

The Estimates Committee convened at 8.01 am.

Madam CHAIR: I would like to begin today's proceedings by acknowledging that we are meeting on the land of the Larrakia people and pay my respects to Larrakia elders past, present and emerging. I thank them for their custodianship of the greater Darwin region.

I acknowledge and thank my fellow Estimates Committee members, who will participate in this week's hearings: Mrs Robyn Lambley MLA, Member for Araluen; Mr Terry Mills MLA, Member for Blain; Mr Chansey Paech MLA, Member for Namatjira; Ms Sandra Nelson MLA, Member for Katherine; and Ms Selena Uibo MLA, Member for Arnhem.

This is the first year the Estimates Committee has held hearings into agencies' annual reports. Many procedures adopted throughout previous estimates hearings have become accepted practice and will be continued in these hearings. I will now outline how the committee will operate in these hearings.

The role of the committee is to examine and report on the performances of agencies as outlined in their annual reports. Pursuant to Session Order 16, any member of the Assembly may participate in the hearings, provided that at any time a quorum of three members of the Estimates Committee is maintained. Proxy members can also make up the quorum if nominated to the Chair in writing. Ministers may make brief opening statements. Members will be able to question the minister on issues that have been raised within those opening remarks. However, where an issue can be directly related to an annual report, that matter should be addressed when the committee considers that report.

For each agency I will first invite members to ask questions on the minister's opening statement. I will then call for questions on each annual report as outlined in the committee's schedule. Once an agency or an annual report has been passed, it will not be revisited.

The schedule giving the order of annual reports to be considered has been provided to all members and is also available at the back of the room and on the Assembly's website. We will work through this document as the agenda for the committee.

Where a minister will be available for questioning on annual reports administered by agencies that sit within their portfolios, these have been identified in the schedule in blue text. Those reports need to be addressed at the time the responsible minister is appearing before the committee.

I propose to invite committee members to ask their questions first, followed by other participating members. Subject to the Chair's discretion, within that order, the committee has agreed to allow other members to join in with a line of questioning, pursued by a committee member, rather than wait for the end of that member's questioning on the annual report.

When a question is taken on notice it is vital that its terms are clear for the record. When a minister or a board chair indicates that they will provide an answer at a later time, I will request the member who raised the matter to clearly and concisely restate the question. I will then ask the minister or board chair if he or she accepts the question. If it is accepted, I will allocate a number which will identify that question. Agency officers and ministerial staff should take note of the question number and ensure it is clearly identified in any response given by the minister or board chair during the public hearing process or at some later date. Answers to questions on notice must be provided to the committee secretariat by 14 December 2017.

The start and finish times of each minister's appearance is inflexible and will be adhered to. However, there is no fixed time for the duration of each agency's appearance. When questioning of an agency has concluded, the committee will move on to the next agency within the minister's portfolio immediately. If a minister's time is exhausted before an agency is reached, that agency will not be questioned.

Members will need to manage their questions to allow time for any agencies they wish to question. Changes of minister and agency will be tweeted through the Legislative Assembly's Twitter account, LegAssemblyNT, to assist people in knowing where proceedings are up to. Witnesses should be aware that evidence given to the committee is protected by parliamentary privilege. I also remind witnesses that the giving of false or misleading evidence to the committee may constitute a contempt of the Legislative Assembly.

Officers should also be aware that they are not required to comment on matters of policy. I note that all the microphones on the tables are normally on, although they do have an off switch if required. Subject to the directions of the committee accredited media are permitted to film the hearings and the cameras on the ceiling are providing a video feed that is being webcast and is available for broadcast. The rules for

broadcasting are in the Estimates Committee Information Manual 2017, copies of which are available at the back of the room.

Hearings will commence at 8^{am}. Lunch is scheduled from 12 to 12.30^{pm} each day. A half hour break has also been scheduled at 4.30^{pm} today, 5.30^{pm} tomorrow and 4^{pm} on Thursday. Other breaks will be determined at the Chair's discretion. For all breaks I will indicate what time the committee will resume and ask for members and witnesses to strictly adhere to these times.

For the purposes of the efficient recording of the *Hansard*, I would request that ministers introduce those officials who are accompanying them at these hearings. Also, when a minister refers a question to an officer, that officer needs to clearly identify him or herself each time for the *Hansard* record prior to answering.

The committee will now proceed with consideration of the Auditor-General's Annual Report.

CHIEF MINISTER'S PORTFOLIOS

AUDITOR-GENERAL'S OFFICE

Madam CHAIR: Chief Minister, I welcome you and I invite you to introduce the official accompanying you today.

Mr GUNNER: Madam Chair, thank you for having us. I am with Julie Crisp, the NT Auditor-General. We do not have an opening statement for the Auditor-General's position and are happy to go straight in to questions. I should also indicate that obviously as an independent statutory officer I am happy for questions to be directed directly to Julie and not to step in.

