You have lots more room. Your kids can put up with whatever conditions there are'.

**Mr STIRLING:** I am saying that it will be monitored very closely and, if there is a need to put additional accommodation in there, it will be done super quick. Let me make that very clear. However, at 91%, there is no reason why they ought not be in normal classrooms. I will have this checked out.

**Mr MILLS:** Woodroffe is in my electorate. It is quite obvious that Woodroffe and Bakewell are still growing. Darla is a whole new subdivision. What I take from your response, minister, is that the schools are, in fact, very full and parents are very concerned about education outcomes being compromised. I have had no reference at all ...

**Mr STIRLING:** Can you show me the evidence? Show me the evidence about education outcomes being compromised because you have got a full school. They actually work better.

**Mr MILLS:** I said parents are concerned, and you presented a petition that was presented to you by parents of that school. There are more to come ...

**Mr STIRLING:** Show me the evidence that educational outcomes are going down because of these ...

**Mr MILLS:** The real issue here is that it is clear that these schools are growing; that there are new subdivisions being opened and there is no reference to a plan to develop a new primary school in Rosebery. That is what you need to do. Are you going to wait until they are filled to beyond capacity? This issue has been going on for a number of years.

**Mr STIRLING:** Rosebery - \$15m.

**Mr MILLS:** When?

**Mr STIRLING:** That is on here, at 2007-08. It will be built in 2007-08.

**Mr MILLS:** It has been referred to a number of times. You will really build the school this time? I have seen Palmerston High School on similar bits of paper, put there year after year.

**Mr STIRLING:** It is on the list there, and it will be built.

**Mr MILLS:** Oh, very good, when will the school come out of the ground. I will be at the opening.

**Mr STIRLING:** Do you want to go back to capital works and what you blokes used to put in? You could not even build last year's program, let alone the new stuff coming on. This will depend on, as I said, the approach taken around middle schools and whether Year 7s continue to sit in those schools or not.

**Dr LIM:** Mr Chairman, if I can get on to my next question regarding primary education? In your budget Paper No 3 ...

**Mr CHAIRMAN:** Before you continue, member for Greatorex, we have about three-and-a-half minutes left.

**Mr STIRLING:** How long?

**Ms LAWRIE:** Three minutes.

**Mr STIRLING:** You told me 6.20 pm, Mr Chairman.

**Dr LIM:** In your figures in relation to non-indigenous students achieving national literacy benchmarks, that has gone backwards. In 2003-04, it was 93%. For 2004-05, it was 93%. Now, it is down to 87% or 91%, what has gone wrong?

**Mr STIRLING:** In part, there have been far more stringent efforts in getting all of the student cohort to actually undertake the MAP testing. We do have concerns; there is no doubt about that. We do not resile from it, we do not hide from it. Our biggest concern is the slip back in numeracy from Year 3 to Year 5, where you get reasonably strong result at Year 3, and then a bad slip back in Year 5. Something is not happening that should be happening in that Year 4/5. There are a number of issues in around the MAP testing results in indigenous education and the kids concerned. I am not so concerned about the one you picked up here, because I do think it relates to getting them all in and doing it. If they are fairly literate or illiterate altogether, they are not going to make and they are going to come up as a failure in the stats. You asked me about indigenous, didn't you?

**Dr LIM:** It is non-indigenous that concerns me.

**Mr STIRLING:** No, you asked me for indigenous, didn't you?

**Dr LIM:** No, I said non-indigenous students achieving national reading benchmarks have gone backwards from 83%, down to 87%, 93% down to 91% - non-indigenous.

**Mr STIRLING:** Ken.

**Mr DAVIES:** Thank you, minister. The MAP results we have, Dr Lim, are from 2001 through to 2004. I am not sure what you are specifically referring to here but, in terms of all students, from 2001 at Year 3, there were 68% of students achieving - this is for all students in Year 3 reading. This is just one example of 68% of them achieved benchmark. By 2004, 76% were achieving, so that was an 8% rise. Consistently, in all the year levels - Year 3, Year 5, Year 7 - for both reading and numeracy in the past four years the trend is up right across the board. If you are ...

**Dr LIM:** I am comparing the last three years. 2003-04, we were at 93%.

**Mr DAVIES:** What specific year ...

**Dr LIM:** Year 3, Year 5, non-indigenous students achieving national reading benchmark - Year 3, 93%; Year 5, 93%. For 2004-05, we have 87%.



**Mr DAVIES:** Dr Lim, they would be estimates; they would not be the actual. They may have been what we aimed for, but they were not what we actually got to. The figures I have ...

**Dr LIM:** You are now estimating ...

**Mr CHAIRMAN:** Member for Greatorex, will you let him finish the answer?

**Dr LIM:** The figures I am using now ...

**Mr CHAIRMAN:** No, I am about to stop the clock. So, you had better let him finish this one.

**Mr DAVIES:** I have a table here, Mr Chairman, that we could leave with you, that could be tabled. It shows the trends. Those figures in there are estimates; these are the actual percentage achieving benchmark results in percentage terms. Then, they would show the trend up. The estimates may not have been met, Dr Lim but, in fact, the results here show the trend being up.

**Mr CHAIRMAN:** Fine. That concludes the questioning. On behalf of the committee, I would like to thank officers from the Department of Employment, Education and Training for attending today. I would like to thank all those other public sector people here who were waiting to get on but, unfortunately, did not have a chance.

**Mr STIRLING:** Mr Chairman, I just table that information for the member for Greatorex in and around MAP results.

I add my thanks to yours, Mr Chairman, for Ken Simpson, the Chief Executive, and the officers from DEET who assisted.

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The committee suspended.

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#### CHIEF MINISTER

**Mr CHAIRMAN:** Good evening. I welcome the Chief Minister and invite her to introduce the officers accompanying her and, if she wishes, to make an opening statement on behalf of the Auditor-General's office.

**Ms MARTIN:** Thank you, Mr Chairman. I would like to make some opening comments on behalf of all the portfolios I will deal with in this session, if that is all right. I take this opportunity to make some brief introductory comments in relation to all my portfolio responsibilities; that is: the activities and expenditure undertaken by the Department of Chief Minister, with the exception of Multicultural Advancement Output which we will be covered later by Minister Vatskalis; the Northern Territory Tourist Commission, the Government Business Division, Territory Discoveries; Arts and Museums, with the exception of Library Services within the Department of Community Development, Sport and Cultural Affairs; the Northern Territory Electoral Commission; and the Offices of the Ombudsman and Auditor-General.

First, I would like to mention my Department of Chief Minister, which not only provides leadership in facilitating government's economic and social priorities, but also provides a range of services which support the business of government. The Office of Territory Development is focused on the very important task of driving economic growth and delivering on the government's key priority of creating jobs for Territorians. Over the last 12 months, we have seen some significant achievements, including financial closure on the Darwin Waterfront redevelopment and convention centre project, the expansion of Alcan Gove alumina refinery, the consolidation of the AustralAsia Trade Route, ongoing construction at the Wickham Point LNG plant, a strategic marketing campaign to encourage population increase through skilled workers to come to the Territory, increased awareness in the Territory's investment and economic development potential across Australia through targeted investment campaigns, and the successful SEAAOC conference last month. The next 12 months will see the department continue to take a lead role in developing strategic industries and coordinating major projects across government, and position the Territory's image as a great place to live, work and invest.

Community Cabinet will continue as part of an ongoing commitment to take government to the people of the Territory wherever they live. Our community development programs for youth, seniors and women will continue, including the Community Cabinet Women's Forums that have enabled women throughout the

Northern Territory to have access to and influence decision-making. We will continue to improve the way we work with the non-government sector to deliver services in the Northern Territory. A review of peak community sector councils was completed, including an overarching framework agreement between the community sector and government called Common Cause.

The recent elections celebrated the appointment of women in senior positions in politics, and you can see through this committee exactly that reflected. We will continue to seek to increase the number of women on boards. While all appointments will be merit-based, new and reinvigorated strategies will be used to ensure boards and committees comprise a fair proportion of women. Our Community Engagement Framework was adopted, setting out how government agencies will improve the way in which they engage in policy, program and service delivery decisions.

We will continue our efforts to combat the devastating impact that domestic and Aboriginal family violence continues to have on our community. These efforts will include negotiation of a bilateral agreement on indigenous family violence with the Australian government. Then there is our role in coordinating strategies for indigenous advancement within the community, and they will remain strong as a continued commitment to resolve indigenous land issues.

My government, through the department, will continue to support leading community events, such as the V8 Supercars, the Finke Desert Race and the *BassintheGrass* and *BassintheDust* concerts in Darwin and Alice Springs.

In tourism, my government has demonstrated support for the Territory's tourism industry by the ongoing funding over a three-year period to restore the Territory's position as the leader of Australian tourism. The Tourist Commission is in a program of implementation of my government's core direction in this area, with an intense focus on marketing. Territory Discoveries will continue to contribute to our economic growth by developing tourism products for the domestic and the international market.

As Minister for Arts and Museums, I am pleased that the coming financial year will present exciting opportunities for arts and culture in the Territory. My government has increased funding to regional and remote festivals to support and promote a celebration of the Territory for both locals and visitors alike. We remain committed to implementing the indigenous art strategy, Building Strong Arts Business, and funding has been provided for a public arts strategy. The NT Film Office, based in Alice Springs, works to promote and position the Territory industry to the best advantage.

The recent elections were the first conducted by an independent Northern Territory Electoral Commission. The Electoral Commission will answer estimates questions as an independent and separate agency of government.

I recently announced the appointment of a new Ombudsman and Health and Community Services Complaints Commissioner, and will continue to support this office as an avenue for government accountability.

Which brings me to the Office of the Auditor-General. I would like to introduce the man sitting by my side today, from the Auditor-General's Office, our Auditor-General, Frank McGuinness, and welcome him to his first estimates as Auditor-General.

**Mr McGUINESS:** Thank you, Chief Minister, Mr Chairman and members.

**Mr CHAIRMAN:** Are there any questions in relation to the statement? Leader of the Opposition?

**Ms CARNEY:** Not in relation to the statement, no, thank you.

**Mr CHAIRMAN:** We go on to interrogate the Auditor-General's Office then.

#### **AUDITOR-GENERAL**

**Mr CHAIRMAN:** The committee will now consider the estimates of the proposed expenditure contained in Appropriation Bill (No 2) 2005-06 as they relate to the Auditor-General's Office.

#### **OUTPUT GROUP 1.0 – AUDITS** **Output 1.1 - Audits**

**Mr CHAIRMAN:** I will now call for questions on Output Group 1.0, Audits, Output 1.1, Audits. Are there any questions?

**Ms CARNEY:** Chief Minister, the budget estimate in this output area for 2004-05 was \$2.933m, and the actual for 2004-05 was \$2.784m. Can you explain the variation?

**Ms MARTIN:** Yes, I will refer that to the Auditor-General.

**Mr McGUINNESS:** Thank you very much, Chief Minister. The major variances, Mr Chairman, were employee expenses which went up by \$11 000. That, largely, is a factor of churning the Auditors-General in the last 12 to 15 months - one Auditor-General leaving and me coming up.

Purchases of goods and services was up by \$68 000. The largest component of that is what are called audit authorities issued to authorised auditors to do work. They were issued prior to June 2004, but the work was not done until the 2004-05 year. It means that there was work carried forward from the prior year into the current year. Repairs and maintenance was up by \$53 000. Most of that was minor works done within the audit office. The work was initiated back in 2003-04, and undertaken during 2004-05. There was also a \$17 000 variance on DCIS services.

**Ms CARNEY:** Thank you. Chief Minister, could you detail the expenditure for the office of the Auditor-General in 2004-05 on reports produced that have been either outsourced or produced internally, including - and I will give you this list and I would appreciate if I need to come back and do it again. However, for the sake of the question being put as a whole, the reports produced include - sorry, I will start the question all over again. Detail the expenditure for the Office of the Auditor-General in 2004-05 on reports produced that have been either outsourced or produced internally, and include what the purpose of the reports were; who or what organisation prepared the reports; the cost of the report or reports; whether the report or reports have been tabled in the parliament; and what has been the outcome of those reports.

**Mr McGUINNESS:** Mr Chairman, is the question referring to the reports of the Auditor-General which were tabled in parliament?

**Ms CARNEY:** All reports, including those that are tabled in parliament.

**Mr McGUINNESS:** Right. There were four reports produced during the year. There was the February report on the results of audits; the August report also on the results of audits; the report on Metis Consulting; and also an annual report which is prepared by the Audit Office.

**Ms CARNEY:** All of those reports were tabled in parliament?

**Mr McGUINNESS:** Yes.

**Ms CARNEY:** Can you tell us the cost of those reports?

**Mr McGUINNESS:** May I take that on notice, Mr Chairman?

**Mr CHAIRMAN:** Chief Minister, would you care to take a question on notice?

**Ms MARTIN:** I just make the point that they are regular reports that we expect the Auditor-General to produce to the parliament. The Metis was an exception, it was not a regular report. However, the others are the ones that we expect the Auditor-General to produce and account to the parliament. I am happy to take it on notice, but there was nothing particularly exceptional in either the length, the colour, or the way it was done.

**Ms CARNEY:** Yes, I am sure that is the case, but just so we can track back if necessary.

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#### Question on Notice

**Mr CHAIRMAN:** Leader of the Opposition, would you repeat the question?

**Ms CARNEY:** Could you please provide details on the costs of the four reports to which you have referred?

**Mr CHAIRMAN:** Chief Minister, will you take that question on notice?

**Ms MARTIN:** Yes, I will take that notice.

**Mr CHAIRMAN:** For the record then, I allocate No 3.1 to that question.

**Ms CARNEY:** Chief Minister, regarding the inputs and outputs in the budget for the Auditor-General - I am referring to the inputs and outputs - can you explain what the inputs and outputs are supposed to give the reader in the budget documentation? In other words, what does it mean?

**Ms MARTIN:** Can you refer to exactly which part of the budget papers?

**Ms CARNEY:** Page 13, Budget Paper No 3.

**Ms MARTIN:** Where is the input, sorry? Which input are you referring to? There is Output Group Audits.

**Ms CARNEY:** Okay, yes sorry, outputs. Can you just talk me through the audits; that is an output by the Auditor-General's office. Explain what it is.

**Ms MARTIN:** The person best able to do that, of course, is the Auditor-General. I will refer the question to him. It is actually the work of the Auditor-General, doing his audits.

**Mr McGUINNESS:** Ms Carney, the outputs are individual audits which are carried out. Last year, for the year just finished, about 100 individual audits were undertaken. These comprised the statutory audits undertaken pursuant to legislation; that is, the audits of financial statements where we can be required to provide an opinion. Then, given the overriding functions of the *Audit Act*, is the audit of the public account. Other audits are undertaken to provide assurance on the quality of information flowing into the Treasurer's statements. To support that, then there are reviews of agencies' financial statements. You may be aware but not all agencies financial statements are audited.

**Ms CARNEY:** No, I was not.

**Mr McGUINNESS:** No, not all are. Those that are not audited are reviewed. There are system audits and, this year, the system audits included a Calypso system at Tourism; Callista at Charles Darwin University; OneStaff which is run within Health; IJIS in Police; the revenue management system at Power and Water which is still ongoing; the PIPS system which is a payroll system in DCIS; GAS the government accounting system which is in DCIS; and the *Apex* system in Treasury. Those are all intended to give some confidence about the integrity of the system and the logic, and to make sure that what data goes in comes out as information which is in the format which people would expect it.

Around that, we also do a range of other audits which are compliance audits, which is compliance with legislation and Treasurer's Directions, in order to give you some confidence that things are running the way you would expect. Last year, about 100 audits were done. Each one of those is regarded as an output in its own right. Collectively then, they form, individual, separate reports to parliament.

**Ms CARNEY:** Thank you for providing the range of audits and functions that you perform. Do you perform them routinely or upon request? You referred to PIPS, IJIS, and several others.

**Ms MARTIN:** Auditor-General.

**Mr McGUINNESS:** No, they form part of an annual audit plan, so most of those are done annually. There are others which are done, perhaps triennially, or even almost an *ad hoc* basis. For example, one done last year was the extent to which Executive Contract Officers are reviewed annually by Chief Executives or ministers. Ministerial travel was another one done. It would not be done in every department every year, but in selected departments, perhaps on a rolling five-year basis.

**Ms CARNEY:** Are all of the audits that you undertake either available to members or able to be tabled in parliament?

**Mr McGUINNESS:** Yes. Each audit is reported on in a report which is tabled but, usually following each audit, briefings are available to ministers and opposition members.

**Ms CARNEY:** What is the basis upon which you investigate something on behalf of the government?

**Mr McGUINNESS:** As I said, there are routine audits or financial and compliance audits which are intended to give the support or, basically, test the quality of data information that is flowing through, ultimately, to the Treasurer's Statements. There is a separate section of the act under which the minister can request that an audit be done.

**Ms CARNEY:** How many requests did you receive in 2004-05?

**Mr McGUINNESS:** None under that section of the act. The report on Metis, which was initiated by my predecessor, was received by way of request from the opposition and it was decided that it was worth reviewing.

**Ms CARNEY:** I expect you to say yes to this, but is auditing essential in ensuring that government priorities are delivered?

**Mr McGUINNESS:** No. Okay, auditing sits on a continuum. At one end, you have what is called financial and compliance audits, which are really intended to provide some assurance about the quality of information which is being reported to parliament. As you move along the continuum, you eventually end up in the efficiency and effectiveness type audit range which is intended to, basically, test the extent to which governments are operating effectively or efficiently. Our involvement in that is superficial; (1) is resources and (2) – but even if we had the staff, it is a specialised area; it demands a range of skills which go beyond a normal financial audit.

**Ms CARNEY:** You mentioned earlier auditing of things like Treasury, Treasurer's Statements and so on.

**Mr McGUINNESS:** Yes.

**Ms CARNEY:** How rigorous do you think that auditing process is, given that you have referred to various problems with resources?

**Mr McGUINNESS:** Okay. That one is pretty good because, you may not be aware that the Audit Office itself only has about four people and a part-time filing person. We use local accounting firms to do the audit for us. The firm that is doing the final audit of the Treasurer's Statements has actually been doing this now for a few years; they understand it pretty well. If you can imagine the circumstance where you have audited the system throughout the year, you have reviewed or audited the underlying data - because what happens is the data flows up from individual agencies through into the Apex system at Treasury which is then used to produce the statements. You are reviewing or auditing the underlying data which is flowing into Treasury. You are making sure that the system integrity is there, and then you are auditing the results that are coming out of the system.

**Ms CARNEY:** Chief Minister, is the Auditor-General currently auditing the government's waterfront development?

**Ms MARTIN:** The Auditor-General is and, for any further comments, I refer it appropriately to the Auditor-General.

**Ms CARNEY:** Can you provide details of the scope of your audit at this stage?

**Mr McGUINNESS:** It has been broken into two parts: the first was to look at the tendering assessment evaluation and award process; the second will be to look at the financial structure and its implications to the government's balance sheet.

**Ms CARNEY:** Do I assume that that auditing will be done annually, or half-yearly, or at the end of the process?

**Mr McGUINNESS:** No, that will have to be done annually. The first stage, the tendering process, you do once. Really, what you want to do is assure yourself that the process that you have gone through which has led to the award of a tender to a consortium, is right; there is transparency in it, that the rules of the game have not changed halfway through and, at the end of the day, a reasonable man or woman would accept that there is no chicanery.

The second part is one where you then look at the structure of the project, bearing in mind there are three broad components to it: one which is the community infrastructure; the second part is the convention centre; and the third part is the commercial and residential. With those, the first one is trying to understand and map all the relationships. The second is more of an accounting issue to make sure that, having understood the rules of the game, the people do account for it in the way in which you would expect. In part, if you look at the community infrastructure, you can see that the expenditure is capitalised in a way you would expect and that the government ends up with an asset, a convention centre. If it is slightly different, you are likely to end with an asset.

The government is likely to end up with something like a finance lease in accounting terms. Because you let the stream of payments strip away some of the incentive payments, you end up with something that resembles a credit foncier loan. You would be looking to make sure that Treasury has that set up properly and, then, the asset is amortised once it comes in on-stream, and the liability reduces progressively as payments are made.

**Ms CARNEY:** In relation to the two components that you referred to: one was the tendering and assessment process, second is the final outcome. In relation to the first, the tendering or assessment process: when do you expect that to be completed?

**Mr McGUINNESS:** I would like to have it completed probably late July. The process has started. We have been briefed by Mallesons. As you may be aware, there were probity auditors with this project, Merit Partners, a local accounting firm. Mallesons, a firm of solicitors, then provided advice at various stages to make sure that the legal process was right and there was transparency in governance. Then, when the negotiation phase moved to Sydney, Deloitte Touche Tomatsu then took over the probity auditor role down there.

**Ms CARNEY:** Is commercial-in-confidence an impediment to the Auditor-General investigating the waterfront development?

**Mr McGUINNESS:** Not necessarily. Under the *Audit Act*, I can insist on access to information but, having done that, I then need to exercise some caution about what I can put into the public domain. To understand the transaction, I may insist on having access, but I have to respect that there may be parts of the transaction which various members of the consortium may be unhappy having it probed into – into public ...

**Ms CARNEY:** Sure, I appreciate it is a delicate balancing act. Are you satisfied that, so far, you have all of the relevant documentation and records that relate to the waterfront development?

**Mr McGUINNESS:** Thus far, I have had no impediment at all to any questions or investigations. People in Justice at the moment, are gathering - I have submitted a questionnaire, probably two or three pages. I have asked for responses to that, but also asked for evidence then to back up the responses.

**Ms CARNEY:** You have received that?

**Mr McGUINNESS:** Basically, the evidence is being pulled together at the moment, so probably within the next week or 10 days, I would then start going through that.

**Ms CARNEY:** Okay. Do you have a term of reference for the exposure to the public on the waterfront development; that is, the financial exposure?

**Mr McGUINNESS:** When you say exposure ...

**Ms CARNEY:** Sorry, would that be included in an audit that you would undertake in relation to the project?

**Mr McGUINNESS:** Certainly, under the second stage, which is to look at the financial structure of the project, you want to understand what assets the Northern Territory government acquires, what liabilities and, hence through that, what is the exposure of the taxpayer.

**Ms CARNEY:** So, you would implicitly have that reference - yes?

**Mr McGUINNESS:** That is always uppermost in your mind. At the end of the day, as an officer of the parliament, you have to anticipate the sort of issues which parliament may wish to raise.

**Ms CARNEY:** Am I right in assuming that the auditing of the waterfront development would be a more complicated and lengthy process than the garden variety audit?

**Mr McGUINNESS:** It will take more time than, say, some financial audits because there is much more - shall we say - testing of hypotheses. Basically, evidence, understanding and then testing and sitting people down and making sure that you have understood correctly or, if you have not, then you want further evidence to fill the gaps.

**Ms CARNEY:** Do you think that there would be, from your office's point of view, any resources implications as a result of the additional bits and pieces that are required for the waterfront auditing?

**Mr McGUINNESS:** There will be some demands, but these come up periodically. The Auditors-General then go to Treasury to seek additional funding - often, because the return of some of the fees which have been earned from some audits.

**Ms CARNEY:** Thank you. That is it for the waterfront, for now at least. Can I ask whether you have ever audited the matter involving the gifting of a four-wheel drive vehicle to a local government council at Belyuen by their Department of Community Development, Sport and Cultural Affairs?

**Mr McGUINNESS:** No, that transaction was never audited. Do you mind me ...

**Ms MARTIN:** No, no, go for it.

**Mr McGUINNESS:** You may remember that one of the recommendations of the Ombudsman was that the report be referred to me for consideration. Consideration can be read in a number of ways. However, given that the Ombudsman had gone into the transaction in considerable detail, I did not see a lot of value in treading over the same ground yet again. However, what I did, though, was seek some documents from the Department of Community Development, Sport and Cultural Affairs just to help me get an understanding of some issues, and also to provide a basis to put some questions to them.