Report No 1 – NT Auditor-General's 2017 Report

Madam CHAIR: The committee will now proceed to consider Report No 1, NT Auditor-General. Are there any questions?

Mrs LAMBLEY: Madam Chair, I would like to firstly start by complimenting the Auditor-General on the enormous amount of work that she generated from her office in 2016–17. Preparing for this process has actually meant that I have done more reading than I think I have done for many years. I have managed to read not a lot but quite a bit of the reports that you have put out during that 12-month period, including your annual report. I notice that it says you undertook 157 audits in 2016–17, with the average cost around \$27⁰⁰⁰.

As an introduction to break the ice, some of those audits would have taken a huge amount of time. During that period of 12 months, which audit was the most time consuming, the most resource intensive for you?

Ms CRISP: As you would note, and as you have noted, that is the average cost. The most expensive audit or most time of resource intensive audits are generally those related to the government owned corporations. They have quite a rigorous reporting regime because they fall under the same requirements as *Corporations Act*, so they are quite detailed. They are also quite complex in that they involve more estimated numbers than perhaps what you might find in some of the information that is consolidated at the end of the Treasurer's annual financial statement, so there is a lot of work around testing valuations of assets and forward forecasts.

Within the annual report, at note four on page 75, we have highlighted those audits where we have recovered the cost directly from the organisation, and you can see there that the cost associated with the Power and Water Corporation—for example, the Motor Accidents Compensation Commission, which is another large and complex audit, and the university, are some of the larger resource-based orders.

That said, the nature of the audit will also often drive the cost associated with it. If it is not a complex audit under our outsourcing model, the firms would tend to use less senior staff; they come at a lower charge rate. The more complex the audit, the more senior the audit staff attributed to that and the higher their hourly rate.

Mrs LAMBLEY: Speaking of Power and Water, your opinion or assessment of the Treasurer's report in 2015—you concluded that you could not make a conclusion around Power and Water, is that correct?

Ms CRISP: That is correct, there was qualification on the audit opinion as it was relevant to the Treasurer's Annual Financial Statements as a flow-through effect from my inability to form an opinion on a set of balances within Power and Water Corporation's assets.

Mrs LAMBLEY: Are you in a position to explain that at the moment, why you were unable to make an opinion? Because it has relevance for the whole week; the threads of what we talk about now will move on to when we get to Power and Water later today. I think it would be useful to hear what the problem was that you encountered.

Ms CRISP: Perhaps I could start by acknowledging, yes, the 2015 audit report was a modified audit opinion. That was based on my inability to gain sufficient assurance over the values reported in relation to fixed assets—property, plant and equipment—within not just the Power and Water Corporation but its subsidiary, Indigenous Essential Services.

Since that time there has been a significant amount of work undertaken at the Power and Water Corporation for both it and its subsidiary to determine what in fact the fair value of those assets are. No doubt there are some questions associated with that which are best directed to Power and Water Corporation.

Suffice to say that coming out of this year's financial statements, I have issued a clean, unmodified audit opinion on the Power and Water Corporation. I was able to gain sufficient assurance over the reported balances. In fairness to the organisations involved, the application of fair value to assets is quite a complex process.

Obviously, cost is the easiest way to value an asset, but in a competitive, for profit environment it is not the usual way to value an asset in these terms. The fair value calculations are quite complex for Power and Water Corporation, and they need to take into consideration the value those assets will return over an extended period of time, which requires a lot of forward forecasting over the life of those assets. Some of those assets have lives in excess of 40 years, so trying to forecast over that period is significant.

Mrs LAMBLEY: When you find a problem like that within an entity, in this case a government-owned corporation, you present your report. How then does the information pass from you to the government entity? Do you have a conversation with them or is it just in black and white writing? Do they ask you for advice or further clarification? What happens at that nuts and bolts level?

Ms CRISP: The audit opinion is obviously the culmination of a long process so there is ongoing discussion. If I were to take the utilities entities as an example, we would normally go in—the authorised audit team and myself—to conduct an interim audit. That happens quite a bit earlier in the year; that happens between March and May.

It is usual at that time that we get a sense of what the key audit matters are going to be, that we need to focus on, as we go into the audit. Really, the conversations start from that point, if in fact they have ended from the year before. There is an ongoing dialogue.

Following the conclusion of the interim audit there will be a management report that is issued to the Chief Executive and to the board that says, here are the issues we have found and here is the recommendation. It does not, perhaps, get to the depth of providing advice because if I was to provide advice I would then have to audit it the next year which is a conflict of interest.

It would include a recommendation that would say sufficient or appropriate resources should be directed at addressing whatever problem it is. That is done for all audits, so it is not just the government-owned corporations. Every audit I conduct is required to have a management letter directed to management at the conclusion.

There is an ongoing dialogue. If we encounter difficulty during the audit process in obtaining sufficient, appropriate audit evidence, which is what we need for assurance, then there will be an ongoing discussion about what we are looking for in regard to audit information and what we think is sufficient for audit purposes.