**Ms CARNEY:** So, in order that I am clear, you have not done an audit as such?

**Mr McGUINNESS:** It was not a formal audit. It was a review supplemented with some reading and questioning.

**Ms CARNEY:** That is a good answer - a review supplemented with reading and questioning.

**Mr McGUINNESS:** I would not call that an audit.

**Ms CARNEY:** Okay. Is that what you would call an investigation?

**Mr McGUINNESS:** No, because the investigation was undertaken by the Ombudsman.

**Ms CARNEY:** Once you obtained the relevant documents, did you consider investigating the matter?

**Mr McGUINNESS:** Yes. Okay, having read the report and ...

**Ms CARNEY:** Sorry, the Ombudsman's?

**Mr McGUINNESS:** The Ombudsman's report and some of the material from the department, it is a question of what could have been done better; where were mistakes made. The issues are, as I said: (1) the advice to the minister was flawed ...

**Ms CARNEY:** Was flawed?

**Mr McGUINNESS:** Yes. Secondly, the communication between the department and the council was inadequate. I believe also - bearing in mind that my agreement does not extend to councils - the decision-making process with the council itself was also probably weak. As you are probably aware, the clerk, plus one of the members of council, attended and were well aware of what was going on. However, there seemed to be a lack of debate within council which, perhaps, could have clarified a number of issues very early before it got to the stage it did.

**Ms CARNEY:** When you said that you considered that the advice to the minister was flawed, which advice was that?

**Mr McGUINNESS:** There was advice to the minister. The minister correctly sought advice from the department on whether he could provide a grant to council. Perhaps to step back here, there was no written advice. Now the Ombudsman acknowledged that, and no one could provide me with advice. However, in talking to people down there, the advice they gave - they themselves - the minister was that he could, but I think it was based on a false premise and ...

**Ms CARNEY:** Which was?

**Mr McGUINNESS:** Which was that it was within the council's powers to administer certain sites, but the sites which were the subject of the grant were outside the area which council traditionally administered. If more care had been taken, perhaps, examining exactly what the circumstances were, the advice to the minister may well have been different.

**Ms CARNEY:** Going back to when it was that you initially sought or obtained the documents from a number of sources, when you were doing your review supplemented with reading and so on, did you obtain those documents on an informal basis or did you get a reference from a minister?

**Mr McGUINNESS:** No, I just told them I wanted the documents and just used the *Audit Act* to do it.

**Ms CARNEY:** So, no minister formally approached you with a view to undertaking the reference review investigation?

**Mr McGUINNESS:** No. The Ombudsman recommended the report be referred to me and that was done through the minister's office, but purely as in line with the Ombudsman's recommendations. However, given that the Ombudsman had gone into the circumstances surrounding that grant in considerable detail, there was not a lot I thought - and I still think - to be gained by then trampling on and re-ploughing the same patch yet again. It was all there for parliament's edification.

**Ms CARNEY:** In conclusion, you are satisfied; it is done and dusted as far as you are concerned?

**Mr McGUINNESS:** As I said to someone, auditors are blessed with a remarkable gift of hindsight. We come along after the event, and we can always find something wrong. The department has acknowledged to me that they made mistakes; the advice they gave the minister was wrong. It was documented by the Ombudsman; the advice they gave the council on its ability to dispose of the vehicle was wrong, which led to a breach of the *Local Government Act*. The department has freely acknowledged that.

In the last couple of years, we have done a couple of audits through CDSCA. More recently, we have done an audit of their Grants Administration System. There is nothing there, in a procedural sense, which would suggest that this would be a recurring problem. However, that particular issue stands out as anomalous.

**Ms CARNEY:** Thank you. That concludes my questions. Ah, hang on. You have mentioned the fact that the advice or advices from people of the department was flawed. Have those people been counselled or assisted in a way that they might provide better advice to a minister of the Crown in future?

**Mr McGUINNESS:** They are well aware of the shortcomings of the advice and all the ramifications that flowed from it. It was put to me by a senior officer there that they will be much more careful in the future.

**Ms CARNEY:** Good enough, thank you.

**Mr CHAIRMAN:** Are there any other questions? Member for Nelson.

**Mr WOOD:** Thank you, Mr Chairman. Chief Minister, you mentioned that you had done an audit of Power and Water?

**Mr McGUINNESS:** We have finished an interim audit of Power and Water and we are about to go back for the second round which is on the annual financial statements. The interim audit is intended to really test some of the transactions, some of the controls before the main bout.

**Mr WOOD:** You know what the next question is going to be? Did you audit the billing system?



**Mr McGuinness:** Yes.

**Mr Wood:** And what did you find?

**Mr McGuinness:** My advice to the Audit Committee at the beginning of June was if I had had to sign off the statements at that point, I would have qualified the accounts. I have given them a month to get their act together.

**Mr Wood:** Chief Minister, so the billing system was not in good shape?

**Mr McGuinness:** The issues – there is nothing wrong with the software; that is okay. A lot of the problems relate to the data which was put into the system during the project. It was rubbish, and they have now had to strip it out, sort the problems out. I have a lot of confidence in the General Manager in that area, who they have put into the position in the last couple of months; I believe he is extremely capable. They have given me an undertaking that they will have the problems sorted so that, when we go back in a few weeks, I will not see a replication.

We have also indicated to them that, given that controls around the system were not operating satisfactorily for the entire year, we will have to move into what we call substantive testing, which is really down to the transaction level. It is mind-bogglingly boring for the people doing it, but it is taking a sample of records from the old system, taking it through to the new system, making sure that all the details are right - the right name, the right address, the right tariff - and then following it through from there. That is about to start in the next week or so.

**Mr Wood:** Chief Minister, when you have done the audit on the billing system, have you looked at whether Power and Water has lost money, or has Power and Water got money that it was not entitled to? Conversely, did it affect customers in the same way?

**Mr McGuinness:** In terms of your first question, my main concern has been on the integrity of the numbers coming out of the system and how reliable the revenue figure and the debtor figure will be at the end of the year. I do not think they have lost money. Certainly, if we go back to the beginning of the calendar year, the delays in billing was causing some problems. They were haemorrhaging a bit of money. They were still having to pay salaries, wages and operating costs, but they were not getting the revenue in, so they needed some temporary financial accommodation at that point to overcome the problem.

Now the billing is working much more smoothly and the money is coming in, and I would expect to see that the debtor number, which was blowing out - say, at the beginning of the calendar year - would be back to a much more reasonable position, say, at the end of June.

In terms of money that they received but perhaps they should not be entitled to, I am not aware of anything. However, what has happened with the new system, it has shaken out a lot of odd practices that might have existed in the past. Historically, there are people who, I am told, had not paid water bills for three or four years, and this has crystallised it. So, some of those things may be now starting to fall out of the woodwork.

**Mr Wood:** Just a last question: will you be auditing them at another stage to make sure that everything is fine and dandy, you might say?

**Mr McGuinness:** Given the saga that has surrounded the system, there will certainly be a lot of work done in the next few weeks to try to give me some confidence about the numbers coming out of the system for 30 June. However, it will also be ongoing for, perhaps, another 12 months while we just make sure that the system is bedded down properly and that all the teething problems are well and truly overcome.

**Mr Wood:** Thanks, Mr McGuinness.

**Mr Chairman:** Opposition Leader.

**Ms Carney:** One question I should have asked in relation to the waterfront proposal was: have you received any complaints – or government, I guess, received any complaints, or have any been made directly to you - about issues surrounding the awarding of the contract, or the tender for the waterfront proposal?

**Mr McGuinness:** None. None have been made to me, although it was intimated to me that they would be made - none were forthcoming. However, I am aware that one of the unsuccessful tenderers wrote to the waterfront team suggesting that they were hard done by. As part of this first stage, I have flagged that I want to have a look at the allegations made and whether there was any substance.

I note at this point that the consortium in question have basically signed off, taken the money and withdrawn. I would probably be more worried if they had won it, given that they are suffering some terrible problems in London at the moment.

**Ms Carney:** Do I take it that, let us summarise: you have not received any formal complaints ...

**Mr McGuinness:** Not to me.

**Ms Carney:** ... you thought some might be forthcoming in relation to the ...

**Mr McGuinness:** It was intimated to me that an unhappy tenderer would write to me, but nothing was forthcoming. I waited with baited breath, but nothing arrived. I am aware that the firm in question did write to the Waterfront Project Team and raised a series of allegations. There were meetings. I believe that, in the last couple of weeks, the firm has, basically, applied for its bond and has signed all releases. In the wash-out from it, losing tenderers are often very unhappy; they put a lot of effort into these things. Perhaps there is a degree of overconfidence and a feeling of deflation at the end of it.

**Ms Carney:** Thank you.

**Mr Chairman:** Are there any more questions on that particular output? That being the case, that concludes consideration of this output group.

#### **Non-Output Specific Budget-Related Questions**

**Mr Chairman:** Are there any other non-output-specific budget-related questions. That being the case, on behalf of the committee, I thank Mr Frank McGuinness for attending today. We now move on to the Northern Territory Electoral Commission.

**Mr McGuinness:** Thank you, Mr Chairman.

#### **NORTHERN TERRITORY ELECTORAL COMMISSION**

**Ms Martin:** Mr Chairman, may I introduce the two people from the Electoral Commission, noting that this is the first time we have had an independent Electoral Commission here answering questions independent of the Department of Chief Minister: Bill Shephard, who is the Electoral Commissioner, and Darren Pigram, who is Finance and Procurement Officer.

**Mr Chairman:** Thank you, Chief Minister. The committee will now proceed to consider the estimates of proposed expenditure contained in Appropriation Bill (No 2) 2005-06 as they relate to the Northern Territory Electoral Commission.

#### **OUTPUT GROUP 1.0 – NORTHERN TERRITORY ELECTORAL COMMISSION Output 1.1 - Electoral Services**

**Mr Chairman:** I call on questions relating to Output Group 1.0, Northern Territory Electoral Commission, Output 1.1, Electoral Services. Are there any questions?

**Ms Carney:** Yes, Mr Chairman. Good evening, gentlemen. I have misplaced my last year's budget, so I will just have to rely on my notes which, I am fairly sure, are accurate. If I could have that budget paper, it would assist. The estimate for 2004-05 was \$1.8m. What was the actual spend in 2004-05?

**Ms Martin:** The spend is until the end of May. As you aware, the figures that are in front of the committee are for 31 May. The figures there for the Electoral Commission, 2004-05 estimate – Mr Pigram.

**Mr PIGRAM:** Mr Chairman and members, at the end of 31 May, there was a current spend of \$1.065m.

**Ms CARNEY:** Was the cost of conducting the recent Territory election contained in the figure of \$1.065m?

**Mr PIGRAM:** No, it was not.

**Ms MARTIN:** No, it is not, because these figures are until the end of May. We can talk about indicative costs for the Territory election. I will refer to Bill Shephard.

**Mr SHEPHEARD:** Is it a question about how much the election cost?

**Ms MARTIN:** Yes.

**Ms CARNEY:** Although I appreciate that you will not ...

**Ms MARTIN:** It is not a final cost, it is not actual, it is an estimate at this stage.

**Mr SHEPHEARD:** As you are aware, the cut-off here was 31 May. That happened to be the issue of the writ day of well. Some of the expenditure was captured in this financial year, but the bulk of it will appear in the next financial year. In the expenditure that will be captured in this financial year, it is to the tune of – it is \$300 000, isn't it, Darren?

**Mr PIGRAM:** Yes.

**Mr SHEPHEARD:** We have had an estimate of the total election cost. We believe it will be in the vicinity of about \$900 000. Of course, we are still paying bills and some of these things will not become clear until a bit later on. However, we think that is the vicinity in which the total cost will be.

**Ms CARNEY:** Is that in line with any initial estimate that was made or formulated as to the election costs?

**Mr SHEPHEARD:** We did have an estimate. As you are aware, I took up duty on 18 April. There was an estimate that was internally held there. There were some changes that came in, subsequent to that being done internally. A couple of the main ones were the AEC costs. We have AEC officers seconded and, in previous elections, we have had their salaries gratis. However, on this occasion, as part of the national policy, that was not the case so, obviously, there was an increase there. Off the top of my head, it was about \$40 000-odd. There were a couple of other things such as the actual advertising. We did a little more advertising than was in that initial budget when I came there. However, more or less, it is in tune of what I would have thought the election would have been, yes.

**Ms CARNEY:** Okay, so it is generally in the ballpark and there are unlikely to be any nasty surprises when all of the accounts come in.

**Mr SHEPHEARD:** No, no. In fact, I should say that I asked the question about what the cost was in 2001. The figure I was provided with was substantially lower than that. I have not had time to have a look into that, but I believe that a lot of stuff must have come out of the administration budget, perhaps, in the lead-up to that election. I had a previous life in the Northern Territory Electoral Office in 1990, and the budget then was \$550 000. If you just add on inflation and everything else, it comes out at around the \$900 000 that we are looking at.

**Mr CHAIRMAN:** Mr Shephard, could I just ask you and Mr Pigram, when you are giving a response, to just prefix it with your name for Hansard?

**Mr SHEPHEARD:** Yes.

**Mr CHAIRMAN:** Very good, thank you.

**Ms CARNEY:** Through you, Chief Minister, in relation to the election, is there a review, or a series of reviews, planned in relation to some of the problems that have been highlighted that we all know about?

**Ms MARTIN:** Can ask for the commissioner's sake: would you be specific. There is ...

**Ms CARNEY:** An interesting one is the opening of a ballot box on a country road; both the member for Nelson and I have been contacted about that. There have also been difficulties in relation to split polling booths. That is the sort of thing which, I would imagine, would be included in a standard review anyway. So, specific problems that people have highlighted.

**Ms MARTIN:** I just needed to make sure we were walking the same path here. Commissioner.

**Mr SHEPHEARD:** Thank you. As independent Electoral Commissioner, I will be putting together a report on the election. That will go to parliament directly. It will be an independent report and it will cover all those issues that have come up - some that have had wider exposure than others. There are a lot of other issues that have come up that I will be providing an independent view on. I hope that I can do that by the October sittings. I just add, in doing a report, I would also like to do it in a timely fashion regarding a non-voter process, because I believe we will gather a bit of intelligence about what actually happened in turn-out and some of our processes, after we have done that process of non-voters.

**Ms CARNEY:** Since I raised the issue of the boxes being opened on a country road - I think in the member for Nelson's electorate - do you mind if I ask have you investigated that particular omission?

**Mr SHEPHEARD:** Investigate is probably a strong word. Certainly, this incident was raised in the Sunday press. We have gathered a little more detail, but I can explain what happened, if you would like.

**Ms CARNEY:** Yes, that would assist ...

**Mr WOOD:** That would be interesting.

**Ms CARNEY:** ... because people have been approaching both Mr Wood and I from last week about this matter.

**Mr SHEPHEARD:** Okay. Basically, as you are aware, we have 25 electorates and they are very small electorates. Most of them only have two or three polling places. What figures we get in constitute early indication of how a government is formed; who gets elected and that sort of thing. We had, noticeably, a fair bit of problem in getting the two-candidate-preferred count from the polling places on polling night. I was not around the back of the tally board for the entire evening; I flitted in and out amongst other duties. However, it would appear that about even up to about a third of our people running the polling places were not quite sure how to conduct the two-candidate-preferred count.

This is the first time the two-candidate-preferred count had been done in the Northern Territory, but it had been done on numerous occasions for the federal elections. We have a few more polling places in the Territory election. I can say regarding the personnel that we employed, whilst there were some common personnel, the Northern Territory Electoral Office/Northern Territory Electoral Commission has chosen to have other personnel doing it. Therefore, for the first time for many of them, they were conducting that count.

We knew that we had to talk a few people through that process. Unfortunately, the system that we have in place of taking the figures was not one that I would have had in place, in that, if you have a two-candidate-preferred count, it should force balance against what your formal vote was, and it should alert people to that fact. The actual spread sheets that they had to put in place did not do that, and there were a couple of times where things were not quite balancing.

What would normally have been expected is that you would question the polling official, at that point in time, about whether it was correct, or if something did not look quite right in a substantial swing, then you would go back and check whether those bundles were in the right place. What can happen is that they might have been counted correctly, but they throw a bundle of 50 to the wrong candidate for some reason. The nett effect of that is that 50 votes for one person and 50 votes for another person is 100 votes, which is quite substantial in some of our counts and can be done - it might not only be 50 votes, it could be 100 votes or something else.

At that time, for that particular electorate in Goyder where the incident happened, I suppose, we fed the figures out and the psephologist on hand on the night was saying: 'Are you sure these are the right figures because they just do not look right?' We knew we were having problems with that, and so the people behind the tally board tried to contact the officers in charge. Unfortunately, with that particular polling place, the figures had been phoned in and we thought we would just get them to check that everything was in the right bundles. However, she must have packed up very quickly and hit the road so that, when the phone

call was made, she actually had to pull over to the side of the road. That is where the roadside pull-over occurred – where the story has its genesis.

Basically, we raised the issue and thought that she would still be there; she said she was not. I have to say too that, in this particular polling place, it was a relatively small count - some 900-odd votes were involved. We would have expected that figure to be in well and truly before it came through. We also were informed by the officer-in-charge that she had had a bit of a devil of a day with the scrutineers. After all this information was taken on board, we thought it probably did deserve a bit of a check.

We, obviously, did not want her to do it there. She suggested that she could do it when she got to Berrimah; the other alternative was that we did not release any figures at all. Basically, a decision was made at that time that she should do that in front of witnesses back at the tally room, and not count the ballot papers, as was reported, but simply do a flick check to see that the bundles of 50 were in the correct one. At no time - there are returns; all that sort of stuff is sealed up. It was not a question of looking at any returns or anything like that.

Basically, that was the call that was made on that particular one so that we could release the figures. I have to say that, I think at that point in time, it was well after 9.30. We would have expected that polling booth to have had their figures in very early in the piece; to be one of the first, in fact. To give you some indication of how late it was, that was virtually the last polling place to return material.

There were a number of circumstances that led to that decision. It was a decision I will take full responsibility for. As I say, it was done in front of witnesses. There was nothing done with the returns; they are as filled in and it was just a cursory check of the ballot papers. The other thing was that Taminmin High was another polling place, but we could not get a hold of the people there ...

**Ms CARNEY:** Can I just ask: did this all happen by the side of the road or is that apocryphal? Are people just making that up or did all of this happen by the side of the road?

**Mr SHEPHEARD:** I believe what happened was that the original phone call that we made was not too long after the figures were phoned through, and that is why we assumed that she would still be at the polling place. The lady did pull to the side of the road to answer her mobile phone, and she did actually do the cursory check when she hit Berrimah at an appropriate place there, she said.

In that sense, she did pull up and do it before - the option was we could have held on for another half-an-hour or 45 minutes until she got all the stuff there, and had a look at it. The call that was made was: 'Look, if there is something wrong with that, we would rather get the parties onside as soon as the stuff comes in and make sure that the figures are released'. So, I take full responsibility for that decision. It is the first time I have ever given that instruction and I hope it is the last.

**Ms CARNEY:** Sure. Something that will no doubt be contained in your memoirs, a story like that.

**Mr SHEPHEARD:** You might be right there.

**Ms CARNEY:** Thank you for that explanation, which has been useful for both of us. How many new electors were enrolled prior to this election?

**Mr SHEPHEARD:** Oh, you are testing my memory here, but I think ...

**Ms CARNEY:** Ballpark is fine.

**Mr SHEPHEARD:** ... in the 2001 election, there was about 105, and it was about 112 or something this time around. In the four years, we have probably had that increase of 5% or 6%; something like that.

**Ms CARNEY:** That is from the date of the issuing of the writ to the close of registration?

**Mr SHEPHEARD:** That was at the close of rolls. In 2001, it would have been issue of writ day because that is when that occurred. In the case of 2005, it would have been two days after issue of writ day.

**Ms CARNEY:** You may not have heard it, but earlier today the Treasurer referred, on several occasions, to a whole lot of employees in the Territory - he used Bechtel as an example – fly-in/fly-out type people who give their address - I think the example the Treasurer gave was somewhere in Townsville or

Rockhampton. Are there any penalties for someone registering or putting themselves on the roll when they actually live somewhere else and they are enrolled in another jurisdiction?

**Mr SHEPHEARD:** Yes. It is a fraudulent enrolment and, yes, that is an offence. Once you have taken into consideration, in the situation you are taking about, is that the definition of whether someone is entitled or not to be enrolled turns on the fact of their real place of living. Of course, as electoral administrators, it is hard for us to determine that. It is a call – obviously, if somebody is doing something fraudulent and we pick that up, that is an issue we will take up. However, it does turn on real place of living. A person can be on the roll for the place where they are living, or a place of which they have a fixed intention to return to. In those fly-in/fly-out situations, it generally can be a call on real place of living for the individual concerned.

**Ms CARNEY:** It is possible to be registered in two jurisdictions?

**Mr SHEPHEARD:** No, it is not because, basically, if you register for one address, you will be taken off your other address - whether or not you nominated on the form; it does call for that. When the AEC process the card, they will do a matching exercise, including fuzzy matches and a whole range of things, to pick up where somebody is enrolled somewhere else and they are taken off.

**Ms CARNEY:** In terms of a fraudulent enrolment, I assume it is just a fine or something like that? Or is it a criminal offence?

**Mr SHEPHEARD:** I believe it is a criminal offence.

**Ms CARNEY:** A criminal offence?

**Mr SHEPHEARD:** Do not quote me on that. I would have to check the *Electoral Act* on that one, but yes, I believe it can be. In fact, we have had - admittedly under the federal legislation - people charged with fraudulent enrolment.

**Ms CARNEY:** Can you detail the expenditure for the Electoral Commission in 2004-05 on reports produced that have ever been outsourced or produced internally? Perhaps I will rephrase that. Were there any?

**Ms SHEPHEARD:** The only report we have done is a redistribution report.

**Ms MARTIN:** Yes, I was going to say a redistribution report. No, no, the Electoral Commission, you are independent, yes.

**Mr SHEPHEARD:** I am not quite sure of the figures. The cost of the redistribution - this is not just reports, this is the whole redistribution - was \$82 900: \$14 800 in 2003-04, and \$68 100 in 2004-05.

**Ms CARNEY:** Sorry, if you can slow down when you are reading those figures. So the redistribution report was \$82 900?

**Mr SHEPHEARD:** That was the whole redistribution costs.

**Ms CARNEY:** Costs, yes.

**Mr SHEPHEARD:** I am not quite sure what the actual – Darren might have it. Have you got that?

**Mr PIGRAM:** Mr Chairman and members, total document production, which would include other reports associated with the redistribution, was \$33 000. As I said, it will include other costs associated to printing and reporting for that exercise.

**Ms CARNEY:** What was the cost of the report for the redistribution? Was it \$82 900 or \$33 000? I am lost.

**Mr PIGRAM:** No, total document production costs for the redistribution committee was \$33 000.

**Ms CARNEY:** Okay. So what was the figure of \$82 000?

**Mr SHEPHEARD:** That was the total cost for the redistribution, which Darren will give you the break-up of, if you want.

**Ms CARNEY:** No, that is all right.

**Mr PIGRAM:** Actually, the total cost for this year, you are looking at \$68 000. I believe the figure that that Mr Shepherd is considering is the cost over two years, because we received funding over the two-year period.

**Ms CARNEY:** Was that \$68 000 in relation to document production or the redistribution?

**Mr PIGRAM:** Document production was \$33 000, sorry.

**Ms CARNEY:** I will read the *Hansard*. Thank you, they are all the questions I had.

**Mr CHAIRMAN:** Any further questions?

**Mr WOOD:** I might as well ask a question on the famous ballot box. Through you, Chief Minister. Commissioner, my understanding – was that box then sealed?

**Mr SHEPHEARD:** Firstly, it was not in a ballot box, it would have been in an envelope or something like that. They are sealed. However, as I say, the situation and the call we made was that the officer-in-charge who was there, and both myself and a witness back at the tally room instructed her to do that. In terms of returns and all that sort of stuff, that was elsewhere.