For those balances that are estimates, we need to understand the assumptions that sit behind those estimates. It is not just about the number; it is about what makes you think that particular asset will be generating a return for the organisation for the next four years. We challenge the assumptions that go into that. It is an ongoing and sometimes long conversation.

There is a point where I will make a decision that further time and effort will not yield sufficient or appropriate evidence, and that is what we saw in 2015. The reality is that we could continue on an audit for as long as it takes, but there is a significant cost that goes with that. Reflecting back on the costs associated with that same audit last year, there is a significant difference between last year and this year.

Ms LAMBLEY: That conclusion you made, if I recall correctly, was unprecedented. The Auditor-General was unable to pass or endorse a government entity as a part of that annual process you undertake. It was quite an anomaly, an unusual event, that you were not able to give an opinion and therefore rubber stamp or approve the government books.

Ms CRISP: To put that into context, it is not the first time there has been a qualification associated with Power and Water Corporation, albeit that was quite some time ago. In relation to the Treasurer's Annual Financial Statement, I clearly pointed out in that it is a consolidation of sectors. You have the general government, then the public non-financial corporations and the public financial corporations. It is those three that come together to form the entire Treasurer's Annual Financial Statement.

The impact of the Power and Water Corporation was on the public non-financial corporations sector. Power and Water is a significant part of that, probably more so today. It is primarily the utilities entities that form that sector. It was unusual, but it is a material part of the Northern Territory's financial position. Whilst I can ring-fence it to a sector, it had a flow-through effect and permeate the entire (inaudible).

Mr MILLS: Thank you, Auditor-General. I probably need some coaching on this—I am looking at page 60, Cost Recovery. I see in 2016–17, as compared to 2015–16, there is a variance of (inaudible). Can you explain the variants?

Ms CRISP: The cost recovery approach that has been in place at the audit office for a couple of years is designed to recover the audit costs from statutory entities. Appropriation covers the public account, the agencies and the Treasurer's Annual Financial Statement. For the statutory entities we endeavour to recover the costs of audits from those agencies.

The fundamental premise to that is that it is up to the statutory authority to make the audit as efficient as possible. The difference that you can see there, primarily relates to a lesser amount being charged under Power and Water Corporation in this year than in last year. The 2016 year was when there was quite a bit of work required to get to a point of forming an opinion on the Power and Water Corporation and its subsidiary, Indigenous Essential Services.

If I look at those two entities in this list, they are the key differences to the prior year. The savings, or the variance, is because in 2017 undertaking those audits was a lot easier, a lot more efficient; there were less issues, and the records presented to us were in a far more robust position than what they had been in prior years. That is a direct reflection of more efficient auditing as a result of better prepared audit entities.

Mr MILLS: How does cost recovery work?

Ms CRISP: As you would be aware, because there are a limited number of us in the office, we outsource the audit, or most of the audits. Certainly financial statements audits are all undertaken by the firms that have a triannual contract with us. In terms of the cost recovery, what we pass on is the cost of that specific audit, or the collection of audits that has been undertaken for that entity directly from the firm to the statutory authority or entity. There is no oncost or extra charge that goes on that comes back to the office. It is just a straight pass through of costs.

Mr MILLS: And so the agency concerned pays that?

Ms CRISP: Correct, yes.

Mr MILLS: The variance is there is an indication that in 2015–16 it cost more than it has. That does not mean there is any money missing?

Ms CRISP: No.

Mr MILLS: Okay.

Ms CRISP: It is purely that the efficiency in which we were able to conduct the audits this year is better because the organisations themselves have put forward better records.

Mr MILLS: Okay. I can see that the costs reflect what you had previously said in response to Mrs Lambley about those agencies, Power and Water in particular. Thank you.

Mrs LAMBLEY: Page 35, there is a section on the *Public Information Act* reviews that you undertook during that period. It says you were referred three matters in accordance with the *Public Information Act*. These three referred matters along with two matters carried forward from 2015–16 were concluded during the reporting period. In 2015–16 the office resources conducted five reviews in accordance with this legislation, with two carried forward for completion during 2016–17.

What were the three matters that you investigated during that period?

Ms CRISP: The 2017—the three that were undertaken during that period or that were referred to me were reported in my August 2017 report to parliament. They were undertaken prior to 30 June but were reported in August 2017.

One was in relation to Facebook content relating to the federal budget; the second one was in relation to memes relating to the federal budget; and the third was in relation to an advertisement relating to the 2017 Men's Health Expo.

Mrs LAMBLEY: Could you say the second and the third again? My hearing is not good.

Ms CRISP: The second was memes relating to the federal budget and the third was in relation to an advertisement relating to the 2017 Men's Health Expo.

Mrs LAMBLEY: Right. And are you able to talk about the outcomes of those three *Public Information Act* reviews?