**Mr WOOD:** My understanding is that she was concerned about doing it by the side of the road because it was dark where she was rung. She was concerned, I believe, even when she did do it, about opening it up by herself. I was just wondering, is she allowed to break the seal without a witness?

**Mr SHEPHEARD:** There are no rules in regard to that. In terms of what happens in a polling place, for instance ...

**Mr WOOD:** She was in a car, of course, not a polling place.

**Mr SHEPHEARD:** Yes, I am sure. I was saying that, in sealing things up, quite often it is only the officer-in-charge who is there when they seal it up. It is not uncommon for an officer to open and close that sort of thing. In terms of the roadside, as I say, she did express some concerns about it. I said to her on the phone that we did not want anyone doing that sort of stuff in the middle of nowhere; it would have to be in an appropriate place. She suggested that she could do it at a place in Berrimah. I had a discussion with her yesterday, and her comment to me was that she felt she does not know how this got legs and, in fact, she is feeling a bit under pressure with what happened. I said to her that she was acting under instruction, so there is no problem with that. As I say, I have never had to make that call before, but it was a call we made on the night and I take the responsibility for that.

**Mr WOOD:** Commissioner, just on the \$0.3m allocated to conduct electoral public awareness programs, what is in the electoral public awareness program? Does it cover things such as whether you know which electorate you are in, the type of voting, and those sorts of issues?

**Mr SHEPHEARD:** We have had some funding for public awareness in the financial year that has just passed. That funding was to get some people on board and also formulate a program for public awareness. Unfortunately, it got a bit of a late start towards the end of the financial year when the election kicked in. Basically, we put together an outline for a public awareness program and also have employed some people for three months on a contract. They continue and will be involved in the non-voter process as part of that public awareness program.

However, in the longer term, it deserves a very hard think about how we might do that. What I would like to see happen is that we produce materials that are customised to the Northern Territory. In my experience in the federal sphere, where they produce some pretty good educational material but it is fairly generic, is if we are going to raise awareness within our community - and we are not just talking about the remote communities here, we are talking about the whole community - then we need to work closely with other Territory agencies as well as the Commonwealth and customise and produce our own materials. That has not been worked out completely yet, but that is the general principle which I will want to follow so that we do have a lot of face-to-face stuff going on with that funding - as much as we can do in the schools and everything else - but we also are producing materials that are highly customised for a Territory clientele.

**Mr WOOD:** I have noticed after redistribution, of course, one of the problems is that people are not sure which electorate they are in - even though I wrote a letter to everyone saying they were not in my electorate and I think your department also wrote a letter notifying people of the changes. Do you think you could look at that and target the ways in which you inform people so that, when they do turn up on the day, especially at the dual polling booths of which Taminmin was a classic example, where they had to go through duplicate lots of people with how-to-vote cards before they worked out which electorate they were in.

**Mr SHEPHEARD:** Obviously, at the election, we have a lot of dual polling places in the Territory because of the small electorates and the boundaries. Certainly, mapping is a key issue with this. We should have maps in all the polling places - that was not provided. In my previous life in the NTEO, that was the standard item issue and it should have been done this time, particularly on the back of a redistribution.

The one thing that did not take place that has in the past - and I will certainly be implementing it next time - is the actual advertising of the polling places with the maps, like a form guide that comes out on the Friday with a lift-out. That is a very good way of letting people know where their local polling place is, and a point of sharp focus from the elector to actually identify where they go to vote. You will be aware that we had a high incidence of absent voting at this election and, to me, that highlights to me that we need to get some other strategies in place so that people do know where they are in the electorate and where they go to vote. They do get stuff through their letterbox all the time which tells them they are in the division of Goyder, Nelson or whatever. However, it is incumbent upon us, as an agency, to make sure that public awareness is raised.

In terms of the re-distribution, we do send letters out to electors, but they are the ones that are transferred, not to all electors. We do give public notice to the changes. However, those individual letters are only sent to people who actually have changed. So, yes, we do need to do it. Part of the public awareness would be to get more of - we have tried to do this in shopping centres and that sort of stuff to try and give a higher profile to those particularly in the wake of a redistribution.

**Mr WOOD:** The issue about maps in polling booths would have saved angst in some places I know. Thank you, Mr Chairman.

**Mr CHAIRMAN:** Any further questions? That concludes the continuation of this output group.

#### **Non-Output Specific Budget-Related Questions**

**Mr CHAIRMAN:** Are there any other non-output specific budget-related questions? No one else? This concludes the interrogation of the group. On behalf of the committee, I would like to thank Mr Bill Shephard and Mr Darren Pigram for attending today.

#### **OFFICE OF THE OMBUDSMAN**

**Mr CHAIRMAN:** We will now move onto the Office of the Ombudsman. I invite the Chief Minister to introduce the officials accompanying her and, if she wishes, to make an opening statement on behalf of the Ombudsman's Office.

**Ms CARNEY:** Thank you, Mr Chairman. With me is Vic Feldman who is the Acting Ombudsman, and also Karen Lewis who is Business Manager for the office. Thank you.

**Mr CHAIRMAN:** The committee will now proceed to consider the estimates of the proposed expenditure contained in the Appropriation Bill (No 2) 2005-06 as they relate to the Office of the Ombudsman.

#### **OUTPUT GROUP 1.0 - OFFICE OF THE OMBUDSMAN**

##### **Output 1.1 - Office of the Ombudsman**

**Mr CHAIRMAN:** I now call for questions on Output Group 1.0, Office of the Ombudsman, Output 1.1, Office of the Ombudsman. Are there any questions?

**Ms CARNEY:** Can you indicate whether the workload of the Ombudsman has increased in 2004-05 compared to, say, the last two years before?

**Ms MARTIN:** Yes, I can yes it has, and for the details of that I am going to refer to Mr Feldman.



**Mr FELDMAN:** Yes, it certainly has. We estimate, at the end of June this year, that there is probably a 40% increase in Ombudsman complaints this year. Part of that, just to explain it, is that there has been a change in the way that we have recorded some of the inquiries that have come in. Those inquiries are where we have referred them back to the department in the first instance; they have now been recorded as complaints. Therefore, there is a little of that that does show an increase in the number of complaints that have come in. Certainly, there has been a significant increase overall in the number of complaints and inquiries on the Ombudsman's side. On the Health side, there is a 20% increase.

**Ms CARNEY:** Thank you. I note from Budget Paper No 3, the estimate for 2004-05 was \$2.161m and the budget for 2005-06 is \$2.095m. Do you regard that as an increase and, if so, why would it be increased given that complaints have increased by 40%?

**Mr FELDMAN:** In 2004-05, \$46 000 related to a one-off funding for a project officer related to the review of the *Health Act*. So, if you take that off, there has been roughly a \$17 000 decrease from the 2004-05 to the 2005-06. There is, in that context, roughly a \$17 000 decrease in our salary or in our overall estimate.

**Ms CARNEY:** Through you, Chief Minister: given that there has been a 40% increase, even a \$17 000 decrease would be unhelpful. I will put it another way because I appreciate the position that you are in: are you anticipating further increases in the complaints in 2005-06?

**Mr FELDMAN:** It is really hard to say. If you have a look at the stats, they tend to go up and down. I certainly would not expect a decrease - put it that way - compared to last year. My view would be that it would probably stay at least the same as what this year was.

**Ms CARNEY:** Is the budgetary allocation for 2005-06 of \$2.095 likely to be sufficient in order for you to perform your functions?

**Mr FELDMAN:** Look, it does allow for full staffing. What it does not allow for – where we have to make that saving - is probably in the operational area, which means that we probably will not be able to spend as much on consultancies, and there will be less spent on travel, TA and those sorts of things. The consultancies will affect us a little, because that is certainly – we use some of that consultancy money to help us to fray some of the complaints investigations that we undertake in complaints. So there could be. One of the results might be that the length of time taken to actually do complaints may go out a little.

**Ms CARNEY:** Okay. How many of the complaints that you received in 2004-05 have been resolved and how many are still pending?

**Mr FELDMAN:** Good question. I can tell you what we have had in 2004-05 – complaints that we have actually had is as at – we took figures at May and my estimate then, for the end of the financial year, would have been 3200 inquiry and complaints for the Ombudsman. That is what we received. I anticipate we will resolve probably about 2500. A lot of those are inquiries. On the Ombudsman side, I anticipate we will receive around about 400 inquiries/complaints in total and we will resolve about 350.

**Ms CARNEY:** How many staff are currently employed to deal with these matters?

**Mr FELDMAN:** All up, 19 – 19 full-time. We have 20 staff, but 19 full-time equivalent.

**Ms CARNEY:** And at 1 July 2004, was it 19 staff?

**Mr FELDMAN:** Yes.

**Ms CARNEY:** Just getting back to the budget, in Budget Paper No 3, page 26, the table at the top shows a variation to the Health and Community Services Complaints Commission of \$73 000. Can you talk me through that and explain what that means? Then I will ask you whether that will have the effect of limiting your functions.

**Mr FELDMAN:** A large proportion of that was that \$46 000 I talked about, which was the one-off cost. The other proportion of that is mainly related to the operational area where it is more a transfer of funds between us into the Ombudsman's area for, in a sense, payment for services that they have provided to us. I do not see in that context, although it looks like there is a \$73 000 reduction - what we are saying is we believe that the administrative costs on the Ombudsman's side are going to be a bit more than they were last year, and ours will be probably a little less, and so there is a transfer of some funding there.

**Ms CARNEY:** I appreciate that you were not the person in the seat this time last year, but I assume you have read the *Hansard*. The previous Ombudsman spoke about what he called, I think, the slippage of time lines in resolving matters because of staff issues. Has that problem been resolved?

**Mr FELDMAN:** We have full staffing in that sense, so it has been resolved from that point of view. I think last year, from memory, we were down on staff, so that is a plus. As I say, we have funding for full staffing, so I do not see any hassle there. In terms of our workload, our productivity at the more minor end of the scale, has really increased. If you have a look at our outputs that we are predicting for next year, we actually think we are going to increase those. Therefore, whilst our numbers are going up a bit, we are actually becoming more efficient and productive, I guess, in terms of some of our systems and stuff that we have put in place. Not to say, though, that, as I said, I do think, because of some of the funding that we will probably have to draw out some of the time taken to take or to resolve complaints, particularly the more major type of complaints. Is that ...

**Ms CARNEY:** I will paraphrase, run this past you and see whether you are happy with it. The slippage of time lines has sort of been fixed?

**Mr FELDMAN:** Yes. What I am saying is, it is not getting worse. Obviously, if we had more staff, those time lines would be much better, so there is no argument there. That will always be the argument: that more staff would actually allow us to do things quicker. However, in terms of where we were last year compared to this year, what I am saying is we have had a significant increase in numbers, as I have just said, and the time lines really have not slipped greatly at all. We have kept that productivity level going.

**Ms CARNEY:** Do you get complaints from the public about your time lines?

**Mr FELDMAN:** Yes.

**Ms CARNEY:** Many?

**Mr FELDMAN:** If I can answer it this way: every complaint that we finish, we send out a survey to complainants. One of the questions is, obviously, how satisfied they are and so on. I have to say that the major response and criticism we get is not how we have handled the complaint or how good or professional we were, it is the time lines. Certainly, we do get criticism about time lines.

**Ms CARNEY:** Clearly, if you were better resourced you would get more staff and, logically, you would receive fewer complaints about time lines.

**Mr FELDMAN:** Certainly, we would receive fewer comments about time lines, yes.

**Ms CARNEY:** I understand that you sent out a general complainant's satisfaction survey some 12 months ago?

**Mr FELDMAN:** No. every complaint that is finished - once we have completed a complaint - we actually send each complainant a survey.

**Ms CARNEY:** Oh, I see, on a case-by-case basis.

**Mr FELDMAN:** They do not have to, but we send it out to them and ask if we could please have their feedback. That will come back in and we keep stats on those.

**Ms CARNEY:** Could you detail the expenditure for the Office of the Ombudsman in 2004-05 on reports produced that have either been outsourced or produced internally?

**Mr FELDMAN:** None have been produced externally. All our reports, in that context, are produced internally.

**Ms CARNEY:** Can you give an overview on the sorts of reports. I am not including client or complaint reports, obviously. You do report on a number of things ...

**Mr FELDMAN:** Yes. The major reports we have are, clearly, the formal investigation that we do under the *Ombudsman Act* of which, I must admit, I do not have the exact numbers. However, I would say it would be in the vicinity of between 15 and 20 a month that we would have done last year on the

Ombudsman's side, and probably about eight or nine on the health complaints side. They are what I would call major, quite significant reports.

The other more major-type reports would be what we call a JRC - Joint Review Committee - report, which is the police side of it, which is a major report as well. Again, I do not have the numbers but they would be in the hundred probably. I can get you those figures if you would like them.

**Ms CARNEY:** No, that is okay. Obviously, some of these reports have been printed in your annual report.

**Mr FELDMAN:** They will be quite detailed in there of all the break-up for that.

**Ms CARNEY:** Of the reports that you have outlined - 15 to 20 for Ombudsman, eight or nine health complaints - the costs of preparation of those reports, I take it, are included in the overall budgetary allocations?

**Mr FELDMAN:** Yes. There is no external money that comes in to do those investigations or reports.

**Ms CARNEY:** How many of those reports have been tabled in parliament in 2004-05?

**Mr FELDMAN:** Maybe two, I believe. Certainly, there was one recently and I believe there was one previous to that.

**Ms CARNEY:** How did that compare with the year before?

**Mr FELDMAN:** Yes, I think there was only one the year before. That is certainly not something that is done very often, if I can put it that way.

**Ms CARNEY:** What percentage of the Ombudsman's activity dealt with complaints to the police?

**Mr FELDMAN:** Of the Ombudsman's area, it is about a third. If you would like to just bear with me a minute I can - it is about 600. Yes, roughly about a quarter of all the complaints and inquiries we get relate to the police area.

**Ms CARNEY:** A quarter?

**Mr FELDMAN:** Yes.

**Ms CARNEY:** Okay. How many of those complaints were dealt with in an appropriate time frame? I note that you referred to an appropriate time frame somewhere.

**Mr FELDMAN:** Yes, 180 days we referred to. I would say probably half - 50% to 60%. At the moment, our aim of output for investigations we are looking for is 50%.

**Ms CARNEY:** What is the average length of time a complaint against the police takes to resolve, to finalise?

**Mr FELDMAN:** Oh, I do not have those. I can get you those figures quite easily, but ...

**Ms CARNEY:** Would it be 18 months or thereabouts?

**Mr FELDMAN:** No, to be honest, I do not think it would be. I would think it would be between six and 12 months - in that vicinity. Probably a bit closer to the 12 months, to be honest.

**Ms CARNEY:** In the 2004-05 budget papers, details were provided in respect to the Office of the Ombudsman about costs. There were two components that are missing from this year's, and they are the average cost of access/awareness services, and the second one is the average cost of resolving inquiries or complaints. A dollar value was provided for those things.

**Mr FELDMAN:** So why they are not in this year's, you are asking?

**Ms CARNEY:** Sorry, I thought you were trying to find it. Yes, for average cost of access/awareness services, the estimate for 2004-05 was \$896, and the average cost of resolving inquiries/complaints estimate for 2004-05 was \$604. Where are they in the new budget?

**Mr FELDMAN:** Based on our discussion with Treasury in terms of our outputs for this year, we have had some changes. We have additional ones for quality and quantity, and Treasury said that their advice to us was to just put a base total figure for the costing. That is what we did. Again, we can get that figure.

**Ms CARNEY:** Yes, please.

**Mr FELDMAN:** However, we have not produced that for the purposes of outputs.

**Mr CHAIRMAN:** Do you wish to take that question on notice, Chief Minister?

**Ms MARTIN:** Yes, I am happy to take it on notice.

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#### Question on Notice

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

**Ms CARNEY:** Could you provide, please, in respect of the 2004-05 financial year, the average cost of access/awareness services and the average cost of resolving inquiries/complaints?

**Mr CHAIRMAN:** You accept that question, Chief Minister?

**Ms MARTIN:** Yes.

**Mr CHAIRMAN:** For the purposes of the record, that is question No 3.2

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**Ms CARNEY:** I am interested in this – you are the second person from an agency I have asked this sort of question of today. Whoever it was I asked all those hours ago, said that Treasury had spoken and they wanted to remove those sorts of figures. As I go through the next few days, I will, no doubt, be asking lots of other people why those figures have been removed and, perhaps, the Chief Minister. Do you have a difficulty with those sorts of figures being removed, given that you are being so keen on being open and transparent? It seems to me as though those average Territorians interested in budgets might actually like to know what the average cost of a service would be.

**Ms MARTIN:** Not having detailed knowledge and not being the Treasurer, I would also take advice from Treasury about how robust those figures were, and it is probably based on that. It is nothing to do with transparency; it is just to do with whether the figure is adequately representative of what it is saying it is. Often those figures are very difficult. If they are not to Treasury's satisfaction in representing what they are setting out to do, then Treasury would advise not to have them. I would be confident to say that it is nothing to do with Treasury avoiding transparency; it is to do with how accurate and how robust that cost or that figure is.

**Ms CARNEY:** I just thought of the person I asked earlier today, and it was the Clerk of the Assembly in relation to the Legislative Assembly budget. A useful figure, I would have thought - and this is the example - as a cost, is the average administrative cost per member for support to members and electorate offices - and it gives a figure. It seems to me, again, that the average punter might be interested in what the administrative cost is for members. That has been in the budget since you came to office, as I understand it. In addition to the answer that you just provided, do you have any additional feelings as to why costs for these sorts of things have suddenly gone ...

**Ms MARTIN:** I will just restate what I said. I not saying that with detailed information of why Treasury made that decision. However, I have a lot of confidence in Treasury to look at what we did have in the budget, to make sure that they are actually figures that are actually reflecting and making some contribution to the budget process. They would do that with great care and, certainly, it is something that I expect maybe you would have put to the Treasurer and the Under Treasurer when they were here. I would not pretend to be an expert about why things are in and out of the budget. I restate again my confidence in Treasury.

**Ms CARNEY:** I am not suggesting that I do not have confidence in Treasury, but we in the opposition just get a bit twitchy when information starts to disappear. It may be, over the next few days, that we see other information that we might describe as serving the purposes of openness and transparency. If we continue to see those omissions then, no doubt, we will get a briefing.

**Ms MARTIN:** I would say with these budget papers - and we are very proud of what is in the budget papers compared with what was not there four years ago. The intention with budget papers is to make the figures accurate and actually explain what is happening in expenditure and government policy. As you see in these budget papers, variations are given. There was a time, four years ago, when you had no idea what the difference was between one year and the next year's budgets. There was no explanation of variations. These are very detailed budget papers and, I say again, I have a lot of confidence in Treasury about what is put in and how it does explain the budgetary situation.

**Ms CARNEY:** I note your comment that you are proud of what is in the budget. We are concerned about what is not and, in particular, the fact that they have been there for some years since you have come to government.

**Ms MARTIN:** But there are many figures that have been in budgets ...

**Ms CARNEY:** I will read that you do not really know the answer ...

**Ms MARTIN:** But you have been asking me the questions, so I have been responding.

**Ms CARNEY:** Yes, you have been responding in an understandably, I guess, broad brush way, because you have said that you are not the Treasurer, you do not know.

**Ms MARTIN:** But you did have Treasury here for about five hours this morning and this afternoon. I would have thought it was a question ...

**Ms CARNEY:** Indeed, and we ran out of time. We were not about to ask Treasury questions in relation to completely separate departments, because I am sure the learned Chairman would have ruled us out of order ...

**Ms MARTIN:** Can I just make the point that one of the reasons that we have Treasury as the first major agency that is here, is to deal with those questions across the whole budget.

**Ms CARNEY:** Can I just make the point, as well, that I will be asking every minister when the need arises why these figures are not there. I will be interested to see what the answers are at the end of it. Any reply to criticism that we did not ask Treasury is completely ...

**Mr CHAIRMAN:** I believe we have done this point over and over. If we can just move on, please

**Ms CARNEY:** You will be delighted, Mr Chairman and, possibly, the Chief Minister will be also. I have finished with that area.

**Mr CHAIRMAN:** Any other questions?

**Mr WOOD:** Mr Chairman, I have a question for the Chief Minister. Chief Minister, what is your response to the previous Ombudsman's claim that the office has been unable to fulfil duties owing to a lack of financial resources? I think he put that in his report.

**Ms MARTIN:** I am happy to answer the question, certainly. Last year, in the estimates process, to a question on that, the Ombudsman said he had adequate budgetary capacity to be able to do his job. Over the last 18 months, we have had a very detailed review of the legislation of the Ombudsman, and it has proved to be one of the more difficult instruments to review and achieve a final outcome on. When we do achieve that - which I am confident we will do in the next six months - we will be looking in detail at how any changes affect the cost of running the Ombudsman's office and delivering the outcomes that our community would like to see.

Certainly, clearly on the public record - which is in stark contrast with what he said later on - he said there were adequate funds to run his office and achieve what needs to be achieved.

**Mr WOOD:** Although, in his annual report, he said publicly that he had regularly criticised for the lack of funding to the office.

**Ms MARTIN:** Certainly not in the estimates process, where the opportunity is.

**Mr WOOD:** Chief Minister, considering that the office will complete the review of the *Ombudsman Act*, including drafting a new bill, continue the review of the *Health and Community Services Complaints Commission Act* with possible amendments to be introduced in the same period, and implement whistleblower legislation reforms on top of doing their normal activities, do you think the office will have enough money to do all that work this year?

**Ms MARTIN:** If you listened to what Mr Feldman said, as Acting Ombudsman, when those things come up – when you have a small agency and its expenditure is fairly allocated, then when one-off occasions happen, they get additional funding to do that. The *Ombudsman Act* was \$46 000 ...

**Mr FELDMAN:** It was. It was actually \$90 000, wasn't it?

**Ms MARTIN:** Yes, so there are one-off allocations.

**Mr FELDMAN:** It was a full 12 months of additional staff.

**Ms MARTIN:** Yes, so there are one-off allocations to be able to deal with those kinds of things, and that happens on a fairly regular – well, not fairly regularly basis, but happens from time to time when you are dealing with small agencies that do not have the capacity of large ones. That is the case with the Electoral Commission and the Ombudsman.

**Mr WOOD:** Just to get this clear: the office is completing the review of the *Ombudsman Act* and it is continuing ...

**Ms MARTIN:** No, government is completing the review of the *Ombudsman Act*.

**Mr WOOD:** Oh, government. Right, and the government is also continuing the review of the *Health and Community Services Complaints Commission Act 1998*?

**Ms MARTIN:** Yes.

**Mr WOOD:** So that is not coming out of the Ombudsman's budget?

**Ms MARTIN:** We do a review of the act using the resources – the Ombudsman certainly had a fair bit to say about the review of the *Ombudsman Act*. Likewise with health complaints, a significant input into that, as other stakeholders do as well.

**Mr WOOD:** Perhaps it is the way it is written here, as though it is doing it.

**Ms MARTIN:** No, no. It is government that has ...

**Mr WOOD:** No, well, I am just reading the agency profile and that is where it came from. It said it was completing the review and continuing the review. It gives the impression it is doing it.

**Ms MARTIN:** A significant contributor to the act.

**Mr WOOD:** That is right, but the government itself is the main ...

**Ms MARTIN:** Yes, government.

**Mr WOOD:** Thank you, Mr Chairman.

**Mr CHAIRMAN:** Are there any other questions? That concludes consideration of Output 1.1.

### **Output 1.2 - Health and Community Services Complaints Commission**

**Mr CHAIRMAN:** The committee will now consider Output 1.2, Health and Community Services Complaints Commission. Are there any questions? That concludes consideration of that output group.