Ms CRISP: I can. They were included in my August 2017 report to parliament. The conclusions that came out of them—if I start with the first one, it related to referral of a complaint in relation to Facebook content relating to the federal budget. In that particular matter I provided a determination against each relevant aspect of the *Public Information Act*, and my overall conclusion was that I had determined that the memes that were published did not adhere with the intent of the act, in that they failed to meet the criteria specified in section 3 of the Public Information Regulations.

The *Public Information Act* was amended, effective 14 February this year. Released with it were a set of regulations that had not previously been in existence.

The legislative provisions that have been contravened, in my opinion, related to the *Public Information Act*, section 6(2)(a) and section 6(2)(c), and the Public Information Regulations, Part 2, section 4(c).

The second matter is relation to memes relating to the federal budget ...

Mrs LAMBLEY: Could you explain what 'meme' is, please? No idea what you are talking about.

Ms CRISP: A meme in an image you would find, generally on a social media page, which suggests an emotion or a view that is held by a collective of people. Often, the same pictures are reposted with different captions. It is a meme rather than a published advertisement ...

Ms NELSON: Sounds so boring after that official explanation.

Ms CRISP: Sorry. They are a little different to what you would see as an advertisement containing information that is published, perhaps in a newspaper.

Mrs LAMBLEY: Thank you.

Ms CRISP: In relation to that matter, I looked at each element and made a determination of each element. I concluded that two sections or provisions of the act contravened in relation to that matter. They were sections 6(2)(a) and 6(2)(c). As you would note, they are the same sections that I found were contravened in relation to the first matter.

The third matter related to an advertisement relating to the 2017 Men's Health Expo. Among other things, the key criteria that is relevant in relation to the production of public information is that it has to be produced with the resources of the Territory. The first step I take when a matter is referred is to determine who put the referred information together and what it cost the Territory. Sometimes it may be that an entity has put together an advertisement and acknowledged support from the Northern Territory Government, but the Northern Territory Government has not actually contributed to that information.

In relation to this referral, I determined that the information was not public information as defined by the *Public Information Act* because the information was not given using money or other property of the Territory. As a result, the advertisement did not fall within the *Public Information Act*.

Mrs LAMBLEY: Chief Minister, the first two matters the Auditor-General just referred to that were found to be in breach of the *Public Information Act* were breaches made by your government. In relation to the *Public Information Act*, I am wondering what measures you have since taken to address those breaches?

Mr GUNNER: We strengthened the *Public Information Act*, as the Auditor-General mentioned, in February. In our opinion, the act was weakened last term. We referred to matters to the Auditor-General to get an idea about, with the new strengthening, what was and was not appropriate. We completely accept the Auditor-General's findings. If you look at what actions were taken, you can see that we have not breached since. So, in this instance, it is about recognising the advice from the Auditor-General and simply not doing it again.

Mrs LAMBLEY: Okay. Are there any penalties or consequences for breaching the *Public Information Act*? This is not your area, so you do not have to answer it. Perhaps the Chief Minister is aware?

Mr GUNNER: There are no penalties. In this instance, usually what occurs is the item is withdrawn, removed or not used, and not done again.

Madam CHAIR: Are there any further questions for the Auditor-General's report?

Mrs LAMBLEY: I just have one more about the findings you made about the Department of Housing breaching the procurement guidelines in the Alice Springs town camp tenancy management contracts of 2015 and 2017. Obviously the 2017 is outside the period of discussion of today, but in this particular case, which is of great relevance and importance to me as a local member of parliament in Alice Springs, what interaction did you have with the Department of Housing around that matter? There were quite a number of breaches in the issuing of that contract.

My curiosity is around the fact that the next government came in and a new CEO came in and their procurement guidelines were breached again for virtually the exact same contract two years later. I am just wondering what happened as a result of your findings and—you do not really give recommendations, do you, but I am just wondering what happened from your perspective?

Ms CRISP: This was a matter that was referred to me, again, from a number of sources. The procurement around—and there may well be questions you wish to direct to the Department of Housing and Community Development. The process was subject to quite a detailed probity review.

The initial awarding of the tender—I have said that the probity associated with that, as far as probity auditing of probity reviews, was fairly light on. There were a number of concerns that have been raised over a number of years in relation to that contract and there was a detailed probity review undertaken using a different probity auditor by the Department of Housing.

That review—and on my investigation of this matter I asked for all that information to be provided, so the Chief Executive of Housing has provided me with all that information. The detailed probity review that was undertaken by the second probity adviser looked at every action that was taken in relation to that procurement and assessed it against every black letter standard of the procurement requirements that were in existence at the time.

In existence at the time was the procurement act, the procurement regulations and the Procurement Directions, which I am sure that for those who are familiar with, are pretty extensive. Their approach to undertaking that probity review was to assess the department against every one of those criteria. Their report has been made public and they identified a number of areas where improvement needed to be made.

That audit and the findings that came out of it were received by the Department of Housing in a very short period of time before the next replacement procurement was undertaken. The shortcomings that were identified as a result of that first procurement had not all been addressed by the time the next procurement had occurred, although quite a few of them actually had been.