### **Non-Output Specific Budget-Related Questions**

**Mr CHAIRMAN:** Are there any non-output specific budget-related questions?

**Ms CARNEY:** No, thank you.

**Mr CHAIRMAN:** On behalf of the committee, I would like to thank Mr Vic Feldman and Ms Karen Lewis for attending this evening.

### **DEPARTMENT OF THE CHIEF MINISTER**

**Mr CHAIRMAN:** We will move on to the Office of the Chief Minister. I invite the Chief Minister to introduce the officials accompanying her and, if she wishes, to make an opening statement on behalf of the Department of the Chief Minister.

**Ms MARTIN:** Thank you, Mr Chairman. I made the opening statement at the start of this session. I introduce my Chief Executive, Paul Tyrrell, my Deputy Chief Executive, Graham Symons, and Chief Finance Officer, Andrew Kirkman, to my left.

**Mr CHAIRMAN:** The committee will now proceed to consider the estimates of proposed expenditure.

**Ms MARTIN:** Could I make a brief statement? There are expenditures in the Department of the Chief Minister, particularly when it comes to things like support for government, opposition and ministerial offices, that have whole-of-agency things like consultancies and marketing. I wonder whether you want to take them at the start of these outputs, or to do them at the end in that general output area?

**Mr CHAIRMAN:** At the end, at the general output area.

**Ms MARTIN:** Can I also say that any questions on the waterfront will be part of Output Group, Territory Development – we will take them in that.

**Mr CHAIRMAN:** The committee will now proceed to consider the estimates of proposed expenditure regarding Appropriation Bill (No 2) 2005-06, as they relate to the Department of the Chief Minister.

### **OUTPUT GROUP 1.0 – POLICY ADVICE AND PUBLIC SECTOR COORDINATION**

#### **Output Group 1.1 – Policy Advice and Coordination**

**Mr CHAIRMAN:** I now call for questions relating to Output Group 1.0, Policy Advice and Public Sector Coordination, Output Group 1.1, Policy Advice and Coordination.

**Ms CARNEY:** Thank you, Mr Chairman. I will ask the following questions under this output area for what will become obvious reasons. Chief Minister, can you tell us the function, please, of your department's Communications Unit - often, I think, called Corporate Communications Unit?

**Ms MARTIN:** Probably the best way to say what that unit does is to look at what it has been doing over the last 12 months. Part of what it has been doing is our skilled recruitment campaign, which has had its Stage 1 of about \$150 000 expenditure, and has had, because of that campaign, 18 078 inquiries from people across Australia and New Zealand interested in looking at job opportunities in the Northern Territory. That is one key element of our Communications and Marketing does. Also, it produces promotional materials and resources for Territory Marketing. They are the brochures that ministers and other people take away when they travel, either interstate or overseas, about major developments happening and tourism infrastructure, and all the aspects of Territory development that we need to be able to promote when we are moving interstate and overseas.

They also did the police recruitment campaign, and that was \$300 000 per year to attract local Territorians and, currently, local Territory women, to be police officers. A lot of across-government marketing is done by that part of this office.

**Ms CARNEY:** What is the budget for the Communications Unit for 2004-05, and what was spent? I appreciate that you are only going to 31 May.

**Ms MARTIN:** The budget is \$1m. No, I am talking about investment attraction within Territory Development which is \$1m. However, I refer to Andrew Kirkman.

**Mr KIRKMAN:** The budget for 2005-06 for Communications and Marketing was \$1.9m.

**Ms CARNEY:** So 2005-06 is \$1.9m. What was for 2004-05?

**Mr KIRKMAN:** It was \$1.9m.

**Ms CARNEY:** The same. Okay. How many staff were employed at the Communications Unit up to - I was going to say the end of the financial year, but we are limited to the end of May. How many were employed?

**Ms MARTIN:** Thirteen staff.

**Ms CARNEY:** Is that still the case? Is there still 13?

**Ms MARTIN:** Yes.

**Ms CARNEY:** How much was spent for, by, or on behalf of the Communications Unit on advertising or promotional activities such as videos, DVDs, brochures and general printed matter in 2004-05?

**Ms MARTIN:** Hold on, we are just tracking. We will just see if we can hone it down to that area. Some of our figures are more broad than that across Territory Development.

**Ms CARNEY:** Chief Minister, if you have it in a table, even though it may contain other information, it might be easier, and I am happy to accept it, if you are willing to provide it.

**Ms MARTIN:** We will undertake to get that specifically for communications.

**Mr CHAIRMAN:** Will it be provided during the course of this session?

**Ms MARTIN:** Yes, we will have it back before the end of this session.

**Ms CARNEY:** Okay, thank you. You may produce the same answer in respect of the following question. Could you provide - although you may have the information; you should - a month-by-month breakdown projects or programs that the spending was for, in promotional activities?

**Ms MARTIN:** In terms of?

**Ms CARNEY:** The promotional activities. It is the second part of the question.

**Ms MARTIN:** Specifically for communications and marketing?

**Ms CARNEY:** Yes, spent by the Communications Unit.

**Ms MARTIN:** We would actually have to get that month-by-month, and I think we can get it before the end of the session. Sometimes, it is difficult to predict exactly what the kind of nature of the breakdown is, that will be asked.

**Ms CARNEY:** Sure. I am going slowly because ...

**Ms MARTIN:** We try to do mind reading but, sometimes, it is a bit tricky.

**Ms CARNEY:** This is in the same bundle. I have broken this question up because it is such a long question. It is, for all intents and purposes, part of the preceding one. I also want to know, regarding the amount of spending on 2004-05, as well as the month-by-month breakdown, how much was spent on print media, electronic media, brochure production and direct mail, if any, as well as DVD/CD production. Do I assume that you will be able to provide that, given that it is linked to the preceding one, by the end of the session?

**Ms MARTIN:** Yes, we can do that.



**Ms CARNEY:** Thank you. What were the costs and dates of completion of work performed by the Government Printing Office on behalf of the Communications Unit?

**Ms MARTIN:** That is a question to probably appropriately go to the minister responsible for the printing office, I would have thought. Is that fair? We cannot ...

**Ms CARNEY:** But your Communications Unit would know how much work they have referred to the Government Printer, surely?

**Ms MARTIN:** Yes, we could probably get that, yes.

**Ms CARNEY:** Okay. We now have a list of four things that we can get by the end of the session? Yes? Thank you.

Chief Minister, the budget estimate for the Policy Advice and Public Sector Coordination in 2004-05 was \$10.57m. The actual for 2004-05 was \$9.553m. Can you explain the variation? Why was there a variation?

**Ms MARTIN:** It moved from \$8.3m to \$9m. There was \$0.5m for the additional recovery of Risk Management project costs which was recovered from other agencies that Risk Management did the work for. There was \$100 000 for a regional coordinator for a whole-of-government approach in Jabiru, but just a half-yearly funding on that. Also, there is an additional EBA salary increase of, again, \$100 000.

**Ms CARNEY:** Okay. Why, then, was there an increase in 2005-06 to \$10.632m which is \$1.1m more than what was needed in 2004-05?

**Mr KIRKMAN:** You might be including indigenous policy in that figure.

**Ms MARTIN:** Yes, because the increase is actually \$9.087m, we have rounded it to \$9.1m, okay? Do you want a breakdown of that?

**Ms CARNEY:** It would be helpful.

**Ms MARTIN:** Part of that to take it from \$9m to \$9.1m is full-year funding for that Jabiru regional coordinator position, another \$0.1m for the additional EBA salary increase and a 1% productivity dividend. So, you lose \$100 000 there so that is, essentially, \$100 000 additional.

**Ms CARNEY:** How many staff are currently employed to carry out the functions of policy advice and public sector coordination?

**Ms MARTIN:** Specifically, to policy and coordination, there are nine staff.

**Ms CARNEY:** Okay. Can you detail the positions? I am happy to have it in tabled form if that makes things easier?

**Ms MARTIN:** Hold on. We might have something here; I think we do have them.

**Mr KIRKMAN:** You are referring to the full output staffing?

**Ms CARNEY:** Yes.

**Mr KIRKMAN:** Okay, there are 50 staff in that output.

**Ms CARNEY:** Have you got that in a table?

**Ms MARTIN:** We were not talking specifically to the Policy and Coordination Unit, but to everyone coming under policy advice and coordination. Can I just give you some broad figures there: Policy and Coordination itself has nine staff, executive support in the southern region is six staff, executive for the department is 11, economic policy staff are four, communications marketing, as we said before, is 13, and Risk Management services, which also comes into this area, is seven staff. That adds up to 50 altogether. Did you want a further breakdown of ...

**Ms CARNEY:** No, that is ...

**Ms MARTIN:** That gives you the general one, okay.

**Ms CARNEY:** Can you detail the expenditure, for the areas of policy advice and public sector coordination, on reports that have been produced that have been either outsourced or produced internally?

**Ms MARTIN:** We have a listing across the department which we are very happy to table so that will do, if that meets ...

**Ms CARNEY:** If that will answer the question that is good, thank you.

**Ms MARTIN:** Yes.

**Ms CARNEY:** While Mr Kirkman is doing that, are you happy if I move on? How much was spent on behalf of policy advice and public sector coordination on advertising and promotional activities including videos, DVD's, brochures and general printed matter in 2004-05?

**Mr KIRKMAN:** Once again, we can provide the ...

**Mr TYRRELL:** We can provide the total for the Public Advice and Public Sector Coordination for the output group.

**Ms CARNEY:** Yes, which is separate from the Communications Unit, obviously?

**Mr TYRRELL:** We have the total and we need to break it out of the ...

**Mr KIRKMAN:** That is right, the Communications Unit is part of that total output.

**Ms CARNEY:** I would like them separated.

**Mr TYRRELL:** Okay.

**Ms CARNEY:** Will you be able to do that ...

**Mr TYRRELL:** We will take that out.

**Ms CARNEY:** ... by the end of the session?

**Madam DEPUTY CHAIR:** For the purposes of Hansard, Andrew, I might just get you to speak up more loudly. It is just hard for them to follow sometimes, sorry.

**Ms MARTIN:** He has the farthest away mike.

**Madam DEPUTY CHAIR:** We will give him two mikes.

**Ms CARNEY:** Chief Minister, did your department employ any consultants in 2004-05 to undertake work specifically relating to the area of Policy Advice and Public Sector Coordination? If so, I have a number of questions.

**Mr KIRKMAN:** Consultancy expenditure to the end of May was \$1.2m. Of that expenditure, \$863 000 related to Risk Management services provided on behalf of, predominantly, other agencies.

**Ms CARNEY:** I am sure you have been predicting this sequence: who were the consultants; what was the nature of the consultancy; was a certificate of exemption provided, and, if so, in relation to which ones? In how many, and which consultancies, were expressions of interest or tenders called before a person or body was engaged to carry out the promotion?

**Mr KIRKMAN:** We will table that.

**Ms CARNEY:** Thank you. How many public focus groups were conducted through the area of Policy Advice and Public Sector Coordination in 2004-05?

**Ms MARTIN:** We can probably get those numbers out. However, in our skilled marketing campaign, there were some focus groups done interstate as part of that, but we would have to get you those numbers. I did not ...

**Ms CARNEY:** Okay. Do want that on notice? Would that make it easier, given that the list of things required by the end of the session is getting longer?

**Mr KIRKMAN:** Could you please repeat the question?

**Ms CARNEY:** I would be very happy to.

**Mr KIRKMAN:** Thank you.

**Ms CARNEY:** How many public focus groups were conducted through the area of Policy Advice and Public Sector Coordination in 2004-05?

**Mr CHAIRMAN:** You will take that one on notice?

**Ms MARTIN:** Yes, we will take that one on notice.

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#### Questions on Notice

**Mr CHAIRMAN:** I do not want to seem a bore, but would you repeat that?

**Ms CARNEY:** How many public focus groups were conducted through the area of Policy Advice and Public Sector Coordination in 2004-05?

**Mr CHAIRMAN:** Chief Minister has indicated ...

**Ms MARTIN:** In Policy Advice and Coordination specifically?

**Ms CARNEY:** Yes.

**Ms MARTIN:** Okay.

**Mr CHAIRMAN:** I will allocate No 3.3 to that question.

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#### Questions on Notice

**Ms CARNEY:** I am sorry; there are a few extra parts to the question, which are predictable. My apologies for not telling you what they were prior to now. I would like to know when were the focus groups held; what was the nature of the focus groups; what was the cost to conduct the focus groups; if focus group participants were paid to attend and how much; and are the findings of the focus groups available to the public? Chief Minister, I may be jumping the gun, but are you happy if you do those ones on notice as well?

**Ms MARTIN:** We do not have the number of focus groups, so we certainly do not have that additional information. We will have to take it on notice.

**Mr CHAIRMAN:** You accept that question on notice?

**Ms MARTIN:** Yes.

**Mr CHAIRMAN:** I think we have captured that. For the sake of the record, I will allocate that No 3.4.

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**Ms CARNEY:** Chief Minister, what was the cost to Territorians of the fuel price inquiry?

**Ms MARTIN:** \$90 000.

**Ms CARNEY:** You are on the public record, Chief Minister, as saying that - and correct me if I am wrong, but I understand that you said that those who were dispensing fuel were profiteering. Would you say that the inquiry found ...

**Ms MARTIN:** Excuse me! Excuse me!

**Ms CARNEY:** I did invite you to correct me if I am wrong.

**Ms MARTIN:** You said that I said that those who were ...

**Ms CARNEY:** Were dispensing fuel were profiteering.

**Ms MARTIN:** When did I say that?

**Ms CARNEY:** Do you deny that?

**Ms MARTIN:** I find it highly unlikely that I would have said that.

**Mr MILLS:** We had the same discussion this time last year.

**Ms MARTIN:** I believe you should produce the evidence in saying that.

**Mr MILLS:** I did last year.

**Ms MARTIN:** No, you did not.

**Mr MILLS:** Yes, I did.

**Ms MARTIN:** No, you made a lot of claims last year but there was very little evidence, let me tell you.

**Ms CARNEY:** Given that we are fairly certain that you have said in the past that expensive fuel ...

**Ms MARTIN:** Profiteering is not a word I use, that is why I say it is a very unusual thing to say that. You tend to know what language you use, that is all.

**Ms CARNEY:** Nevertheless, would you say that the fuel inquiry found that those dispensing fuel were profiteering?

**Ms MARTIN:** No, the fuel inquiry was an excellent inquiry. I know it was bagged by the opposition. One of the reasons that we had a fuel price inquiry was that there were lots of anecdotes around why, in the Territory - particularly in places like Darwin, which has a population size to compare it with other parts of the country, quite comparably - we were paying fuel prices that were higher. That is why we got Tom Parry, who has a good history of looking at things like that, and said: 'Take a look at what it is in the Territory that causes our fuel prices to be higher. Is it because we do not have enough competition; because we are remote, or because our numbers are too small?' Probably many of those aspects emerged through his report, which showed us that they were part of the issue.

**Ms CARNEY:** Moving from fuel to something else, mainly because we are running out of time ...

**Ms MARTIN:** Can I say regarding fuel that we are working on these recommendations ...

**Ms CARNEY:** I hope you are!

**Ms MARTIN:** ... and certainly we will do everything that he has recommended to do to make sure that, in this world of increasing barrel prices which is most disconcerting for everybody, we can do in the Territory what we can to keep our fuel prices affordable.

**Ms CARNEY:** Moving away from fuel, in this output area of Policy Advice and Public Sector Coordination, was any money spent on the 2005-06 post-budget promotion campaign? Can I have a yes or not to that before I provide you with about four supplementary questions?

**Mr KIRKMAN:** \$1200 was spent on advertising and promoting the budget papers.

**Ms CARNEY:** \$1200 for advertising the budget. What do you get for \$1200 in advertising these days?

**Mr WOOD:** I got a letter.

**Ms CARNEY:** I got letters and brochures.

**Mr KIRKMAN:** That does not include printing and paper costs. That is just purely the advertising element of that. We do not have costs against each of those items at that level of detail.

**Ms CARNEY:** You would have, I take it, an overall cost of the post-budget promotion somewhere?

**Mr KIRKMAN:** No. We have costs of total paper for each office in the department, and ministerial offices, and a total cost of printing. It would be far too time-consuming and resource manning to break down every single cost at that level. For example, there were probably 1200 different minor pamphlets delivered from the offices of the department. If you went down to every report at that level that would be a massive administrative exercise.

**Ms CARNEY:** What did you get for your \$1200?

**Mr KIRKMAN:** That would have been an advertisement in the *NT News*.

**Ms CARNEY:** Is that - I am sorry, I am just a bit surprised. Is this for the whole Department of the Chief Minister? I know we are dealing with an output area, but can you indicate whether the entire Department of the Chief Minister's spent only \$1200 on post-budget promotion?

**Ms MARTIN:** I am not sure what numbers the Treasurer gave you today, but it is actually the Treasurer's budget. The information produced comes from within that area.

**Dr LIM:** The Treasurer said it was your responsibility.

**Ms LAWRIE:** Not true.

**Ms CARNEY:** Anyway, it does not matter.

**Ms LAWRIE:** He was referring specifically to whether anything was in language. Do not mislead.

**Ms MARTIN:** The Treasurer has carriage of the major promotion of the budget, as he does each year.

**Ms CARNEY:** All right. The answers to these are obvious, based on the \$1200 answer. Was any money spent in relation to the 2005-06 post-budget promotion campaign for print media, electronic media, brochure production, direct mail or DVD production?

**Mr KIRKMAN:** We do not have any breakdown of that level.

**Ms CARNEY:** Okay. Through you, Chief Minister, you are saying, Mr Kirkman, you do not have any breakdown at that level. Does it exist?

**Mr KIRKMAN:** No, it does not.

**Ms CARNEY:** So it does not? So, the Department of Chief Minister spent no money, I take it, on print media, electronic media, brochure production, DVD, direct mail? Is that the answer to the question?

**Mr KIRKMAN:** There may have been money spent on paper, possibly postage.

**Ms MARTIN:** But that may have been from ministerial offices.

**Mr KIRKMAN:** That is right, from ministerial offices.

**Ms MARTIN:** That is right. That would have been from ministerial offices, which is another output. We do not have the breakdown of that; you do not count the paper up as you send letters to people to talk about particular initiatives in the budget. I doubt whether the opposition would also keep the breakdown of where you sent letters and what the cost of paper were exactly. You would need another five staff to be able to do it.

**Ms CARNEY:** We would. I am sure you would give them to us. So the answer is no?

**Ms MARTIN:** You have already spent it.

**Ms CARNEY:** Tell me about it! In relation to print media, electronic media and so on, there is no costs. The department did not spend any money on print media, electronic media DVD, brochure production? The answer is no to that question? Correct?

**Mr KIRKMAN:** No, as a department, there may have been some expenditure on those areas, but there was certainly no cost allocation to that particular activity.

**Ms CARNEY:** In relation to the 2005-06 post-budget promotional campaign, did any of the promotional stuff include literature printed in languages other than English and, if so, which languages, to your knowledge?

**Mr KIRKMAN:** I am not sure on that one.

**Ms CARNEY:** Would you take it on notice, Chief Minister?

**Mr KIRKMAN:** I understand that there may have been some translation costs. You will have to put those questions to the Minister for Multicultural Affairs who has responsibility for that particular output within this department.

**Ms CARNEY:** Thank you.

**Dr LIM:** Back and forth, back and forth, nobody wants to answer the question.

**Ms MARTIN:** No, it is appropriate to that area; you have to put it to the output that is appropriate. Those services are available through Multicultural Affairs, quite legitimately and logically. I just add that I am very proud of the fact that we do actually translate the budget. It is about time.

**Ms LAWRIE:** Hear, hear!

**Ms CARNEY:** We are not suggesting that there is any impropriety ...

**Ms MARTIN:** Good. There was just some cynicism coming from member of Greatorex and I just thought ...

**Mr WOOD:** Two days before an election was called, that was all!

**Ms MARTIN:** You do actually promote the budget after you bring it down.

**Mr WOOD:** That was a month after the budget came down.

**Mr CHAIRMAN:** Member for Nelson!

**Mr WOOD:** I have to wake myself up, Mr Chairman.

**Mr CHAIRMAN:** No, we are pressed for time, Gerry, so let us just get on with it.

**Ms MARTIN:** I just make the point, Mr Chairman, that every time I went anywhere into the public arena after the budget, people asked when I was going to call the election. It was going to happen - and it was going to happen within a time frame of the budget, because there was a fair anticipation. The fact that the budget happened and an election happened within a month is a fact of life. We will continue to promote budgets in an accountable way next year, the year after and the year after that.

**Ms CARNEY:** I just need to move forward, Chief Minister, in the interest of time. One of the areas of responsibility in this output group is monitoring and coordinating the implementation of government strategic directions. Can you please detail the strategic policy documents released by you and/or your government in 2004-05, and detail those currently in formation for release in 2005-06 - things like, for instance, the population strategy, moving beyond the purchasing model and so on. They were some of the ones that I am interested in.

**Ms MARTIN:** As you mentioned, the population policy was one in this particular area. However, if you go to Territory Development there was a whole range of strategic directions. There was the Community Engagement Framework, but that comes into another output, a multicultural policy, again, in another output; the AustralAsia Trade Route Strategy; Timor Sea Gas Strategy, again, in other outputs. In other outputs you also have strategies for seniors, for youth, and for women that are either developed or are being developed. Therefore, right across the whole agency are many different strategies, but not particular to this output.

**Ms CARNEY:** Okay. Would you be able to provide - and I am happy if you want to do it on notice - us with a list of the strategies or documents in this output area that were released in 2004-05?

**Ms MARTIN:** We can do that. There are ...

**Mr TYRRELL:** I think it is just the population policy.

**Ms MARTIN:** But you have things like the Daly River Region Report, which probably comes within that strategy for government in sustainable environment. Yes, we can produce the list. Many of them might not fit strictly the strategy.

**Ms CARNEY:** That is fine. On notice, would you? Do you want to do that one on notice?

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#### Question on Notice

**Mr CHAIRMAN:** Would you kindly repeat the question?

**Ms CARNEY:** Could you provide the detail of the strategic policy documents released by you and/or your government in 2004-05 and detail those currently in formation for release in 2005-06?

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

**Ms MARTIN:** Yes. Do you want to just have it for Policy Advice and Coordination or across the agency?

**Ms CARNEY:** Across the agency.

**Ms MARTIN:** Across the agency, because we have the Indigenous Policy Strategy and a whole range of things; many of them released and talked about in the parliament.

**Ms CARNEY:** Yes, thank you.

**Mr CHAIRMAN:** For the sake of the record, I allocate that No 3.5.

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**Ms MARTIN:** AustralAsia Trade Route Strategy.

**Ms CARNEY:** Whatever is on your list. I will leave it there, Mr Chairman, in the interests of time.

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

**Mr WOOD:** Just for clarification, Mr Chairman. Can we speak on policy at this particular point, especially relating to some of the issues that were raised by you, Chief Minister, recently and during the election?

**Mr CHAIRMAN:** I guess you could just pop the question up and we can see what it is but as for whether ...

**Mr WOOD:** The reason is that the outcome for this particular output group is the outcome of informed policy decisions by government, and affect the implementation of priorities across government. I am now going to ask a range of questions. I intend to ...

**Mr CHAIRMAN:** Put forward your question and, if the Chief Minister believes it appropriate, she will respond accordingly.

**Mr WOOD:** Chief Minister, one is uranium. I am interested to know the government's position on uranium and what that position is based upon - uranium mining.

**Ms MARTIN:** The policy is more appropriate to go to the relevant minister, but I am very happy to say that part of Labor Party platform in the Territory, as well as on a national level, is no further uranium mines. That has been the case for, I do not know how many years now, but quite a significant time. The fact that everyone went: 'Wow, there is this new policy', was just a reaction from the public rather than the fact that it was actually on our books for a long time and still is.