When I had this matter referred to me, there are obviously a number of options I can take. I can go through and do another detailed audit, but I guess it would not have yielded a different set of conclusions because it would have followed the same approach where I assessed it. I would have assessed it against every black letter standard of the procurement directions.

As a result, what I did was look at what had come out of it, what had changed prior to the next procurement, and then make a series of recommendations primarily around not just procurement but the assurance or otherwise that you might get from different probity services. Obviously, having a review or audit is only as good as the criteria against which it is being undertaken and the quality and depth.

My recommendations that really came out of that was this is a fixed term contract. We know when it is going to be up for tender again and there is a whole range of procurement actions that I would expect to see in place. Were I to go in and audit the one that comes next, I would expect those boxes to be checked.

It is also worth noting that the procurement requirements for the Northern Territory Government changed effective 1 July, so the framework itself is quite different, and my report also recommends that the staff involved in procurement undergo training on those new requirements, which is applicable to every member of procurement personnel across the NTG.

Mrs LAMBLEY: I have one more. Just on the fairly large piece of work you undertook, which was reported in the November 2016 Auditor-General's report on the Tiwi leasing arrangement—my question is that was 12 months ago, are you intending to follow that up? Is it something you would do routinely? There were some fascinating findings in that, not that I have read every word, but I certainly got the gist of it yesterday when I had a great time researching for today. I have been asked to ask about it. What is happening with that?

Ms CRISP: Member for Araluen, with the findings that come out of every audit, they are retained within our audit database. When we go out to undertake the next audit, of which there generally is, we will follow up on what has been done to address those.

The payment to which you refer—and you are right, it is a while ago—was found not to meet the definition of an asset, so it has not remained capitalised on the books of Land Development Corporation but is there in our audit file as a watching brief. Each time we go back in to undertake the audit we will look at what is happening with that. Is it recoverable? Does it form the basis of an asset? Should it be brought back on the book? That is applicable to all audit recommendations.

Mrs LAMBLEY: Just for the public record and people who are listening, can you recap on what the situation was and what you found? Just briefly, because I might be talking about this later in the week.

Ms CRISP: Briefly and at a high level. The amount related to a payment of \$1m and the incurring of further expense to investigate the options for entering into leasing arrangements on the Tiwi Islands. The intent behind that—I will not comment on the policy, but the structure was through subleasing arrangements. Taking, or putting forward a marketing proposal to attract third parties and independent parties to lease and therefore build enterprises et cetera on the Tiwis.

The business case for contributing that \$1m, I did not feel had been sufficiently fleshed out at the time the payment was made. Initially the corporation recognised the payment as an asset in its financial statements and it was my view that it did not meet the definition of an asset, because at that point recovery of the \$1m through returns from leasing was not apparent. The corporation subsequently expensed the asset, or wrote the asset off.

In the event that leases are entered into and there can be an identified financial return to government, then it would be fair to expect there would be a value attributed to that, and then the corporation would need to consider whether it re-establishes it as an asset. But I was not comfortable at the time with it being recorded as an asset.

Mrs LAMBLEY: Thank you. I do not have any more questions.

Madam CHAIR: Thank you very much.

That concludes consideration of report number 1. On behalf of the committee, I would like to thank the Auditor-General for attending today.

The committee will now consider the Ombudsman's Annual Report.

OMBUDSMAN'S OFFICE
Report No 2 – Ombudsman NT 2017 Report

Madam CHAIR: Chief Minister, I invite you to introduce the official accompanying you and, if you wish, to make an opening statement regarding the Ombudsman's Office.

Mr GUNNER: Thank you, Madam Chair. I have Peter Shoyer, Ombudsman of the NT, with me. Peter does not have an opening statement, so we are happy to go straight to questions. Like before, I am happy to respect the role of the independent statutory officer and for questions to be directed to Peter so he can answer them.

Madam CHAIR: Welcome, Peter. Does the committee have any questions for the Ombudsman?

Mrs LAMBLEY: I enjoyed reading your report; I had never read the Ombudsman's report before, I confess, in my seven years as a member of parliament.

Mr SHOYER: I am glad someone reads it.

Mrs LAMBLEY: This is not a criticism, but I would have liked to have read a history of the Ombudsman's Office, because it has gone through some significant changes over the years. One was made under the former Henderson government, the decision to remove child protection investigations, and health was removed also. I think that is interesting given the era we are moving into with the ICAC. They might even come back to you in some form—speculation on my behalf.

Mr SHOYER: In relation to the history, the Ombudsman's Office is coming up to 40 years next year. We are thinking about what we might do to commemorate the event, so that may be something we produce.

Mrs LAMBLEY: From my perspective, not mentioning it diminishes how important you have been and continue to be but in a different capacity.

What percentage of your work deals with police complaints?

Mr SHOYER: Police are the biggest agency in regard to the number of approaches we get. There are around 500 each year, but the precise figures will be in the annual report.