**Mr WOOD:** Is your party considering having its own policy on this issue?

**Ms MARTIN:** We do. It is the Northern Territory Labor Party platform.

**Mr WOOD:** Which is based on?

**Ms MARTIN:** Which is part of the platform of the Labor Party in the Northern Territory.

**Mr WOOD:** That is based on the same policy as the federal Labor Party?

**Ms MARTIN:** It is a similar policy, but it was one that has been endorsed by the Labour Party at its conferences in the Northern Territory.

**Mr WOOD:** Could I ask what it is actually based on? Why three, not two, not 10, not four?

**Ms MARTIN:** It says no further mines, and deals with the issues surrounding uranium mining, some of the difficulties in waste management, in operations of those mines, and says that what we do is manage the current mines but do not support further mines.

**Mr WOOD:** Is South Australia considering opening up more mines?

**Ms MARTIN:** I have no idea; you would have to ask the South Australians. The South Australians have the same platform attitude.

**Mr WOOD:** Have you any idea what the loss to the Territory economy would be if we do not agree to the new mines? Has there been any costing done?

**Ms MARTIN:** There is no proposed new mine.

**Mr WOOD:** I realise that. I am asking: what loss would that be to the Territory?

**Ms MARTIN:** Until you actually have a proposed new mine, how can you possibly? It is hypothetical. We have issued 87 exploration licences this year through the mines department, and those are for minerals. It is not for uranium specifically; it is for exploring. It could be gold, it could be anything.

**Mr WOOD:** But if you take on what Kezia Purick said about uranium currently generating exports worth \$235m a year, you would say that it would be a fairly substantial amount of export earnings?

**Ms MARTIN:** No, you could not say that. You have to find a commercial amount, and then you have to find a market. There is a long way to go between saying you are losing by not opening another uranium mine. There is no proposed uranium mine.

**Mr WOOD:** Do you allow miners to explore for uranium?

**Ms MARTIN:** Miners explore for minerals, and it is non-specific for what they are exploring. Because of the geological nature of the Territory, there is uranium throughout the geology of the Territory. Whether it is in commercial amounts is totally another question. However, with that uranium also goes some of those other minerals like gold.



**Mr WOOD:** Do you consider uranium as something we should have at least look at, as Bob Carr has intimated, considering the problems we have with coal-fired and gas-fired power stations adding to the CO<sub>2</sub> in the atmosphere and the greenhouse ...

**Ms MARTIN:** You have put that question to someone who is a very strong advocate of gas, and we have known quantities of gas in the Timor Sea - 22 trillion cubic feet of gas. That is my priority.

**Mr WOOD:** You would consider that gas is still a polluter, considering the amount of carbon dioxide that would come out of the Wickham Point plant?

**Ms MARTIN:** Gas, compared with other options like fuel oil such as diesel, is very clean.

**Mr WOOD:** But it is still a polluter.

**Ms MARTIN:** When you look it comparatively, it is a fairly clean energy source. I am just saying that this is in ...

**Mr WOOD:** I believe the debate is worth having. Bob Carr has signalled that it needs looking at; whether you like Peter Murphy's column or not, he raised it. It is an issue, especially when the Territory has so much uranium. At least we should be out there for a reasoned discussion.

**Ms MARTIN:** I put on the record as Tourism Minister that I would not support - even if we changed uranium policies - uranium mining at Koongarra. That would be a shocker. To stand at the top of Nourlangie Rock and take a look across the escarpment at a great open pit mine would be the end of tourism in Kakadu.

**Mr WOOD:** I probably agree with you but, of course, I am talking in general.

**Ms MARTIN:** I am just saying specific to that mine.

**Mr WOOD:** Okay. On another subject: you wrote a letter to the Amateur Fishing Association during the election. I do not have a date on it, but it was on their web site. I gather it was during the election. Chief Minister, I should say that I would be the last person to see the Daly River damaged, because we lived and worked there a long time. However, you made some statements and I would like to know whether the statements were based on some scientific basis, or were they based on a party political basis?

First, you said there will be no dams and no cotton. Why I raise this is because the Daly River group that was looking at issues about the Daly were not allowed to look at this. Why were they not allowed to look at it? I am not saying I necessarily support that, either, but why were they not allowed to look at it and what are your reasons for saying no dams, no cotton - scientific reasons?

**Ms MARTIN:** When we actually announced the Daly River Reference Group and its terms of reference, one of the key points I made was that, because of the very widespread community concern about the impact of cotton, which had not just been there for five minutes, it had been there as a very strong issue for a lot of users over - I do not know - one, two, five years. As long as the trials had been going on in Katherine, then you certainly had that real concern about the Daly and the possibly of cotton being grown there. I did not think we could have a sensible discussion about the future and what should happen in the Daly if cotton was still a component of that. I can say to you with absolute honesty that I have not had - except for the cotton growers in Australia who came to see me - one Territorian say to me: 'You have made a mistake'.

Another equivalent concerning issue about the Daly region was dams. There was a lot of concern about what would happen to a river, of which we were concerned about its water quality and flow as it was, if you had a government who had, up its sleeve, that we might have a dam in the future. Clearly, to get what was a very constructive process during the Daly Reference Group process, was to take both those things off the table. I am very pleased I did it. Again, not one Territorian came to me and said: 'You have made a mistake, Clare, you should have a dam there'.

**Mr WOOD:** Could I say, Chief Minister, that you might, in fact, be right ...

**Ms MARTIN:** I get a lot of calls over things and I had not one call on that.

**Mr WOOD:** Yes, I understand that. However, my job is to look at things as they are, not as perceptions. There is a lot of perception from the media; there is no doubt about that. Take the dam, for instance ...

**Ms MARTIN:** No, I disagree. That perception was not from the media.

**Mr WOOD:** Take the dams. One of the issues of the Daly we were looking at was water. One of the possibilities that was raised was that you perhaps could dam - when I say dam, small weirs at the tops of tributaries – and take, perhaps, 10% of the water off. There was not even an allowance for a debate to see whether that could be an issue, or whether you could have off-river dams. In other words, the whole concept of dams was taken away from genuine discussion with the community, based on some scientific research. What I am asking is: why did you make that decision so, basically, the reference group could not even discuss it?

**Ms MARTIN:** What we wanted for the reference group was to have a robust and well-informed discussion about the Daly. As I have said before, it was very difficult to do that when you consider the stakeholders we got around the table, if you had those two aspects on the table as well. I believe it worked well. We had a good discussion, and what came out of that discussion was that, while we thought we understood the Daly to a certain extent, there is a vast gap in the knowledge we have for scientific basis for what is happening in the Daly, which is why we put that moratorium on for another two years: to get that science and put the funds in so we can.

**Mr WOOD:** If you really believed that, then you would have believed your report: the overview of cotton from the CSIRO, which states - you are saying, look at science, and that is what I am saying. I am not necessary saying to grow it in Daly or wherever. Your own report comes out and says: '... research involving cotton in the Northern Territory over the past seven years indicates that there are no ecological, agronomic, management or scientific reasons why cotton should be banned in the Northern Territory'. It goes on to deal with a lot of the issues that people were concerned about. If we were growing cotton the way it was grown in the Ord, or NSW and Queensland 20 years ago, I would absolutely agree with you. But you have had trials by your own government. This was partly paid for by the Northern Territory government, which came out with the reports ...

**Ms MARTIN:** A previous government. The previous government initiated it.

**Mr WOOD:** No, it does not matter. It was a department of the government. It was scientific, there was no politics in there. They went there to look at how cotton could be grown so that it would not damage the environment; and they have come with the answer. I realise that most people will say no to cotton. However, I ask the question: has anyone in government ever said: 'Oh look, I understand your concerns'.

We have done these trials for seven years and we have come up with hardly any spraying, irrigation under the ground, practically no run-off because they have been using low tillage cultivation; they practically use all the nutrients that are put there which is not thrown on but put through the water system; they used IPM - integrated pest management; they used all the best practices. I found it so difficult when I went down there to look at the trial. I would say we had the best and most environmentally, sensitively grown cotton you would find in Australia. Yet, people have rubbished it, and your government will not even allow any more trials.

We have the Ord River Scheme, which will be opened up to Stage 2 which, on one side of the border between Western Australia and the Northern Territory, will be allowing cotton to grow – on our side not. I am not saying we should grow cotton all over the place, because it is only suitable in certain soils. All I am saying is if government - your government, the government - produced a way of growing the cotton that is environmentally clever, we could lead the way in doing it so we do not do damage. If we do not grow it on the Daly, I am not going to have a heart attack, but I just feel that the decision you have made has thrown out some scientific ...

**Mr CHAIRMAN:** Member for Nelson! Would you listen to me for a moment? We have two hours left of this, the Chief Minister's agency. I can see you have strong views on it, and I have given you a lot of latitude, but I am wondering how this relates to the estimates we have before us. I am mindful that others wish to interrogate ...

**Mr WOOD:** All right. Anyway, I am just saying that I believe that the government should at least look at its own recommendations before it condemns things outright. That is all.

**Mr MILLS:** I agree with you, Gerry.

**Mr WOOD:** On the last issue, the moratorium of land clearing, I just need some clarification. You say no new subdivisions for mixed farming. Are we talking about the entire Daly River catchment, from the King River, Katherine River, Ferguson, Cullen ...

**Ms MARTIN:** We are talking about the identified Daly River catchment area, as in the reference group's terms of reference.

**Mr WOOD:** Does that include the Katherine farms?

**Mrs MILLER:** It comes to Katherine, the Daly River catchment.

**Ms MARTIN:** We have said for two years there will be no new subdivisions until we can get that further scientific basis to what will happen in the future, yes.

**Mr WOOD:** All right. If a vegetable farmer wanted to develop in Katherine, he could not at the moment?

**Ms MARTIN:** There will be no new subdivisions to do that for a two-year process. There is a lot of land being cultivated and good crops coming from it.

**Mr WOOD:** You said the *Water Act* will be completely overhauled. When do you expect that to occur?

**Ms MARTIN:** We have been back in government for - I do not know, what is it? - three weeks, two weeks? We will be starting those processes as soon as we can.

**Mr WOOD:** In that same letter, Chief Minister, you also talked about buying back licences for fishing. During the election, the CLP had a great lot of ideas ...

**Ms MARTIN:** Appropriately, that should be referred to the fishing minister.

**Mr WOOD:** I understand that, but you brought it out under your heading ...

**Ms MARTIN:** Yes, but this is an estimates process that has some specific ...

**Mr WOOD:** But it is ...

**Mr CHAIRMAN:** Member for Nelson, the Chief Minister indicated it is best for the Primary Production ...

**Mr WOOD:** I understand that. When the Chief Minister writes a letter saying ...

**Mr CHAIRMAN:** No, I am not going to argue with you, member for Nelson. Let us move on.

**Ms MARTIN:** Can I just say that the reference group was something that we did have carriage of in the Department of the Chief Minister. We do not have any carriage of the buy-back of fishing licences; that comes within the Department of Business, Industry and Resource Development. I believe I have answered adequate questions.

**Mr WOOD:** Yes, I understand that, but do not agree.

**Mr CHAIRMAN:** Are there any further questions on that Output 1.1, Policy Advice and Promotion? That concludes consideration of Output 1.1.

### **Output 1.2 – Indigenous Policy**

**Mr CHAIRMAN:** The committee will now proceed to Output 1.2, Indigenous Policy. Are there any questions?

**Ms CARNEY:** I have, Mr Chairman, but in the interests of time, I am prepared to hold them off.

**Mr CHAIRMAN:** The member for Nelson certainly will not.

**Ms CARNEY:** For sure.

**Ms MARTIN:** Can I welcome – to give his correct title - the Executive Director of the Office of Indigenous Policy, Neil Westbury.

**Mr WOOD:** Chief Minister, you made a statement on 26 May that you would create 20 000 new indigenous jobs in the next 10 years. I support anything that can create employment in remote areas. Could you say what your plan would be to actually put that in place? What is your plan to make sure this is actually going to happen? Is it going to get Commonwealth funds? Is it going to be coming from the Territory's own funds? How is this going to happen?

**Ms MARTIN:** This question is should probably go to the Minister for Community Development who has carriage of the Indigenous Economic Task Force within his agency. However, when you look at the funds we are going to put into training, specifically, there were new funds in the budget into indigenous economic development within DBIRD. It is not a question of whether we can do that, we must do that. The need to grow indigenous employment in the region is one of the real tasks for the next four years for the Territory under this government, and then for the future 10 to 20 years. We just have to set those targets and really pursue them.

**Mr WOOD:** Chief Minister, you have launched your government's Indigenous Economic Development Strategy. That is why I am asking you and ...

**Ms MARTIN:** I am just talking about the carriage within the budget, that is what we are dealing with, that is all. I am happy to talk about it, I am happy to talk about our parks master ...

**Mr WOOD:** I thought we were covering indigenous policy; that is why ...

**Ms MARTIN:** Indigenous policy is a broad policy. The task of the Indigenous Economic Task Force is to do the coordinating work with other agencies to actually get those jobs happening. From just looking across government, one of our tasks is with the parks master planning to get those regional jobs happening in our new and revamped parks. Take something like the West MacDonnells; the potential there for local employment is very strong.

Look at what we are attempting to do in areas of literacy and numeracy through education, and the fact that we are going to look at jobs in communities to be not just taken by people who come externally to the communities but local people in those communities. Programs like Accelerated Literacy are getting such excellent results for young people who do not have the literacy skills, maybe, they should have at 18 and 20. We can really start seeing that happen. In the areas of horticulture and pastoralism, a lot of good work is being done through the Indigenous Economic Task Force to actually get training for communities that are adjacent to pastoral stations, so that they can get the work on those stations. There is a whole raft of things that we are going to pursue, and it is all outlined in that strategy document that was released.

**Mr WOOD:** Would you say that that task is going to be extremely difficult when you read through the performance reporting for the Department of Education, where you find remote indigenous kids achieving national reading benchmarks for Year 3 was estimated to be 21% but was, in actual fact, 9%? Would you not say that to do some of the things that they you are trying to do is going to be an enormous task because if you have such poor literacy standards in remote areas ...

**Ms MARTIN:** It is why we have increased funding to education by 23%, and why, for the first time, over the next three years, we are putting \$42m into having secondary education go to the bush. We are starting to see the beginning of a change. When we had those three students two years ago graduate from Kalkarindji, that was a big start. We had four students - and I know these are small numbers - graduate from Year 12 in Maningrida last year, and we are going to see a growth in that. Whereas you can produce the statistics that show things are not good - and I absolutely agree with you - we are moving on it and are committed to doing everything we can to make that happen.

**Mr WOOD:** I hope that you can do something, I think 9% is an absolute disgrace. If the government cannot make that better in four years, then it is really ...

**Ms MARTIN:** Yet, you can take a school like Yuendumu, which got some of the best numeracy and literary results for Year 5 in the Territory. So, you can see those changes happening.

**Mr WOOD:** Okay, thank you, Mr Chairman.

**Mr MILLS:** Mr Chairman, a related question: how many of those 20 000 indigenous jobs were contingent upon the trans-Territory pipeline?

**Ms MARTIN:** What we are looking at is jobs growth right across the Territory. At this stage, the trans-Territory pipeline project is not going ahead, but Woodside is still intent on selling that gas and there certainly are opportunities for the future. However, I would say that, for the civil construction jobs that would be associated with building that pipeline, the money will go towards upgrading the Wadeye Road and so those jobs will be available. What we have to achieve is with the contracts to upgrade the road; that we do actually see substantial local employment and training.

**Dr LIM:** Mr Chairman, I have a couple of questions in this output group. Chief Minister, can you outline the cost implications of the parks handover that you have already passed legislation for?

**Ms MARTIN:** Specifically, the cost implications where?

**Dr LIM:** In terms of handing the parks across and then lease-back. What is the cost to Territorians?

**Ms MARTIN:** We actually put that number into parliament earlier this year. From 1 July 2010, when we start paying rent on most of that land that will have a transfer of title, it is probably about \$1m a year. However, you would say in conjunction with that - and maybe Neil Westbury can give me some more details - we are actually having rangers within Parks and Wildlife, an extension of those programs, I think, with an additional nine at this stage.

**Mr WESTBURY:** Yes, the figures, as the Chief Minister mentioned, will be that the rentals will be payable in 2010 at \$1m per year at 2005 dollars. In relation to rents payable immediately, for those areas of existing of Aboriginal land which will be added to the parks estate, rents are payable from the moment those lands become incorporated into the parks estate, and the rents payable are \$33 000 per year in total.

The government has also allocated an extra \$2m per year for the next two to three years in relation to increased costs associated with joint management arrangements and increased ranger position in national parks. There have also been resources allocated with agreements between the Northern Territory Tourist Commission and the land councils, where officers have been jointly recruited and placed into land councils to support indigenous economic involvement in tourism development and opportunities in national parks.

**Dr LIM:** At \$5m per year at 2005 value, with a 99-year lease, what do you anticipate that dollar value to be?

**Mr WESTBURY:** You multiply the – they were assessed by the Australian Valuation Office, and the arrangements under the agreements provide for a regular review of those payments in terms of the valuation of the lands for use for parks purposes by the AVO. As the government pointed out at the time, one of the driving thoughts behind going down this route was the savings in litigation that would have applied if this course had not have been pursued; with figures in the vicinity of \$150m cited in that regard.

Also, there are other opportunity costs associated with the continuing uncertainty in relation to those lands which prevents development occurring on those parks and prevents opportunities in developing tourism opportunities and what have you, which are a little more difficult to quantify, but are significant in being able to resolve a whole series of land claims, native title claims, and potential compensation claims over the 27 parks involved.

**Dr LIM:** Yes, but my question was: what would be the cost of lease-back based on the \$1m at the 2005 dollar value, at the end of the lease term?

**Mr WESTBURY:** The value would be assessed as \$1m per year at 2010. That figure will be an annual cost in relation to rental for the total of 27 parks involved.

**Dr LIM:** So fixed at \$1m every year for the next 99?

**Mr WESTBURY:** No, the figure will be assessed - I think it is every five years; that might be correct, five or 10 years - by the Australian Valuation Office in terms of the value. There are a number of ways in which the AVO will assess that in visitor numbers, conservation value and other factors. It will adjust. However, in turn, there are other offset costs by virtue of those parks being developed, being jointly managed and

attracting more tourists to the Territory, employment opportunities and economic opportunities for indigenous people and the tourism industry, and the certainty that is afforded by virtue of settling all these matters in one hit, and the cost savings in relation to litigation, which are very significant, given our own knowledge of what the costs associated with, as was reported at one stage in the negotiations. When we looked at the cost per native title claim that were being borne by the Commonwealth through ATSIC, it was averaging out at \$1m per native title claim in litigation alone. Therefore, to that extent, to settle all these matters in a record time represents a very significant cost saving over time.

**Dr LIM:** I appreciate the description. Your offset costs are speculative. Your lease costs are fixed, are certain, at \$1m commencing 2010 for the next 99 years. I am asking: have you done any projections as to what it will cost, based on your fixed known costs? What is it going to cost Territorians in 99 years time? The rest is all speculative.

**Mr WESTBURY:** I can only go by way of, reporting - if you like, Chief Minister ...

**Ms MARTIN:** Yes, please. If you can tackle that one, you are a better person than I am.

**Mr WESTBURY:** If I could look at Nitmiluk National Park alone, where the fixed costs there are ones that are of a similar nature, one can look at the development that has occurred over the last 12 years in respect to that park - the visitor numbers and the importance of that park to the regional economy in Katherine - to give some idea about the potential associated with the development of these other parks. Others, such as, for instance, the West MacDonnells Park in Alice Springs, where the intention is to create one very significant park adjacent to Alice Springs would, again, provide an opportunity to develop that into a major park and tourist attraction which would, otherwise, never have been the case without settling these matters.

**Dr LIM:** Okay, so there is no modelling done. Chief Minister, what are the cost implications of gaoling drunks? There was a policy, which you articulated in the election campaign, you want to gaol habitual drunks. What are the cost implications of that?

**Ms MARTIN:** There is a ...

**A member:** You do not need to be drunk to go to gaol.

**Dr LIM:** Let the Chief Minister handle it.

**Ms MARTIN:** After hearing the explanation of what the policy was, you are choosing to abbreviate the policy in a way that is not the intention of the policy.

**Dr LIM:** That was your statement of policy before the election.

**Ms MARTIN:** No, very clearly, we are responding to a significant problem with habitual drunks - probably something like 200 to 250 habitual drunks causing a disproportionate amount of the antisocial behaviour across the Northern Territory. This is not just Darwin, this is across the Territory. Over the next three years, we are putting in \$1.76m - that is the cost of habitual drunks; an additional \$1.76m - into alcohol treatment and rehabilitation. That is our first point.

However, what we are saying to those who are habitual drunks, is that we want them in treatment but, if, once you have been identified as an habitual drunk and been picked up six times within three months, you then commit another offence, the fact that you are not looking at the treatment will be taken into account in front of the court. We do not want to see habitual drunks end up, as a first point, in gaol. We want to see them go into treatment programs, and that is where our focus is.

**Dr LIM:** If we went back to the *NT News* in the period leading up to the election, we would see that what you said was quite definite; that you were going to gaol drunks.

**Ms MARTIN:** No, it was not at all. I can refer you to press releases and statements that I made, and they were very clear.

**Mr CHAIRMAN:** Are there any more questions in regard to Output 1.2, Indigenous Policy?

**Mr WOOD:** Yes, I have a question on habitual drunks. Chief Minister, the way you are heading is the way in which we have to go. However, I just thought ...

**Ms MARTIN:** What? - to give a focus on treatment for habitual drunks?

**Mr WOOD:** That is right.

**Ms MARTIN:** Yes.

**Mr WOOD:** I believe that if enough people would go through the revolving door - and those people on the substance abuse committee heard about those sorts of people quite regularly. However, the business of putting them in some sort of - I will not call it gaol, but some place where they are required to be - will the government consider some sort of farm-type place, not far away out of town where relations could visit them, where medical help could be given, where they could get some education? In other words, we are not talking a physical gaol-type environment but a place where - all right, they have to stay there. However, there is some compassion, there is also some force because they have to be there; the magistrate has told them to be there. We are having a place that is combining a bit of stick and carrot, I suppose, or a bit of help that, when they do leave it, hopefully, they will never come back again?

**Ms MARTIN:** What we want with the expanded services - and you have a treatment centre like ANSTI, which is at Bees Creek, and that is probably somewhere like a distance from a major population centre that maybe you are talking about - we will be looking at the most appropriate services.

**Mr WOOD:** Or even Wildman, which is in mothballs.

**Ms MARTIN:** What we have to do is make sure that where we have treatment is the most effective use of dollars, so I am not going to pre-empt that; I am not an expert at alcohol treatment and rehabilitation. We are allocating those funds and we will be looking for the experts to give us the best advice on how to do that.

**Mr MILLS:** Yes, my question is related to the 253 - is it? - that are habitual drunks?

**Ms MARTIN:** The police have told us that, probably, in the Territory across the major population centres, there are something like 200 to 250 habitual drunks who are causing the majority of the problems we are seeing with antisocial behaviour.

**Mr MILLS:** Having visited places right across the Territory - Tennant Creek, Timber Creek and other places - what level of scrutiny have you undertaken to be satisfied that 250 is an acceptable figure to tout?

**Ms MARTIN:** The police gave us the figure based on their experiences across the Territory and, as far as I am concerned, that is a good enough figure.

**Mr MILLS:** You are happy with that?

**Ms MARTIN:** Yes. They are talking about, based on their statistics, those who become habitual drunks and are picked up so many times within a certain time frame. Okay?

**Mr CHAIRMAN:** Okay? Are there any more questions? That being the case, this concludes consideration of this output.

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### Answers to Questions

**Ms MARTIN:** Mr Chairman, could I just ask you - we have some of those questions that we took. Do you want them at the end?

**Mr CHAIRMAN:** We could do it now.

**Ms LAWRIE:** Are you tabling, Chief Minister? If you are tabling, you can table them at any stage.

**Ms MARTIN:** I will just hand them to Mr Kirkman.

**Mr CHAIRMAN:** Okay, Mr Kirkman, you have the floor.

**Mr KIRKMAN:** Question No 3.1, I believe, month-by-month expenditure on marketing and promotions in the Communications and Marketing Unit: in July 2004, it was \$32 934; in August 2004, \$22 822; September 2004, \$7283; October 2004, \$3449; November 2004, \$7311 ...

**Dr LIM:** Mr Chairman, to try and get brevity over this, surely it can be tabled, rather than have them read out.

**Mr KIRKMAN:** I can give you the total for year, if that is preferable.

**Ms CARNEY:** Could you table that document?

**Mr KIRKMAN:** The answer to No 3.2 is on that, for the remaining marketing and promotions for Policy and Coordination output.

**Ms CARNEY:** Sorry, Mr Chairman. That provides answers to two of the five items that you were going to provide?

**Mr KIRKMAN:** That is right.

**Ms CARNEY:** So you have the other three?

**Mr KIRKMAN:** In answer to question No 3.5 in regard to detail in strategic policy documents in 2004-05 and those currently planned for release in 2005-06: during 2004-05, the population policy, the community engagement framework and the multicultural policy were released as documents. Planned for release in 2005-06 is the senior strategy, Building the Territory for All Generations; a discussion paper on active ageing, Building on Our Strengths; framework for Action for Northern Women; and the Economic Development Strategy.

**Ms MARTIN:** But would they come out of the Policy and Coordination?

**Mr KIRKMAN:** They are for the entire department.

**Ms MARTIN:** No, no, because 2004-05, we had a lot of strategies in Territory Development.

**Mr KIRKMAN:** They have come out as ...

**Ms MARTIN:** Yes, they are strategies as such, too. I believe we have only given you a part of it there.

**Mr KIRKMAN:** We will provide the remainder.

**Ms MARTIN:** It is just in the definition of what is a strategy and what is not quite called a strategy but is a strategy, that is all.

**Mr MILLS:** So are we going to have added to them ...

**Ms MARTIN:** Yes, we will get you the full list.

**Mr MILLS:** Okay.

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## **OUTPUT GROUP 2.0 – TERRITORY DEVELOPMENT**

### **Output 2.1 – Territory Development**

**Mr CHAIRMAN:** The committee will now proceed to Output Group 2.0, Territory Development, Output 2.1, Territory Development. We will just wait for the AGD people to join the table. Chief Minister, would you like to introduce the Director of Territory Development.

**Ms MARTIN:** I would like to welcome to the table the Executive Director of the Office of Territory Development, David Malone.

**Mr CHAIRMAN:** Just to reiterate, we are at Output 2.1, Territory Development. Are there any questions?



**Ms CARNEY:** Thanks, Mr Chairman. I have a number and, not surprisingly, some in relation to the waterfront development. However, I will start with a couple of others, culling some others I had because of time constraints. Chief Minister, what has been the cost to Territorian – sorry, I withdraw that. Sorry, another one. What was the cost to taxpayers of the Malaysian Airlines cargo freight trial?

**Ms MARTIN:** That was carried through the Department of Business, Industry and Resource Development, minister Henderson.

**Ms CARNEY:** In relation to the waterfront, I am hopeful of getting some answers to some questions. They are constructed as simply as possible, because it is a very complicated issue. I need to ensure that I understand it; and the people of the Northern Territory really want to understand it. I appreciate that there are a number of matters that you could legitimately say are commercial-in-confidence. However, I would hate to think that you might use commercial-in-confidence as some sort of cloak under which to hide. So ...

**Ms MARTIN:** You heard the words of the Auditor-General. He certainly recognised that elements of this were, appropriately, commercial-in-confidence.

**Ms CARNEY:** Sure. We will go through it and we will see how we go.

**Ms MARTIN:** Our intention is not to hide facts. We would happily have given any member of the opposition a briefing if you had asked - and no one has actually asked us yet. Since the financial close nobody has asked for a briefing.

**Members** interjecting.

**Ms MARTIN:** May 9 was financial close, and we listened to the former Opposition Leader saying the only thing that you put out is a page-and-a-half press release. We had stuff on the Internet, packages of information, and we had briefings for the members of the community - the business community, development community - but nary a word from the opposition. I just want to put that on the record. We are not hiding anything, okay?

**Dr LIM:** Good.

**Ms CARNEY:** Thanks, Chief Minister.

**Ms MARTIN:** Make sarcastic comments and I will respond. Okay?

**Ms CARNEY:** Don't carry on like a pork chop. Here we go – it works two ways ...

**Mr CHAIRMAN:** Member for Araluen, I will put you on warning. Let us keep going. It is getting late but let us keep it nice and polite. Okay? You are on a warning.

**Ms CARNEY:** Thank you, Mr Chairman. Does that just extend to me - not so much the warning - but in keeping things polite? I take it extends to everybody?

**Mr CHAIRMAN:** You do not go around calling people 'sweetheart'. It is demeaning.

**Mr CARNEY:** No, I am sorry, Mr Chairman, I have never called anyone 'sweetheart'.

**Mr CHAIRMAN:** Member for Araluen, get on with business - right? You are on a warning.

**Ms CARNEY:** Mr Chairman, are you suggesting that I called the Chief Minister 'sweetheart'?

**Mr CHAIRMAN:** I heard you say that.

**A member:** Carry on like a pork chop.

**Mr MILLS:** No, pork chop.

**Ms CARNEY:** Pork chop. Mr Chairman, this is very important and I am sure that the Chief Minister would know me well enough ...

**Mr CHAIRMAN:** Member for Araluen ...

**Ms CARNEY:** You have made a mistake, Mr Chairman.

**Mr CHAIRMAN:** ... I am asking you to carry on with your business.

**Ms CARNEY:** For the sake of the record, can I make it abundantly clear that I never have, and never will, call the Chief Minister 'sweetheart'.

**Ms MARTIN:** Is that a promise?

**Ms CARNEY:** You can count on it. Chief Minister, how does the increase in the taxpayer contribution to the waterfront project affect the cash outcome for 2005-06?

**Ms MARTIN:** As explained, I thought, succinctly by the Treasurer in his many hours in front of the committee, there is a \$61m community infrastructure payment, which we can itemise in detail, that will be part of the deficit for 2005-06.

**Ms CARNEY:** Given that there is a \$60m contingency in Treasury, which I understand you have spent part of during the election, how are you going to reconcile the extra costs of the waterfront project?

**Ms MARTIN:** The contingency that was so much discussed during the recent election campaign is for a current expenditure. This particular expenditure for community infrastructure is a capital expenditure. So it is a one-off.

**Ms CARNEY:** It is a one-off.

**Ms MARTIN:** It is a very different treatment.

**Ms CARNEY:** Does that mean that, in relation to some of the big capital expenditure announcements made during the election campaign, they will not affect the cash outcome?

**Ms MARTIN:** They are expenditure from within the capital works expenditure over the forward estimates period, so the announcements made during the campaign were from where we have had record capital works budgets ranging, over the last four years, between about \$440m and \$475m. That expenditure will come from within those budgets that are committed for expenditure over the next four years.

**Ms CARNEY:** Regarding the Treasurer today, about GST revenue – we know that there is a long life of this waterfront project. If GST revenue reduces significantly – which any government would fear and hope that it does not - does it, therefore, follow that the Territory would need to get further into debt as a result of this project and, if so, do you have any indications as to how much further into debt we might go?

**Ms MARTIN:** Based on the best forward estimates from the Commonwealth and complementary ones done through the states - and the lead state there was Queensland - we have a pretty good picture of those forward estimates and GST revenue over the forward estimates period. What we have said and indicated very clearly in the budget is that we will be back in balance, and that expenditure on the waterfront will be paid and the budget will be back in balance by 2008-09. We have been very clear in that.

**Ms CARNEY:** Okay, so budget back in balance in ...

**Ms MARTIN:** Based on conservative GST revenue for the next four years.

**Ms CARNEY:** The Treasurer, I think, said today that there was a payment of \$12m per year over 25 years. I take it that would be very manageable after a ...

**Ms MARTIN:** In a \$2.5bn budget, yes, and that would be part of your capital works expenditure. We think that payment is somewhere between \$11m and \$12m from the year of 2008-09 for 25 years – like a house repayment; like your mortgage.

**Ms CARNEY:** Sure, sure. Okay. I know there has been a lot of discussion both in and out of the parliament about the valuation of the land. I would like to ask you some questions about that to assist my understanding. You should know that I am very supportive of the waterfront project, but – well, I am ...

**Ms MARTIN:** No, no. I am pleased. I am pleased.

**Ms CARNEY:** ... to the extent that I understand the intricacies – well, in fact, I probably do not understand the intricacies and I will be attending a briefing, but as a general concept, I welcome it. Of course, we will need to ensure that the right questions are asked over the next however many years ...

**Ms MARTIN:** And we welcome them. We welcome them.

**Ms CARNEY:** Okay, in terms of the land value, what is the value of the 25 ha of waterfront land?

**Ms MARTIN:** In today's dollars, the last valuation we had from the Australian Valuation Office is about \$26m. I make the point that the land availability for the waterfront development is about ...

**A witness:** Eight hectares, the site.

**Ms MARTIN:** Yes. So, we have about 8 ha of that land that will actually be for commercial residential development. The rest of it, as you understand, is for the convention and exhibition centre, and a lot of open space – 40% of that land is open space. We are actually talking about a third of what that valuation was based on.

**Ms CARNEY:** Okay, so you are only going to use about a third of that 25 ha?

**Ms MARTIN:** Yes. But a lot of it is public open space, particularly in Stage 1.

**Ms CARNEY:** I understand that but, given that you have a valuation – you have to have a valuation for the 25 ha, so that is the figure we need to work on. What is the rate per square metre of that 25 ha? This is prime land, obviously, the whole 25 ha. What is it per square metre down there? What is it worth?

**Ms MARTIN:** I just say, again, that we what are talking about here is a development that has many different aspects to it. When we are talking about the land that we need to get a return on, it is only a part of that. We are not going to get a return on the DCEC because we will own it in the end, in terms of getting the return on the land. The public recreation spaces - again, we are not selling that; this is for the public. We are really talking about a third of the land. When you look at the detail of what we are going to be getting back on that - in Stage 1, we will get a return of 12% of the gross sale proceeds of the residential development ...

**Ms CARNEY:** Sorry. 12%?

**Ms MARTIN:** 12%. And we will a return of 10% on the gross sale proceeds of non-residential improvements in Stage 1; that first three years. That only has a very small component of that residential development, and the estimated return there for the Territory is a fixed \$10.4m. That is just from Stage 1.

From Stage 2, the returns are 18% on the gross sale proceeds of residential units, so it gives us that growth over the 10 to 15 years of this development. 18% of that comes back to the Territory. Then, you have 10%, the same on the non-residential. Our very conservative figures are that we get a return between \$62m and \$88m, in today's dollars, return on that land. That is incredibly conservative when you look at where our unit sales are going in terms of those increases. It is a very conservative figure, but it is a terrific return for Territorians.

**Ms CARNEY:** So that I understand it, on the basis of what you have said, taxpayers will get between \$62m and \$88m return on land, which has now ...

**Ms MARTIN:** On the growth sale proceeds, so it is more than the land. You are looking at the development on it; so it is land and development.

**Ms CARNEY:** Getting back to the value of the land, I believe that is important, because the land belongs to everybody. I know that much has said about the value of the land, so I am going to ensure that I get it straight. Is that an AVO valuation - \$26m?

**Ms MARTIN:** That is what I said, yes.

**Ms CARNEY:** Okay. Though I am not from Darwin, I have a fair idea of how much per square metre blocks of land are up here. Land value is \$100 per square metre. If you go to Bayview, you can purchase a

block of 1120 m<sup>2</sup> for about \$600 000. In other words, please tell me that, per square metre, the land is worth more than the AVO valuation. Can you explain it to me?

**Ms MARTIN:** Can I just go back to the fact that, if you are going to develop every single bit, with residential property or commercial property, on the 25 ha, we would be looking at a very different return than when we are only going to develop a third of that for those kinds of residential or commercial returns. What returns should you get on a lot of open space? Tell me. We are not looking for a return on 40% of the whole development, which is where we are going to have public recreation. To ask the question you are asking does not recognise the fact of what is going to be developed and that, because it will be owned by the Territory, we are not asking for a big slice of that development, which is the Darwin convention and exhibition centre. That is a really large bit of it and that is out of the equation.

**Ms CARNEY:** But it is still a parcel of land that is ...

**Ms MARTIN:** But it is ours, we do not have to sell it.

**Ms CARNEY:** Yes, but it is a parcel of land that, on our calculations, amounts to about \$120 per square metre. No one in their right mind would expect that that is a reasonable ...

**Ms MARTIN:** So who should we sell the land on the DCEC to?

**Ms CARNEY:** Hang on! ... for a waterfront property. Are you satisfied? Do you think that is a good deal?

**Ms MARTIN:** I believe the deal for the Darwin convention and exhibition centre is a terrific deal. Why should we be looking at what the land value is when we own the land and we are going to develop something and pay for it over 25 years and have it? Where is the logic in that? I do not know whether my Chief Executive wants to add a little more to that. Paul Tyrrell.

**Mr TYRRELL:** To further add to that answer: the AVO unimproved value of the land is currently, I think, \$25m which is \$10m to \$15m for two parts of the 25 ha. That was done in 2002, I think. The AVO figure which was done in 2003 and updated - which the Chief Minister alluded to - was \$26.5m. That was based on the fact of an assessment of 1260 units, and the fact that it would be consistent residential apartment associated infrastructure. That was done with the AVO and that was the price they gave so that we could develop our public sector comparator.

We then went out to the market to the three bidders to get the best price for the development. Of course, by going to the marketplace, that determines what the value is. If you look at the returns we got at the conclusion of the negotiation period - which is 12% return on residential, 10% for commercial, 18% in Stage 2 and 10% for commercial - that is a very high figure in comparison to the price that you get per unit, if you make some comparison to the price of units. The value you can get from land is dependent upon the number of units you can put on them; if it is a two-storey block of apartments or a 30-storey block of apartments. The value goes up accordingly. It also goes according to the stage of development.

In our assessment of the percentage of land component per unit, the highest in Darwin that we have been able to find out is somewhere between 13% to 14%. Therefore, the price per unit that we are getting, as the values increase over 10 to 15 years for Stage 2 just for 1300 units, 18% is quite high. I have not had anyone say that it is not. We have asked around. I believe the outcome is pretty good. When you look at the dollars of the day that you will get back, it is in excess of \$200m that you get back for the value of the land over that time. If you discount that back at a very conservative figure of 15% and 10%, you get your \$88m or \$62m.

Another way of looking at the value of the land could be if that was developed now and you look at the value of the units that you can sell in today's markets - and let us say it is an average of \$500 000 a unit; that might mean the lowest is \$350 000 and the highest is \$850 000 - that translates into a value that the government would get of about \$130m. Therefore, the value that we are getting, based on a percentage of the increasing value, compares well to any other unit development or block of land in the Territory and around Australia. Around Australia, commonly in projects like that, they get something between 11% and 15%.

**Ms CARNEY:** Thanks for that. Do I take it then, on the basis of your explanation - sorry, put another way. Do you believe that the rate of \$120 per square metre for waterfront land in Darwin is about the mark for all the reasons you have just given?

**Mr TYRRELL:** I do not know what the rate per square metre is. As the Chief Minister indicated, there is a maximum of about 8 ha to 9 ha that is available for sale - which can be totally developed on, but is available for sale over that time. However, the important thing is what you can use those blocks of land for. The best benchmark is the percentage of land per unit that you can get back from that. I do not know that anywhere in the Territory you will get anything higher than 18% of the total value of the unit.

**Ms CARNEY:** Okay. In the interest of time, I need to skip some because I know my colleagues really want to get to tourism. However, we will stick with the waterfront for a little longer. Chief Minister, given that you said that the return to taxpayers will be between \$62m and \$88m, what is that ...

**Ms MARTIN:** In today's dollars.

**Ms CARNEY:** Yes. What is the yearly return? What is it per year over the life of the project?

**Ms MARTIN:** It will very much depend on the rate of development. Are there other components we should be talking about?

**Mr TYRRELL:** You could just average that over the 15 years. It could be faster or it could be slower.

**Ms CARNEY:** Would that be similar to the 18% return that you talked about? Would that be as high as 18%?

**Ms MARTIN:** It is 18% on the residential.

**Mr TYRRELL:** Yes.

**Ms CARNEY:** On the residential?

**Ms MARTIN:** Yes.

**Mr TYRRELL:** It would be an increasing amount as you go out because of dollars-a-day increase.

**Ms MARTIN:** What we did with the \$62m to \$88m was to bring them back to today's dollars. The other figure - again a conservative one over that time - would be over \$200m. To try to get accurate figures that mean something in today's dollars is why we use the \$62m to \$88m. Again, they are conservative and perhaps do not really predict the growth and increased value of the Darwin market over that period of time.

**Ms CARNEY:** Are there any government subsidies to parties who will be competing with Territory businesses that do not receive the same subsidies from government?

**Mr TYRRELL:** In terms of operations?

**Ms CARNEY:** Yes.

**Mr TYRRELL:** You mean like in comparing to the convention centre where you have to provide a subsidy as an operational subsidy for ongoing business? There are no operational subsidies.

**Ms MARTIN:** I think that the Treasurer and the Under Treasurer this afternoon quite clearly spelt out what the operational subsidies would be for the convention centre - part of that payment of \$11m to \$12m from 2008-09 for 25 years.

**Ms CARNEY:** Can you give us an assessment of the financial implications of the entire project? You have given us your best case: the return in percentage and dollars over a period of time. What is the worst case?

**Ms MARTIN:** The worst case?

**Ms CARNEY:** You are giving us your best pitch in 18% return and \$62m to \$88m. That is optimistic, I would have thought.

**Ms MARTIN:** What we can say is we have a capital works project called the community infrastructure, and the cost of that is \$94.6m. That is broken up into sea wall, wave pool and other aspects of creating that

public recreation. That is a known that is paid over the next three years - \$94.6m. In today's dollars, the convention centre is \$102.85m; that was the sum of the contract.

**Ms CARNEY:** Sorry, how much?

**Ms MARTIN:** \$102.85m is the contract price of the convention centre. We pay for that as a mortgage from 2008-09, but that is the sum to build it in the contract price with the consortium.

**Ms CARNEY:** And the Territory gets the convention centre back in 25 years?

**Ms MARTIN:** In 25 years from 2008-09.

**Ms CARNEY:** From 2008-09.

**Ms MARTIN:** Your estimates on that can be optimistic or less optimistic but, based on what we know of convention centres, what the flow-on for the economy is, some of the predictions are that, over the next 20 years once you have the convention centre operating, there will be something like \$190m into the Top End economy because of that convention centre and the visitors and their spend.

The residential market is one that has seen quite an increase in prices over the last year, particularly. Probably the returns, you would say, are relatively conservative but locked in is a \$10.4m return over the next three years and, then, you have this significant residential development happening over the next 12 years.

We have talked about those returns. There are significant returns in dollars, land value and residential development to the Territory, to taxpayers. In spending on the community infrastructure – well, what is the cost of a wave pool and the delight that people want to have in using it, or using an enclosed sea body to go wind surfing or kayaking? The component of adding that new dimension to Darwin and how we can build population because of it, I do not see what the worse case scenario is; I only see positives and optimism.

**Ms CARNEY:** I certainly welcome an investment in infrastructure, given that ...

**Ms MARTIN:** And that is all a known cost. That is a known, locked-in cost.

**Ms CARNEY:** Okay, thank you. Certainly, given figures released by the ABS - that is, the National Income Expenditure and Product figures in early June – that clearly show that your government has failed to invest in any, really, public infrastructure, I can assure you I welcome the injection into the Territory's infrastructure. Can I change, mainly ...

**Ms MARTIN:** I will just let that comment go through to the – I will not make a comment on that, really. Considering we have had record capital works budgets ...

**Ms CARNEY:** Unspent, most of them.

**Ms MARTIN:** ... and some really significant expenditure in areas like the port and other things ...

**Ms CARNEY:** Look at the capital works budget for the ...

**Mr CHAIRMAN:** Member for Araluen, will you let the Chief Minister respond?

**Ms MARTIN:** Mr Chairman, I make no comment. It is getting late and we have other things to do.

**Ms CARNEY:** Sure.

**Mr CHAIRMAN:** On that note, Chief Minister, you have been going for three hours and 15 minutes. Do you need a stretch?

**Ms MARTIN:** I am okay, unless members of the committee would like to have an amenity break.

**Mr CHAIRMAN:** No, we can interchange. We are fine.

**Ms CARNEY:** Really, I could go for hours with the number of questions but, given the tourism stuff, I will indicate to all committee members that I will just ask a couple here. I am reluctant, but ...

**Ms MARTIN:** You are very welcome to a briefing.

**Ms CARNEY:** Sure.

**Ms MARTIN:** With due respect, a lot of the questions you are asking have actually been answered in the parliament and are in documentation on web sites. I am not trying to hide anything, but I am just saying that we are very happy to have a briefing.

**Ms CARNEY:** Yes, and I will have one; there is no doubt about that. Certainly, there has been lots of discussion, as I said, both in and out of parliament. There is lots of joining the dots because some of the things that have been said conflict with some of the other things, so part of the reason that I have been ...

**Ms MARTIN:** What is an example of one of those things that contradict?

**Ms CARNEY:** I have about five questions to go before I throw to ...

**Ms MARTIN:** Please do. I would be concerned if there are things that ...

**Ms CARNEY:** You said: 'Come and have a briefing'. You can come and have one with me if you want to join up the dots. We digress ...

**Ms MARTIN:** I am happy to take a minute for you to give me a contradiction that you have heard from my mouth about the waterfront.

**Ms CARNEY:** We digress. I am sorry, I understood this is the part where we ask questions and you answer them. On that basis, can we move to other questions in relation to clean-up costs of the site. Do you have a problem with being asked? No, I am sure you do not.

**Ms MARTIN:** No, I would just like to clarify what is being said in relation to myself, that is all, and a great project.

**Ms CARNEY:** Chief Minister, how much has been apportioned to clean-up costs of the site of the waterfront?

**Ms MARTIN:** Let us just find the numbers. Paul Tyrrell has found them first. I hand over to Paul.

**Mr TYRRELL:** There is \$1m allocated for next year, 2005-06, and an estimate of the total clean-up is in the order of \$9m to \$10m over the life of the project.

**Ms CARNEY:** Where will any contaminated fill be dumped?

**Mr TYRRELL:** Shoal Bay.

**Ms CARNEY:** What environmental controls are in place to deal with that?

**Mr TYRRELL:** There are two types of soil that will be dumped from the site: one is with hydrocarbons in it, which cannot be managed on-site by capping, and that will be taken and treated at Shoal Bay with the use of biopiles and a process like that, that has been proven before in the world, including the tropics, to address that; the other sort of soil that will be taken is that that is in a very confined area at Fort Hill, which consists of some iron, lead and zinc in it. There is about 4000 m<sup>3</sup> in either case.

**Ms CARNEY:** Four thousand cubic metres?

**Mr TYRRELL:** Four thousand cubic metres will be taken. The remainder of the soil that has hydrocarbons in it can be treated on-site with the construction of deep drainage cut-off drains going back to traps and capping.

**Ms CARNEY:** I will have to stop, really. Thank you, Mr Tyrrell and Chief Minister. I am prepared or need to forgo questions in relation to output 4 and 5.

**Mr CHAIRMAN:** Are there any more questions in regard to Output Group 2?

**Mr WOOD:** I would like to ask a bit more about the toxic waste dump in the Nelson electorate. I did get some information from Darwin City Council; I just need to ask some questions. Is the government required

to do some sort of environmental impact statement on the movement of this soil at that site, or is it really up to the Darwin City Council, who has done some work through GH&D, to provide the proof that the biopiling method of soil remediation will work?