There were 454 approaches in relation to police conduct last year. In regard to the total number of approaches—police conduct approaches are in relation to specific police officers and what they have done. There are also other complaints we might get about a delay in checking a criminal record or something along those lines. Overall it was 504.

Some of those can be quite complex, particularly the police conduct matters, so that represents about 25% of the approaches we get. But in reality it is probably more than that in regard to the time we invest without having done a detailed assessment. It could be as much as a third of our time that goes into dealing with police matters.

Mrs LAMBLEY: When presiding over a complaint about the police, what happens with your findings? Where does it end up in the system?

Mr SHOYER: In most cases those investigations are done by the professional standards unit within the police force, with our oversight. We are involved in that process. We usually get draft reports.

Initially we will assess the level of the complaint. It may be a very serious matter; it may be less serious. We would be involved and then we would talk to the individual investigating officers, look at their draft—in most cases we will agree with the ultimate conclusion. In some cases we disagree.

In addition to any specific action that might be recommended against an officer, we might look at whether there are systemic issues. If there are systemic issues that are either recommended by the investigating officer or by us, we will keep a record of those on our systems and make sure they are ultimately acted on.

Sometimes they are actioned without disagreement from police. Occasionally they will take a different slant on an item, and that is fine. The main thing to do is obviously to address the issue rather than necessarily following our recommendation to the letter. If we can understand why they have done something then that is

fine. On rare occasions there may be disagreement and that is when we will look at mentioning that in either an annual report or an individual report.

Mrs LAMBLEY: I note that you have done a very large piece of work on looking at women in prisons, part one and part two. Could you give us an overview for the public on what you have done?

Mr SHOYER: This is something that in 2008, I think it was, the former Ombudsman produced a report on women in prison. This is, I suppose, a follow-on to some extent because what we found is over the past two to three years we have received a number of concerns about the conditions experienced by women in prison, particularly in Alice Springs prison.

That led us to commence a major investigation. We identified a large number of issues with the conditions which women are facing. To some extent that is due to a trend across Australia and the world where the number of women in prison and the proportion of women in prison is actually growing. What that has meant is that the existing facilities have been stretched, but that has also occurred in a situation where the number of men in prison has been growing.

Overall, the existing facilities have been really pushed to cope with the number of women who are involved. At one level we identified a whole lot of work that needs to be done in terms of the facilities for women—education, training, preparation for women when they get outside of the prison environment, and also providing an environment for them once they get out that actually promotes them reintegrating into the community and not reoffending.

That was at the base level, but what it also did was allow us to look at the broader picture of issues surrounding how we successfully rehabilitate people, and women in particular in this case, and what conditions should be created to promote that. The conclusion I ultimately came to was that the current systems where you are putting women into prison for, usually for a short time, in stone walls and barbed wire fences is not something which is going to be in the interests of anyone. It certainly does not promote rehabilitation. It does not stop reoffending, and we need to look at a great many alternatives to actually get something in place which is effective for the future.

Mrs LAMBLEY: The first report was handed down in 2008, and nine years later, essentially, you have delivered another. What has changed? Has anything improved?

Mr SHOYER: Unfortunately, we found that there was a great deal of good will and there was a great deal of good intent from people on the ground. That went ahead for several years. There were steps put in place, but the problem is the existing prison system costs so much to run, so much to maintain, that all of the alternatives that were aimed at rehabilitation, the different programs that were put in place, tended to fall to the wayside in the demands of just the basic needs of running a prison.

We found that while there was a lot of good intent, and there still is, it was how do we pay for the security aspects of the prison, I suppose, and then meet the rehabilitation aspects. That was something that, I think, with the resource demands on Corrections it was simply not seen as possible to pursue those rehabilitation aims, or if it was it was down to a bare minimum. The emphasis of this report is very much that this needs to be revisited; there needs to be work done on rehabilitation.

We need to look at getting women out of the standard prison environment, separating them from the male prison environment, and promoting the best environment for them to be rehabilitated and to reintegrate into their community.

Mrs LAMBLEY: There were nine recommendations, which I understand the government accepted fully.

Mr SHOYER: Yes, that is correct. There is obviously a lot of work in implementing those recommendations, and that is something we are working closely with Corrections on—the short-, medium- and long-term solutions. A lot of those recommendations are based on an enormous amount of work within the community in general, so it is not just a Corrections matter. It is within the justice system itself.

It also addresses a whole lot of other societal issues. Ultimately, we can do all the work we can possibly do within Corrections, but there are societal problems that need to be addressed if we are to address reoffending.

Mrs LAMBLEY: Another piece of work you did was looking at criminal damage to electricity meters and other electrical fixtures and fittings for houses in the remote Indigenous community of Wadeye. Often we do not

talk about our remote communities, and I think today is a good time to talk about what is happening out there. What did you find?

Mr SHOYER: That was from a previous year, but what we do in relation to any reports we produce is follow up on them where there is a need to follow up. In that situation there was criminal damage to a number of electricity meters where there were disputes within a community. One of the ways some people thought was a good way to get back at people was to damage the electricity meters, but also to damage the various fittings within the houses.