**Mr TYRRELL:** There is a remediation action plan which comes under the Environmental Management Framework. There is a series of those plans to do with the remediation of the site. That has to be signed off by the independent auditor in terms of both the process, to make sure that they work, and also then monitoring how it is done. So, yes, there is a plan to manage that.

**Mr WOOD:** Is this proposal to do biopiling a proven method, and will it work here? I am not doubting that it does not work, but will it work in these circumstances, and has it been given the big tick by Darwin City Council and yourselves?

**Mr TYRRELL:** Yes. We are advised – obviously, we have done some extensive work on that - that yes, it does work, and it does work in tropical conditions. It has worked all around the world in various locations. The environmental auditor, who is quite an experienced gentleman, needs to sign off on both the process and monitor to ensure that it is adhered to.

**Mr WOOD:** Is it true that, originally, you did not want to pay for this because you are a non-profit organisation? That is the word I had. You wanted Darwin City Council, basically, to take up the costs?

**Mr TYRRELL:** No, I am not aware of that.

**Mr WOOD:** I was told that might have been the case.

**Mr TYRRELL:** We have always considered that the remediation of the site is a government responsibility.

**Mr WOOD:** On the mud removal, as separate from the soil, there was talk that you were going to do some work on checking for unexploded ordinances and various bits of metal that might be under the seabed. Has that been done yet and how much will that cost?

**Mr TYRRELL:** We have undertaken a study for an electromagnetometer to identify metal objects, and that has just been completed. We are awaiting the results from that. That was at a cost of around \$350 000.

**Mr WOOD:** Someone said to me the other day that the *Neptuna* went down somewhere there with loads and loads of hand grenades, so I was interested to know if they have found it.

**Ms MARTIN:** We have actually dealt with unexploded ordinance in areas like Frances Bay and on the railway. We have companies that have pretty good knowledge of it and are pretty careful about it.

**Mr TYRRELL:** We have done the survey. There is also going to be pre-drilling where any piles are going to be driven, both on the convention centre and residential units, to further check before construction takes place. There is extensive survey work and, if objects are identified, for example, in the mud, then they will have to be lifted out first before dredging takes place.

**Mr WOOD:** Has it been decided exactly where mud that is dredged will go, because there was some concern about that?

**Mr TYRRELL:** Yes, East Arm.

**Mr WOOD:** East Arm. It will go into those ponds ...

**Mr TYRRELL:** In fact, a pond with an area of about 17.5 ha is under construction now.

**Mr WOOD:** There was some talk that they would not dredge it, they would not pump to the depth they were originally looking at. Will that pond be as deep as originally planned?

**Mr TYRRELL:** It is a function of how big do you need to allow the dredged material to go to in to settle sufficiently so the quality of the water that comes out through the exit meets environmental standards. That has been calculated and assessed as being the right size.



**Mr WOOD:** I meant the pond for the pool that you are creating behind the rock wall. Is that going to be as deep as originally planned? In other words, are they going to pump less mud out?

**Mr TYRRELL:** No. I believe the plan was always to be 750 000 m<sup>3</sup>.

**Mr WOOD:** Just two other questions because people are asking about this. One was the main pool, behind the sea wall. Have you looked at it from the possibility of aquatic exhibitions - in other words, using this thing for commercial use? This person mentioned that there are exhibitions that go around Australia; water skiing and all that type of thing that people come along and watch. Is it big enough for that sort of exhibition to occur?

**Mr TYRRELL:** Not fast water skiing, no. Not water skiing.

**Ms MARTIN:** Slow water skiing.

**Mr TYRRELL:** I do not suppose even slow water skiing. No, not water skiing. It is more your softer water sports – sailboards ...

**Mr WOOD:** It is a bit sad.

**Mr TYRRELL:** ... apart from the marina which, of course, will have yachts moored in it.

**Mr CHAIRMAN:** It would be an exciting concept.

**Mr TYRRELL:** In terms of the facilities there, there will be a promotions element to the management of precinct. Clearly, they will be looking for all sorts of opportunities to have functions, displays, events and all the rest of it.

**Mr WOOD:** On the wave pool, which is a great idea. Again, another person came to see and asked if it is going to be big enough for surfing competitions. He said in some parts of the world, wave pools are big enough that you can actually run a surfing competition. Or is it just meant to be a relaxation, fun-type place?

**Mr TYRRELL:** We are looking at those options now. You do have to make it quite a bit larger if you want to have a surfing competition. You can only fit one to two people on at the one time anyway, if you are going to have a surfing competition. Or do you have it for boogie boards? Where is the balance? We are assessing the nature of pools around the world to find out the best design, best practice, and what is going to be the best facility for Darwinians. In other words, do you design it for the odd surfer who might want to go into competition, or do you design it for a lot more people using it for boogie boards? Or can you have both? We are currently in the design phase now.

**Mr WOOD:** The people who came to me were basically saying: 'Well, if we are going to have these facilities, why not use them to the maximum where you can use them for a variety of uses?'

**Mr TYRRELL:** That design work is going on now. We are checking out what is available in the world to see what the best facility is that we can put in.

**A witness:** Do you need the member for Nelson himself to go on that trip around the world to check them out?

**Mr WOOD:** Yes.

**Ms LAWRIE:** Are you going surfing? It is good for surfing.

**Ms MARTIN:** You also have to look at affordability here, and commercial return. One of the issues that has come to me is affordability. If it is too big and too costly to run, then you are starting to count people out from being able to use it on a regular basis. As far as I am concerned, I would like to think as many young Territorians, and those who are young at heart, will be able to use it regularly rather than ...

**Mr WOOD:** Robert and I are out; we are only young at heart.

**Ms MARTIN:** I did the young at heart bit.

**A witness:** World trip checking out pools.

**Mr WOOD:** Thank you, Mr Chairman.

**Mr CHAIRMAN:** Are there any other questions in regard to output 2.1, Territory Development? That being the case, that concludes consideration of this output group.

**OUTPUT GROUP 3.0 – NT RAILWAY**  
**Output 3.1 – NT Railway**

**Mr CHAIRMAN:** The committee will now proceed to Output Group 3.0, NT Railway, Output 3.1, NT Railway. Are there any questions?

**Mr MILLS:** I am willing to let it go in the interests of tourism.

**Mr WOOD:** One quick one.

**Mr CHAIRMAN:** Sure.

**Mr WOOD:** What effect has the change from Northline back to road transport had on the rail? Any significant drop-off in freight? Any economic effects on the rail?

**Ms MARTIN:** As you understand, it is a private operation and it is probably a question best directed to FreightLink. Certainly, the latest figures on freight carried on the rail were growing. One of the reasons for having the rail was to provide that competition. If there are some companies for which the rail operation does not meet what they need to do with their freight, then they have chosen to go to road. However, as I understand it, the costs for moving by rail are still cheaper than road. If you are moving direct from up the track, then that is where companies are staying.

**Mr WOOD:** Have you reconsidered the motor rail from here to Katherine and back?

**Ms MARTIN:** An idea for the future.

**Mr WOOD:** Okay, keep it in mind.

**Mr CHAIRMAN:** Are there any further questions in regard to that output? That concludes consideration of this output group.

**OUTPUT GROUP 4.0 – GOVERNMENT BUSINESS SUPPORT**  
**Output 4.1 – Support to Executive, Ministers and Leader of Opposition**

**Mr CHAIRMAN:** The committee will now proceed to Output Group 4.0, Government Business Support, Output 4.1, Support to Executive, Ministers and Leader of Opposition. Are there any questions? No? Well let us go ...

**Mr WOOD:** Yes, I have one question on Territory Discoveries. I have to find it.

**Mr CHAIRMAN:** You have to be quicker than that, Gerry.

**Mr WOOD:** Sorry, I am working on it. Territory Discoveries ...

**Ms MARTIN:** No, that is tourism.

**Mr WOOD:** Oh, dear! Sorry, my apologies.

**Mr CHAIRMAN:** So you do not have a question?

**Mr WOOD:** No.

**Mr CHAIRMAN:** Okay. That concludes consideration of Output 4.1.

**Output 4.2 – Legislation Production**

**Mr CHAIRMAN:** The committee will now consider Output 4.2, Legislation Production. Are there any questions?

**Ms LAWRIE:** Legislation production, Gerry?

**Mr WOOD:** No, too boring.

**Mr CHAIRMAN:** That being the case, that concludes consideration of Output 4.2.

#### **Output 4.3 – Support to Administrator and Government House**

**Mr CHAIRMAN:** The committee will now proceed to Output 4.3, Support to Administrator and Government House. Are there any questions? No? That concludes consideration of this output group.

### **OUTPUT GROUP 5.0 – COMMUNITY ENGAGEMENT**

#### **Output 5.1 – Women’s Advancement**

**Mr CHAIRMAN:** The committee will now proceed to Output Group 5.0, Community Engagement, Output 5.1, Women’s Advancement. Are there any questions?

**Mr WOOD:** They are advancing in this parliament.

**A member:** There are lots of them.

**Ms MARTIN:** I would like to say that women’s advancement does a great job in parliamentary representation, and they should be congratulated.

**Mr CHAIRMAN:** We have noted that statement, Chief Minister. That concludes consideration of Output 5.1

#### **Output 5.2 - Youth Advancement**

**Mr CHAIRMAN:** The committee will now proceed to Output 5.2, Youth Advancement. Are there any questions? Not from this group! That concludes consideration of Output 5.2.

**Members** interjecting.

#### **Output 5.3 – Multicultural Advancement**

**Mr CHAIRMAN:** Questions on Output 5.3 will be addressed by Minister Vatskalis on Wednesday, 6 July 2005.

#### **Output 5.4 - Seniors Advancement**

**Mr CHAIRMAN:** The committee will now proceed to Output 5.4, Seniors Advancement. Are there any questions?

**Mr WOOD:** I thought you would lead off there, Len.

**Mr CHAIRMAN:** None from the emerging aged! That concludes consideration of Output 5.4.

#### **Output 5.5 - Social Policy Advancement**

**Mr CHAIRMAN:** The committee will now proceed to output 5.5, Social Policy Advancement. Are there any questions? That concludes consideration of Output 5.5.

#### **Output 5.6 - Support to Community Organisations and Events**

**Mr CHAIRMAN:** The committee will now proceed to output 5.6, Support to Community Organisations and Events. Are there any questions?

**Mr WOOD:** I did not have enough time to get through the entire budget since the election, Mr Chairman.

**Ms MARTIN:** I thought the V8s over the weekend were terrific; a record crowd. I would like to thank the Major Events Company for all the work they did.

**Mr WOOD:** Did anyone get their sandwiches through?

**Mr CHAIRMAN:** Right, that concludes consideration of this output group.

#### **Non-output Specific Budget-Related Questions**

**Mr CHAIRMAN:** Are there any other non-output specific budget-related questions?

**Mr MILLS:** Yes, Mr Chairman I have one. Chief Minister, in your victory speech, you said that you were committed to 10 000 apprentices. Do you stand by your commitment and say that you will deliver 10 000 apprentices?

**Ms MARTIN:** We are going to fund 10 000 apprentices and trainees to start over the next four years and that is clearly outlined in Jobs Plan 2. The funding is there. We have not had any trouble increasing it by 48% over the last four years.

**Mr CHAIRMAN:** Are there any other non-output specific budget-related questions? That being the case, on behalf of the committee I would like to thank the officers who provided advice to the Chief Minister today.

**Mr CHAIRMAN:** The committee will now move on to the Northern Territory Tourist Commission, Output 1.0, Tourism ...

**Ms MARTIN:** One minute?

**Mr CHAIRMAN:** Yes.

**Ms MARTIN:** Thanks.

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The committee suspended.

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#### **NORTHERN TERRITORY TOURIST COMMISSION**

**Mr CHAIRMAN:** Chief Minister, I now invite you to introduce the officials accompanying you at the table.

**Ms MARTIN:** Yes, the Managing Director of the Tourist Commission, Maree Tetlow, and Valerie Smith, who is Manager Special Projects.

**Mr CHAIRMAN:** Fine. The committee will now consider the estimates of proposed expenditure contained in the Appropriation Bill (No 2) 2005-06 as they relate to the Northern Territory Tourist Commission.

#### **OUTPUT GROUP 1.0 – TOURISM Output 1.1 - Marketing**

**Mr CHAIRMAN:** I now call for questions on Output Group 1.0, Tourism, Output 1.1, Marketing. Are there any questions?

**Mrs MILLER:** Thank you, Mr Chairman. Hello! I actually get to ask you some questions this year. I got half a question out last year. How are you, girls? Of the \$10m that has been allocated to domestic and international marketing activities for the 2005-06 season, what has been allocated to the branding campaigns domestically?

**Ms MARTIN:** The new branding campaigns?

**Mrs MILLER:** Yes, the new branding.

**Ms MARTIN:** We are just getting all the bits of that question.

**Mrs MILLER:** That is okay, you can probably answer a couple of these questions in the one, because I wanted to know what the new branding campaigns are.

**Ms MARTIN:** Of the additional new \$10m, \$8.386m was spent on marketing, and \$1.897m – basically, \$1.9m - on tourism development. Of that \$8.3m, \$4.1m was spent on branding campaign – I am right here, aren't I? - \$4.1m on the branding campaign.

**Mrs MILLER:** Is that domestically?

**Ms MARTIN:** Domestically, yes.

**Mrs MILLER:** What about internationally?

**Ms MARTIN:** Internationally, \$735 000 of that was spent on marketing with airlines, and \$415 000 was spent on specific international initiatives, which included things like the ATEC symposium, Australian Tourist Exchange, and the on-line Internet Coordinator International. Also, part of that was \$360 000 with the NT Convention Bureau, so part of that is international marketing as well - things like targeting Asian business tourism and their market.

**Mrs MILLER:** What are the new branding campaigns for the domestic and the international markets?

**Ms MARTIN:** Do you want to know about Share our Story?

**Mrs MILLER:** Yes, I want to know a lot about Share our Story. I want to know how much has been spent to date on the promotion?

**Ms MARTIN:** I might leave that to Maree to talk specifically about that.

**Ms TETLOW:** So far, we have done the Alice Springs, because the Share our Story was just launched in March. We have spent around \$1.2m on Alice Springs. Of that, \$800 000 was specifically the branding; the rest of the money related to cooperative with major partners like Qantas Holidays, etcetera, which incorporated that period of time.

Then there has been specific marketing of the \$4.1m on the branding campaign and additional TV advertising purchase. Some of that related to the new branding as of March, but that was for the whole year.

**Mrs MILLER:** Where have you advertised this Share our Story, domestically? Whereabouts have you advertised it?

**Ms MARTIN:** This is over the last few months, is it? This component started in March. The new Brand NT - \$185 795 was spent on television – sorry, wrong one - \$196 000 was spent on television ...

**Ms MILLER:** Whereabouts?

**Mrs MARTIN:** We spent it pretty specifically on SBS and cable; so that is national. We spent it right across the domestic reach. On magazines, we spent the best part of \$1.4m. Nearly \$15 000, described as the category of outdoors, which were billboards and things like that at railway stations and bus stops.

**Mrs MILLER:** This is right throughout Australia?

**Ms TETLOW:** That would have only just commenced, so that is probably something specific - I am not sure exactly what that would be for.

**Mrs MILLER:** Is that what the plan is - to advertise and market this right throughout Australia?

**Ms MARTIN:** Yes.

**Ms LAWRIE:** For the purposes of Hansard, I will get you to state your name when possible. It makes it easier for them, that is all.

**Ms MARTIN:** On-line, we spent \$55 500, and all together, that is \$1.650m.

**Mrs MILLER:** Whereabouts have you advertised the new Share our Story internationally?

**Ms MARTIN:** That part of the campaign has not really started.

**Mrs MILLER:** When is it going to start?

**Ms MARTIN:** The first component was the Destination Alice.

**Mrs MILLER:** Right. Are there plans to do this internationally?

**Ms MARTIN:** One of the reasons for the NT Brand was that, as much as we loved 'You never never know if you never never go', it did not translate internationally. One of the things about refreshing it was that this is a brand that will be able to be both domestically and internationally marketed that will have attraction. That marketing will start ... Maree Tetlow.

**Ms TETLOW:** There is already some collateral that the international markets are starting to use. They just had a big workshop during the Australian Tourism Exchange in Perth 10 days ago, and they are talking now about how they will incorporate that brand as appropriate into their materials and their campaigns, taking into account a lot of the activity that they undertake is usually with trade partners and some smaller consumer campaigns where it makes sense; for example, the student travel. Again, these have not yet been adopted in that market.

**Mrs MILLER:** So, it has not been internationally advertised at all?

**Ms TETLOW:** No.

**Mrs MILLER:** No.

**Ms TETLOW:** Other than some collateral pieces which are produced here but not yet - they are starting to be distributed. For example, the International Holiday Guide which is a trade piece. It is, basically, a product listing of all our products in the NT; that incorporates the new branding. Also, one of the brand books for major clients that explains what the branding is; some of that is also for international distribution. So it relates to the brochure materials at this point.

**Mrs MILLER:** Okay. How are you going to monitor the outcome of this campaign apart from the nice visitor number we hope will come to the Territory?

**Ms MARTIN:** Maree Tetlow.

**Ms TETLOW:** What we will do with each campaign is have targets and expected responses which will relate to the number of people who respond to a particular tactical activity. That is how we currently monitor and will continue to monitor. We do not have hundreds of millions of dollars, for example, to do what Tourism Australia does, where they are trying to give prominence to the whole of Australia. We are just trying to grab our bit, being the Territory, and influence our trade partners and small sector groups of the international market.

**Mrs MILLER:** I hope it is successful, because I have to say that it really did not turn me on when I first saw it. I hope I am wrong.

Next question: the figures show that there is weak to negative growth by interstate and intrastate visitor numbers over the past two years. What destination marketing is in place to turn this around? I want it actually by sectors for Darwin, Kakadu and Litchfield; for the Katherine and Daly; for Tennant Creek; for Alice Springs; and for Uluru and Kings Canyon.

**Ms MARTIN:** Which figures are you referring to that show that it is weak?

**Mrs MILLER:** It shows here in the budget papers that there is weak and negative growth. Serves me right for not marking it on my sheet. It is clearly indicated in one of these budget papers that there is weak

to negative growth by interstate and intrastate visitor numbers over the past two years. That is where I got these from, and I want to know what destination marketing is in place to turn it around.

**Ms MARTIN:** The latest figures we have - and I cannot see where you are referring to in the budget - is that, overall, if you compare the December quarter 2004 to December quarter 2003, for example: NT overall room nights occupied are up 12% - in Darwin it is up 15% and in Alice Springs 9%. In occupancy rate, the NT overall is up 5% in that year from December 2003 to December 2004. Takings for NT overall are up by 15% - that is 17% in Darwin, and in Alice Springs 16%. If you look at the aviation, you have domestic capacity up and domestic numbers were up in NT overall 110 000. The figures are certainly not supporting weak growth in domestic. We know that, in international, we are still in recovery mode but domestic has been quite strong.

**Mrs MILLER:** Serves me right for not writing that down. It is in one of these papers here. I will take what you are saying as fact now, but it definitely states in these budget figures here. What destination marketing is in place to improve these figures, to improve this growth? I wanted to know by region. I am specifically asking for regions because ...

**Ms MARTIN:** No, no, it is part of what we are doing with the Destination campaigns. We have Destination Darwin, Destination Kakadu, Katherine, Barkly and Uluru/Kata-Tjuta. That is why, for the first time, we have actually dedicated that marketing money to the different regions.

The destination specific advertising for our regions over the last 12 months are: \$755 000 for Darwin; \$364 000 for Katherine and Tennant together - that is a combined number; for Kakadu/Uluru \$368 000; for Alice Springs \$800 000 plus another \$400 000 through different means for advertising Destination Alice Springs.

**Mrs MILLER:** That was the last 12 months; what is in place for the next 12 months in Destination marketing? I hope there is something.

**Ms MARTIN:** If you want to speak.

**Ms TETLOW:** Darwin starts about the week of 21 August and, similarly, there will be Katherine, Tennant Creek, Kakadu, Uluru and Alice Springs. The actual amounts I cannot recall off the top of my head and I do not have them here, but they would be similar to what we have proposed here - if not more.

**Mrs MILLER:** Okay.

**Ms MARTIN:** Critically, that \$10m is for the 2005-06 years, so the expenditure that we have done over 2004-05 continues in 2005-06.

**Mrs MILLER:** Right. That would be good, because I know that Darwin, Alice Springs and Uluru figures are okay, but I am not sure about Tennant Creek. Katherine's figures are well and truly down, so we would like to know what sort of Destination marketing is in place for the next 12 months. Thank you.

This is not quite covered by the last one: what is the new suite of marketing tools that are in place with a new look and feel that have been developed for the six priority destinations that you have just talked about?

**Ms MARTIN:** Maree, I will hand that to you.

**Ms TETLOW:** The key components in that is Share our Story, the actual graphical piece. Then there is a colour palette for each of the six destinations. For example, if we are saying Katherine it will be Share our Story Katherine, Northern Territory, which is part of the sign-off on the logo component. I am just trying to think. There are also some special dots which we use which are off the old brand logo, like indigenous-type dots which are contemporary, and some little graphical devices which indicate fishing and other activity-based things. All those things start to be incorporated.

However, the brand is more than just the colour and the actual bits and pieces of graphics. The brand is also about how we talk about the Northern Territory and very much try to express it in an experiential perspective, and have people who are long-term Territorians who have some connection with that land wherever we might be - pioneers etcetera - to express their love and what they find so attractive about that place.

**Mrs MILLER:** Thank you. What consultancy was used to develop this particular marketing tool?

**Ms TETLOW:** That was a public tender that was won by Emery Frost for creative development.

**Mrs MILLER:** Where is Emery Frost based?

**Ms TETLOW:** They are based in Sydney.

**Mrs MILLER:** That is obviously why they think Katherine is khaki.

**Ms MARTIN:** The colour of your eucalypts.

**Mrs MILLER:** No, it was actually khaki. Before Emery Frost developed this suite of marketing tools, did they visit the regions? Did they actually come to the Territory and visit?

**Ms TETLOW:** Yes, they did.

**Mrs MILLER:** Who did they consult with?

**Ms TETLOW:** I cannot tell you off the top of my head, sorry. However, I know they did do a familiarisation. I would have to check exactly ...

**Mrs MILLER:** Are you able to find that out for me?

**Ms TETLOW:** Yes, sure.

**Mrs MILLER:** It is very frustrating when they do not seek some local advice. Okay.

International visitor numbers were expected to rebound by 23.6% in 2004-05. This is on page 87 of the Budget Paper *Economy Overview*. Has this happened, and how did you determine this figure, given that for the previous three years, there was a significant ...

**Ms MARTIN:** Sorry, which page of the budget?

**Mrs MILLER:** Page 87 of Budget Paper, *Economy Overview*.

**Mr CHAIRMAN:** It is also on page 103 of Budget Paper No 2, which gives a pretty good outline of tourism.

**Mrs MILLER:** How did you determine that figure, given that, for the previous three years, there was a significant decrease in international visitor numbers? How are you expecting it to rebound by 23.6%?

**Ms MARTIN:** Ms Smith.

**Ms SMITH:** The visitor forecasts that we develop are based on forecasts released by Tourism Research Australia, which are based on data produced by the Tourism Forecasting Council. They are based on a range of economic data from international source markets, and they look at factors such as propensity of people overseas to travel. We take their figures and apply them to base data for the Northern Territory, which really explains how those figures come about. They are produced by the national forecasting council.

**Mrs MILLER:** Has it happened - the 23.6% in 2004-05?

**Ms SMITH:** We do not yet have data for that full year. The most current data we have, again, is produced at a national level and is as at December 2004.

**Mrs MILLER:** What was it at December 2004?

**Ms SMITH:** It had begun to tail up again.

**Ms MARTIN:** For the international holiday visitors for that 12 months from December to December, the number of nights had increased by 20% over all the Territory. In visitor nights international in the Top End, it was up 51% and, in the Centre, it was up a much smaller amount, 0.1%.