That obviously presents a problem for Power and Water and for Housing. It was a joint problem; it was not of their own making, but the aim was to get the power back on as soon as possible because that is clearly an essential service.

Using Wadeye as an example because it clearly presented itself—we looked at the interactions between Power and Water and Housing, and we wanted to ensure as far as possible that there was a clear understanding between both of them as to their respective roles and as a need to treat these matters urgently.

We worked with them both for some time, urging them to get the right approach and an agreed approach between themselves. That ultimately happened, but we thought it was appropriate to produce a report which set out the course of the investigation and the need for clear understanding on both sides.

Mrs LAMBLEY: As in, who takes responsibility for fixing ...

Mr SHOYER: Who takes responsibility—the need for early notice to be given about problems, yes, and the ultimate financial responsibility.

There were a variety of issues. One was, who was responsible for it in the long term? But the important thing from our point of view was to get it fixed as soon as possible.

This represents a lot of challenges. We are talking about remote areas where you may need to get contractors out there. That can be a real issue in getting a speedy reconnection. Ultimately there were issues about if, for example, it is a household that is damaged, the facilities—there be different issues involved, but they are the sorts of things that needed to be sorted through and to ultimately have a solution whereby the power is back on as soon as possible.

Mrs LAMBLEY: And the findings from that piece of work can be transferred across all remote areas of the Northern Territory?

Mr SHOYER: Yes. That would always be an approach that would apply to the whole of the remote Northern Territory. This was an example of a difficult situation. It was unusual in that it was not just about a one-off incident. This was something that had happened on a number of occasions in a number of houses. So, there were difficulties for both Power and Water and Housing in how they approached that and being able to approach that quickly. Electricity is an essential part of life for everyone and it needed to be fixed.

Mrs LAMBLEY: Thank you. I do not have any more questions.

Madam CHAIR: Thank you, Member for Araluen. Are there any further questions for the Ombudsman?

Ms UIBO: Mr Shoyer, on page 26 you outlined the stakeholder and community involvement. There were a total of 19 Indigenous community visits for the 2016–17 financial year. I am interested in how the communities were identified or chosen for the visits by the Ombudsman's staff.

Mr SHOYER: I would not say there is a particular science to it, no. That is correct. We try to cover the entire Territory, if we have contacts in a remote community. We will certainly do the areas around Darwin, Alice Springs and Katherine. They are the starting points, I suppose. In terms of the remote communities, if issues have arisen—we receive some complaints from remote communities directly, not too many.

Often, we will rely on other agencies—for example, NAAJA—bringing matters to our attention. If an issue has been raised about a community, particularly if there is a course of issues, a number of complaints, we will focus on those communities or they will be added to the list. Also, we will often do things in combination with another agency. For example, the Commonwealth Ombudsman's Office, if they are going somewhere we may well go with them. Also, if Legal Aid is going somewhere we will organise a joint trip with them.

Once we have settled on a reasonable distribution throughout the Territory, we try to return to those communities to build up a relationship with them because we want to build a continuing relationship. We have a very small team so we are fairly limited. That is the best description of how we select different communities.

Ms UIBO: Thank you, Mr Shoyer. Thank you, Madam Chair.

Mrs LAMBLEY: I have one more. On page 8 you talk about the possible impact on the Ombudsman's Office with the rolling out of the Independent Commission Against Corruption. You talk about the Independent Commission Against Corruption, FOI and privacy changes to your office—imminent or possible changes. Is it any clearer on what those changes might be? What preparations are you making?

Mr SHOYER: At the moment, it is more likely or not that FOI and privacy will transfer to our office. That is still a matter for government to consider and sign off on. We have been in discussion with the relevant parties. We have been in close discussion with the Information Commissioner's Office. We are working on the practical aspects of transfer on the basis that it will go ahead, but that is something that ultimately has to be signed off by Cabinet. There will be a need for a decision on the transfer of resources to meet those specific needs.

Regarding the ICAC and our interaction with that office, that will be something I have indicated we need to work out over time, whether that will involve more resources or not, but at the moment we are working on the basis that we will work closely with the commissioner, once appointed, and work out the details of how that will play out in the new commission.

Mrs LAMBLEY: Thank you.

Madam CHAIR: Are there any further questions?

Mr GUNNER: Thank you, Peter, for those responses.

Madam CHAIR: On behalf of the committee I would like to thank the Ombudsman for attending today. The committee will now move on to consider the Electoral Commissioner's annual report. Thank you, Peter.

NT ELECTORAL COMMISSION Report No 3 – NT Electoral Commission 2017 Report

Madam CHAIR: I invite you, Chief Minister to introduce the official accompanying you and if you wish, to make an opening statement regarding the Northern Territory Electoral Commission.