**Mr MILLS:** Chief Minister, are you able to table that document?



**Ms MARTIN:** That is based on Tourism Research Australia's numbers.

**Mrs MILLER:** Are you able to table it?

**Mr MILLS:** No, I accept that. Is it possible to table that document?

**Ms MARTIN:** I do not think there is a particular problem tabling that document, but I will not do it until the end, okay?

**Mrs MILLER:** That is fine. That is fine.

**Ms MARTIN:** All the sources of information for this are indicated in the document.

**Mrs MILLER:** Chief Minister ...

**Ms MARTIN:** There is no doubt about it; our international is one of the challenging areas. When you listen to each state talk about the same issues they are facing that we were, you realise why Tourism Australia has done their new marketing campaign. Every state was feeling the impact of post-11 September. Of course, we felt it harder because about 50% of our tourists were international. We certainly had to refocus on the domestic while the international was readjusting to changed circumstances. Domestic has increased significantly for us; we just have to match it with those international visitors.

**Mrs MILLER:** I wanted to know where that 23.6% came from. It was a very large figure, given that the previous three years were down.

**Ms MARTIN:** We are starting to see that growth of international visitors. We have a long way to go though.

**Mr MILLS:** What is the thinking, therefore, behind holding off your international marketing, while you focus on domestic when, really, we need to have the rebound in international?

**Ms MARTIN:** We have not actually held off the international marketing. If you look at it, international marketing in total was \$7.5m in the 2003-04 year. It is a little less in 2004-05 with \$6.8m and, in 2001-02, it was just under \$4m. We are actually growing the international, but the facts of life were, after 11 September, international travel just stopped. What do we do? Sit there and market to the international or spend dollars on the international market when people were not travelling? You had to do things like shift it to the domestic to actually try and make those numbers come into the Territory.

**Mr MILLS:** The fact is, it recovered in New South Wales and Queensland but did not recover in the Territory.

**Ms MARTIN:** It has not recovered very well in New South Wales and Queensland ...

**Mr MILLS:** It has.

**Ms MARTIN:** To listen to them talk, they are still trying to recover that international tourism. One factor in their favour, of course, is that the airlines have not retracted like they did with us. We would love to have Sydney's problem, which is managing the international airlines coming in. We are still putting a lot of work in to getting those international airlines back. Sadly, I cannot say we have had wonderful successes.

However, the growth in the economy here is something that we can certainly market. When you have an economy that is growing at 7.2%, 7.3% in 2004-05, what airlines are looking for is strong business travellers. That kind of growth and some of the projects that we have here will encourage airlines to re-look at their connections into Darwin because of that strong business market. Every time you hear a complaint from ConocoPhillips or whoever: 'Why do we have to go to Melbourne or Sydney to get to Darwin?', that is another impact on the international airlines saying: 'We can reconsider Darwin'. However, it has been tough, despite a lot of work.

**Mr MILLS:** Like Virgin Blue did.

**Mrs MILLER:** I have some questions on development of airlines a little later. Who is the agency that the Tourist Commission use for developing marketing strategies?

**Ms MARTIN:** In terms of the new brand, Emery Frost was.

**Mrs MILLER:** Emery Frost, yes. What agency do you refer to just for your marketing, generally? Do you have a key agency?

**Ms MARTIN:** We used to have key agency. We used to have Euro. What we have decided to do is to not have one key agency to do that, but to get smaller agencies, like Emery Frost, to do a certain amount of work. Then we are going to use local businesses to do a lot of that associated work with the brand and the marketing. It is an excellent strategy on behalf of tourism to use local, with some of the strength of a national company like Emery Frost for the work they did on the branding.

**Mrs MILLER:** I have to agree. When you contract an agency for marketing, do you seek local expertise and knowledge at any time in the development of any marketing strategy, and do you seek regional knowledge?

**Ms MARTIN:** Let us just take Destination Alice. It was done in conjunction with local industry. A lot of work was done with the tourism industry in Alice, so that what we were doing was going to reflect their directions and their aspiration. There is really no point in doing it outside the industry. It has to be owned locally, so the destination products have been done that way.

Regarding the refreshed brand, a lot of research was done to support that. We are trying to get people outside the Territory here, so we had to do a lot of research to understand what the triggers were that got people coming to the Territory and how we build on that. Share Our Story reflects the work that was done. The spirited traveller is not an age group, it is about a head state, wanting an experience, what we can offer in the Territory that is different to other places that might offer things that could be a bit similar.

**Mrs MILLER:** Thank you. The employee expenses last year were estimated at \$6.248m, and employee expenses last year were budgeted at \$6.775m. The estimated employee expenses for 2005-06 are \$7.021m. How many employees are included in this figure? What is the increase of employee numbers since the 2004-05 budget? Could you give a breakdown of the areas of those employees? What salary levels are these employees at?

**Ms MARTIN:** Lots of different ones.

**Mrs MILLER:** Absolutely, but I thought you might be able to cover them all in there.

**Ms MARTIN:** Can we just go through the different aspects of that again?

**Mrs MILLER:** Yes. How many employees are included in the figure for 2005-06 which is \$7.021m?

**Ms MARTIN:** Okay, let me just deal with that one. Just to give you a relative idea: in 2002 there were 117.5 full-time equivalents, which is how we count numbers in the public sector.

**Mrs MILLER:** What year was that?

**Ms MARTIN:** In 2002, at 1 February. On 1 February this year, there were 118.5 full-time equivalents.

**Mrs MILLER:** 118.5?

**Ms MARTIN:** Yes. That is an increase of one full-time equivalent.

**Ms MILLER:** A breakdown of the areas of these employees and what salary levels?

**Ms MARTIN:** Managing Director, do you have anything that does that, or do we have to take it on notice?

**Mrs MILLER:** You are prepared to take that on notice?

**Ms TETLOW:** If I can just add, of the 118.5, 35.5 relate to Territory Discoveries - that is the total number incorporating both the GBD and the Tourist Commission - and 83 relate to the Tourist Commission. The reason they have been added together is that, as of prior to two years ago, the Holiday Centre was part of the Tourist Commission, and then it was allocated to Territory Discoveries, so I have given you both so you have a point of comparison.

**Mr CHAIRMAN:** Good clarification? Now there is no question on notice?

**Ms MARTIN:** No.

**Mrs MILLER:** Yes, there is, there is a breakdown of the areas of the employees ...

**Ms MARTIN:** Mrs Miller would like to have a breakdown of the ...

**Mrs MILLER:** Also the salary levels of the employees.

**Mr CHAIRMAN:** Then you would be able to take that as a question on notice?

**Ms MARTIN:** I will have to take it on notice.

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#### Question on Notice

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

**Mrs MILLER:** Would you please give a breakdown of the areas of these employees, and what salary levels these employees are?

**Mr CHAIRMAN:** Do you take that question on notice, Chief Minister?

**Ms MARTIN:** Yes.

**Mr CHAIRMAN:** For the purposes of the record, I will allocate that No 3.6.

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**Mrs MILLER:** I think this one still comes under marketing. Give that airlines - in particular Virgin Blue - are stating that the passenger numbers into the Northern Territory are not viable to continue after September, highlights the low tourist numbers during the shoulder season - this problem is not new because it has been going for at least the 16 years I have been in the Territory - what are you doing, specifically, to target the shoulder seasons, November to March?

**Ms MARTIN:** One of the key things that we are doing to target the shoulder season is to build a convention centre in Darwin. There is no doubt that there is a real opportunity with the convention and exhibition centre to use its location, and the fact that the storms roll across the harbour in the most spectacular way with lightning, black clouds and rain, to actually start moving that shoulder season up through convention markets. I do not think people would be daunted by coming here for a convention in January or November. I believe we can really start tackling that.

It has not daunted the cruise ship market. This February was a little hotter but, in February 2004, people came off cruise ships consistently saying what wonderful weather it was; it was grey and a little drizzly and they certainly enjoyed it. It has not daunted the 75 000 or so travellers on The Ghan, and the forward bookings are looking very strong for people coming here right around the year. We know the Dry Season is the peak season in the Top End for that but, certainly, if you look at the numbers - and that is reflected by the second Ghan service through to Darwin that GSR has put on. However, you have a number of factors like that that are certainly working to close the gap.

Our Destination marketing is certainly targeting the opportunities to travel all year round, but some of those key things we are doing is the sealing of the Mereenie Loop, which will make a contribution towards that. The sealing of the Litchfield loops and some of the work being done by sealing roads and infrastructure, will start seeing, hopefully, some of those gaps closed. We will continue with the destination market. Marketing will continue supporting Great Southern with its rail passengers, cruise ships with the new cruise ship terminal as part of the waterfront, and keep pushing that low season, hopefully, smaller and smaller.

**Mrs MILLER:** On the subject of The Ghan, it brings a determined number of tourists to the Northern Territory each week. Most of them arrive with little or no knowledge of the Territory. They just take a trip on the railway. What is the Tourist Commission doing to ensure that these tourists have comprehensive information about the Northern Territory from the time they make their booking inquiry? Have you

considered having tour hosts on aboard The Ghan, either from Adelaide or from Alice Springs, to tell them what is at the next destination, because too many of them are getting off the train and having absolutely no idea of what is available.

**Ms MARTIN:** Can I just say that, a couple of months ago, GSR released a new brochure about the Red Centre and, certainly, are actively marketing the opportunity for short breaks using the train one-way and return by plane into Central Australia. I am not sure what their success has been, but they are actively marketing Alice Springs and what you can do in the Centre. I know we have done a fair amount of discussion with GSR. Maree, maybe you would like to give feedback on that as well.

**Ms TETLOW:** Yes, I met with Tony Braxton-Smith at ATE in Perth and his Director of Marketing, and they showed us the layout for a new publication they are developing to go in the train with more information about each of the places along the way. Part of the whole, I suppose, evolution of the train is that we have always offered our collateral for use on the train. Then it has been up to the commercial operator - which was GSR in this case - about what they wanted to adopt, taking into account they have commercial interest as far as booking people on tours and so forth.

I am also aware CATIA, Central Australian Tourism Industry Association, have an information booth at Keswick Station in Adelaide to on-sell what is coming up in regards to the Centre, etcetera. It is slowly developing and they are slowly improving that collateral so that they can better service people once they arrive.

**Ms MARTIN:** And GSR is also working with their staff to give them better understanding of what is in the Territory and be able to be better advocates for the Territory. They have been working on that for quite a while now.

**Mrs MILLER:** Can I just say they are extremely slow. The Ghan has been going since February last year and they have not given a hoot about promoting the Territory until now. We have approached them before about putting promotional stuff on the train in Adelaide and were basically told 'stick it'. So I am not very happy with The Ghan who were only interested in their own commercial enterprise; they are not interested in promoting the Territory.

**Ms MARTIN:** The Ghan, GSR, certainly there was a difference in how they marketed Territory opportunities to their Gold Kangaroo customers as compared with the Red. You would find, speaking to Gold Kangaroo customers, they were the ones who could forward book and do the tours. It is certainly the Red Kangaroo that we are concerned to get that information to so that they have the options. The upgrade of Alice Springs Airport, the new booths for operators, will make some difference, particularly to the Red Kangaroo travellers.

**Mr MILLS:** Through you, Mr Chairman, the answer to the question appears to reveal that there is very little that government is, in fact, doing to promote the Territory via The Ghan. You are talking about things that have been offered to GSR and the initiative of some Centralians. There was a suggestion made here from the shadow minister. What, actually, are you doing to add value? GSR's objective is to get passengers on the train, to have a train journey. Your objective is to promote the Northern Territory so that they actually add value to their experience. It appears that there is very little that is actually being done.

**Ms MARTIN:** If you heard what I said previously about working with GSR for packages into Central Australia, that is work we have been doing. To say that we have done very little is simply not accurate.

**Mr MILLS:** I listened carefully ...

**Ms MARTIN:** No, no. You were not listening carefully. Let us just take Alice Springs. There are packages for short breaks using the train one-way, spending time in the Centre and flying back to where you came from - whether that be Sydney, Melbourne or wherever. There are initiatives that Maree Tetlow was talking about with Tony Braxton-Smith; the money we are putting, for example, into the Alice Springs terminal; being able to better market Alice Springs and the opportunities of visiting the town; and a Discovery Walkway into town - we are actively doing things to support GSR and marketing the Territory.

**Mrs MILLER:** Can we have the same sort of treatment in Katherine?

**Ms TETLOW:** Just a couple of other things. We have done familiarisations of the train staff in and around the Territory. In addition to that, we have also given presentations in Adelaide to the sales staff on what the Northern Territory offers so that they are familiar with the products. We are also working with town

council on some walkway and product development with an old train at the back of the park – I am sorry, I forget the name.

**Mrs MILLER:** Railway Terrace.

**Ms TETLOW:** Thank you. So there are development objectives, if you like, to help with encouraging and enticing people to Katherine and making it look more attractive and keeping people there, for example, in this instance.

**Mrs MILLER:** That is all I have on that output.

**Mr CHAIRMAN:** Are there any other questions for the Output 1.1, Marketing? That being the case, that concludes consideration of Output 1.1

### **Output 1.2 – Tourism Development**

**Mr CHAIRMAN:** Are there any questions on Output 1.2, Tourism Development?

**Mrs MILLER:** Heaps. Regular airline services into the Northern Territory are paramount to the confidence of tourism operators to develop and market their product. What are you doing to go the extra mile to get major airlines to come to the Northern Territory, especially domestic airlines?

**Ms MARTIN:** There is no doubt about the disappointment we have with the announcement last week from Virgin Blue. We have done considerable work with Virgin Blue Airlines since they first came here. With the subsidy to allow them – well, to encourage them - to come to Darwin before they were even thinking of expanding the market to the north, we achieved that four years ago. Certainly, when you look at the details of how much we have spent working with Virgin Blue, over even the last year, shows that we are committed to keep them here, to keep them a viable and profitable service into the Territory.

For example, we spent, in the last year, \$409 000 worth of various marketing support to Virgin Blue. We have done that with other airlines. We helped support SkyWest, which is a new service into the Territory. When did SkyWest come in? About 12 months ago. We have assisted them with marketing support for their Perth/Broome/Darwin service. In terms of Australian Airlines, we did the same thing. We are very proactive in working with airlines. When you hear announcements from Virgin Blue, such as the one they made, when we have been spending considerable time and effort talking to them about what will work in those long-haul services, what will not work in how they get into Alice – we said to them: 'If you change from Sydney to Alice Springs to Adelaide to Alice Springs, it will not work'. Do you know what? It didn't work.

There are a lot of issues we have been talking through with Virgin Blue, and we will continue to do that. Their two services, Melbourne to Darwin and Brisbane to Darwin, are continuing. They are talking about looking at the future in a positive way, but needing to make some changes before they can see services coming back - and one of them is interlining; when you do not have connections. When 70% of international tourists come through Sydney Airport, and you do not have an interlining connection, then you are certainly in a disadvantaged position compared with Qantas. When you look at the services of Virgin or Qantas, at about the same price to do Sydney to Darwin, with Qantas you get a pillow, a blanket, videos and food. They are not recognising the difference you have to have in the service you offer when you have a long haul. It is different doing Sydney/Melbourne than doing Sydney/Darwin. We have spelt this out to them very many times. We will continue to work with them.

**Mrs MILLER:** I would like to expand on it, but I only have 10 more minutes, so I am jumping these questions here. What market research is being undertaken to ascertain development of tourism infrastructure?

**Ms MARTIN:** What are you talking about, what kind of tourism infrastructure?

**Mrs MILLER:** That is right, and does it cover all regions of the Northern Territory, or just target the Centre and the Top End?

**Ms MARTIN:** If you look at the grants we have given through tourism development, in 2004-05 - this is just the small dollars program, which is separate to our capital works program ...

**Mrs MILLER:** It is actually the capital works one I am interested in, in tourism infrastructure.

**Ms MARTIN:** We do not actually have a specific capital works program in tourism infrastructure. If you look at ...

**Mrs MILLER:** What market research has been undertaken to ascertain for capital works in tourism infrastructure?

**Ms MARTIN:** I went and talked to CATIA a few years ago. CATIA is the well-informed organisation about the Centre, and their biggest issue was getting the Mereenie Loop sealed. It did not take rocket science to work out that the Mereenie Loop being sealed would really be the trigger, the leverage, for growing tourism in the Centre. Instead of saying we would seal the Mereenie Loop over 10 years, we decided to seal the Mereenie Loop over what will be four years. It has already gone from a \$38m project to a \$43m project. I can say, at this stage, right now, there is an \$8m contract for sealing that road out there and, over the next 18 months, it will be \$18m for sealing that road. There is no doubt about it, we did not do intensive research on that but, as I said, it was not rocket science to know that that was the major infrastructure development that Central Australia wanted. What it does is effectively link Uluru Kata-Tjuta with Alice Springs, and it brings together what Alice Springs, since the development of Uluru, has been dwarfed by; that is, the success of Uluru.

With the Litchfield sealing, again, being able to seal that loop of Litchfield, the extra 43 km of the road - it is not a cheap exercise, it is \$15m. However, we did not do research there either because, again, we talked to the industry, and a real facilitation of the industry is that.

We have also used effective capital works dollars with, for example, the Voyages \$10m Wildman River Resort. We said: 'We will support your development with appropriate public infrastructure'. We put \$500 000 down to get that development going, so we are doing roadworks and infrastructure for a \$10m ecotourism venture, which will match Longitude 131 in the Top End.

What I said to the private sector - both local and national investors - was: 'If you have a good idea, come and talk to us. We will use, appropriately, capital works dollars for public infrastructure to facilitate your development'. There are a lot of other talks we are having that are not appropriate to talk about publicly at this stage. The opportunities coming from sealing the Mereenie and the Litchfield Loops are there and we are working on them very actively.

**Mrs MILLER:** On the subject of Wildman River, is that going to be the coastal resort that you were going to do the feasibility study on years ago?

**Ms MARTIN:** Not at all, no.

**Mrs MILLER:** Okay. In the area of that coastal resort, what has happened?

**Ms MARTIN:** If you remember, we went out for expressions of interest about two years ago now, and there was very little interest. I believe the market has changed. One of the reasons that we looked at the Myilly Point and the Little Mindil areas was to get a gauge of public opinion about whether it was going to be acceptable to look at an ecotourism resort at some part of that. Very strongly, coming back from the community when we did that public consultation, there was strong support for a low-impact, ecotourism resort on the Little Mindil site, which is why we left it B5. Plans are under way for seeking expressions of interest for Little Mindil.

**Mrs MILLER:** That will be the coastal resort that was referred to, I think, in the 2001 budget?

**Ms MARTIN:** You do not just stop at one coastal resort, you start working at a number of them. There are plans under way; people are looking at the Cox Peninsula. I am very pleased to see developments like the Airport Resort, which have a very strong flavour of a tropical resort. Their reception and pool areas are stunning. I pay vast tribute to John Berriman for his design, which is terrific.

**Mrs MILLER:** In Budget Paper No 3, page 52, it states that there were 20 major projects facilitated. What were they and what was the cost of each of these projects? I am prepared to take that on notice.

**Ms MARTIN:** You will have to take that one on notice. Those figures will be robust, but I do not think we have - Valerie, do you have more detail?

**Mrs MILLER:** Of the 20 major projects facilitated, I wanted to know what the cost of each of the projects was - what they were and what the cost of each one was. I am prepared to take that on notice.

**Ms MARTIN:** We will take that one on notice.

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**Question on Notice**

**Mr CHAIRMAN:** Okay, can you restate the question please, member for Katherine?

**Mrs MILLER:** Yes, in Budget Paper No 3, on page 52, there were 20 major projects facilitated. What were they and what was the cost of each of these projects?

**Mr CHAIRMAN:** Do you accept that question on notice, Chief Minister?

**Ms MARTIN:** Yes, certainly.

**Mr CHAIRMAN:** For the record then, I will allocate No 3.7 to that question.

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**Mrs MILLER:** Chief Minister, in Budget Paper No 3, page 52 again, there were five major tourism infrastructure project services provided. What were they and what were the costs of each of these projects? I am prepared to take that on notice too.

**Ms MARTIN:** Yes, just to make sure we get the five and accurate.

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**Question on Notice**

**Mr CHAIRMAN:** Member for Katherine, will you restate the question please?

**Mrs MILLER:** In Budget Paper No 3, page 52, there were five major tourism infrastructure projects services provided. What were they and what were the costs of each of these projects?

**Mr CHAIRMAN:** Will you accept that question, Chief Minister?

**Ms MARTIN:** They are major project services provided and, if you look at the footnote, it includes providing high level advice and business case assistance to developers such as major hotel chains.

**Mrs MILLER:** But I would like to know what they were.

**Ms MARTIN:** Yes. No, no just to give it a context.

**Mr CHAIRMAN:** All right. I will allocate that No 3.8.

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**Mrs MILLER:** What potential indigenous tourism opportunities have been identified to date through the Indigenous Tourism Development Strategy? How will you assess the potential of each of these proposals? What back-up support will the Tourist Commission provide in nurturing this developing industry?

**Ms MARTIN:** Almost everything that we do in tourism has an indigenous component; it is part of the Territory and part of the attraction of the Territory. So many of our tourists, particularly our international tourists, come to the Territory because of two things: our indigenous experience and our environmental experience. One of the key initiatives we have done is to put two positions - one into the Northern Land Council, one into the Central Land Council - to work within the land councils to start facilitating indigenous tourism development specifically.

If you look at an initiative - for example, such as sealing the Mereenie Loop – I have spent time at Ntaria, the Hermannsburg community, talking to the community about, what kind of tourist opportunities are for there them over the time we do seal that loop. The other communities such as Areyonga, along the new sealed Mereenie Loop, are looking at how they can leverage the growing number of tourists that sealing the Mereenie will enable them to take advantage of.

You are looking at accommodation, community tourism experiences - whether that be with art products, environmental, or with bush tucker. Really, when you look at what we are doing, you have some things that you can isolate as specific indigenous but, right across the board, we are growing indigenous tourism.

**Mrs MILLER:** So there is nothing ...

**Ms MARTIN:** There are some specifics, but you can not really, effectively, isolate indigenous tourism as one component of the market. For example, during 2004-05, we have done some smaller things like Welcome to Country signs at Darwin Airport for the Larrakia; we have a tourist development officer with the Jawoyn Association; we have done interpretation signage for Dimeroo Land Management over in East Arnhem; there has been signage at Tjitjkala Arts, with that wonderful new Tjitjkala tourism development; the Manupu Arts and Craft, we have done an information area there; campground infrastructure for three community-based tourism camps on the Cobourg Peninsula; we have supported the Bawanunga Aboriginal Corporation at Maningrida to do business planning; and supported an environmental impact study for a community-based business opportunity in Kakadu National Park.

The additional money we have put into marketing Kakadu you could class as indigenous tourism. Really, it is very hard to simply isolate – I mean, we can give you a few examples of very specific indigenous tourism initiatives, but broadly ...

**Mrs MILLER:** That was what I was actually looking for.

**Ms MARTIN:** Yes, but broadly, you would have to say, very keenly, that sealing the Mereenie Loop is a significant indigenous tourism initiative. Working with Kakadu to promote Kakadu is a significant indigenous tourism initiative.

**Mrs MILLER:** It is not exactly what I was looking for.

**Mr CHAIRMAN:** But having said all that, I would like to say that on behalf of the committee I thank the officials from the Tourist Commission for attending today. That is your four-and-a-half hours, Chief Minister. I know you have had fun ...

**Ms MARTIN:** I have, and I have only just started!

**Mr CHAIRMAN:** I also thank those officers who, unfortunately, did not get to share the table with the Chief Minister tonight.

**Mr MILLS:** Chief Minister, there is something you have forgotten? You were going to table something.

**Ms MARTIN:** Yes. Sorry.

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The committee suspended.

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