Mr GUNNER: Madam Chair, thank you. We are joined by Iain Loganathan, the NT Electoral Commissioner. Obviously the 2016–17 financial year included some big things and as I have indicated to previous independent statutory officers, I happy for questions to be directed at Iain and for Iain to take those questions.

Mr LOGANATHAN: Absolutely.

Madam CHAIR: Thank you and welcome, Iain. Do we have any questions for the Electoral Commissioner?

Mr MILLS: No opening statement?

Mr GUNNER: Sorry, no opening statement.

Mr MILLS: I think in my own interest I indicated informally before, Commissioner, Palmerston. The decision to sack the council resulted in a delay in the electorate and I am interested to know what adjustments are required on your side to accommodate that decision.

Mr GUNNER: Let me just clarify there, we are obviously happy to take the question. I am sure the Electoral Commissioner is happy to answer it—outside the 2016–17 financial year—sorry, I am talking on your behalf.

Mr LOGANATHAN: To answer the question, I am happy to take any questions in regard to particularly the local government recent election in August this year. Generally, in regard to local government elections, whilst they were a general election we did them as 17 individual elections within each of those councils. For each council we had a service level agreement which dictated the service we would provide and the costs involved in providing that service.

Local government elections are conducted on a marginal cost-recovery basis. So, in relation to Palmerston we already had an agreement. The decision was made to suspend the council. We have obviously met with the Administrator. What was agreed is that the total estimate to conduct the election for Palmerston Council is \$212 033.

We have an agreement with Palmerston council. They have already provided us an amount of \$83 000 as a contribution towards the cost—and that is the fixed cost—of the election to have the website, run the public awareness program; they are things that are a portion amongst all councils. And then we will conduct the election in March, and that will be the balance of the funds. We have said to Palmerston that the decision to suspend the council is not going to be an additional cost to them for the conduct of the election.

Mr MILLS: I have no further questions, thank you.

Mr PAECH: Mr Loganathan, it is good to see you. The first question was, I note in the annual report for both council and Territory elections that the voter turnout is substantially low, particularly in remote parts of the Northern Territory. I am just wondering if you can give us an indication around the work your commission is doing to increase voter participation, particularly in regional and remote areas.

Mr LOGANATHAN: I will briefly talk about the issue in terms of declining voter turnout and then what the commission is proposing to do, given some of the decisions of the AEC in regard to their resources in the Northern Territory.

Firstly, for the Territory Legislative Assembly election turnout was 70%, which was a decline from 74% from the 2012 election.

In the local government election the turnout was 63%, which was a 7% decline from the 2012 local government election. The area of most concern in regard to turnout is in remote divisions, where we have seen in the 2012 local government elections the turnout was 49% for regional councils. It was just over 30% at this election, which is—I think there is no other word to describe it—alarmingly low.

There are some significant issues in regard to voter disengagement. It makes your local commission have to reconsider the level of service we provide to remote Territorians. In regard to that, I met with all the CEOs for the councils and provided a debrief in regard to the election.

One of the things we are doing—in fact, it actually starts today—there is a by-election in MacDonnell. What we are doing there is, rather than the traditional service of just travelling to the communities and providing the service for a few hours or the day depending on the size of the community, we are going to try a different model. That model is that we are going to provide early voting services at four major communities for three-and-a-half days.

So rather than provide a wider service—the view, particularly of the CEO and supported by his council, is that the transient nature of those electives would mean that they would travel to one of those communities within that period of time and provide a longer service. Using his staff to provide that service means it is affordable to him. And that would, hopefully, improve turnout. These are some of the models we will be exploring with regional councils.

In relation to the wider issue of turnout, people would be aware that the AEC has made the decision to relocate most of its resources from the Northern Territory to Queensland. There will be a reduction in staffing from 16 to three. I think they are currently ...

Ms NELSON: Three left in the Territory office?

Mr LOGANATHAN: Three left in the Territory. Of all the staff, the whole of enrolment function relocates to Queensland. It is difficult enough to maintain a role in the Territory while you are in Darwin. I am not exactly sure how you do it while you are interstate.

I think we are, particularly in terms of remote electors—the AEC has national program enrolments, like automatic updates. So if you move address they automatically update your enrolment. But that only works in areas where we have reliable mail delivery. That excludes all remote divisions.

They have other programs, like online enrolment, that certainly have a bigger take-up in the Territory. But, again, lower and remote divisions are (inaudible) urban divisions. The proposal that will be put forward to the

government in terms of next year's budget is for the Territory to establish an ongoing remote education and engagement program. The proposal is for us to work with regional councils, which are obviously an important stakeholder in the role—for them to play a role on a fee for service space in regard to maintaining the role, as well as for the NTC to have an ongoing field program.

There are some areas, when you look at the turnout for the local government elections, communities like Maningrida are shockingly low. So there are clear issues here that we need to completely understand what the issue is before we can start working towards a solution.

Let me say that anything we do is not going to be a magic bullet or a quick fix. This will have to be a long-term program to sort of reverse these trends and improve voter participation.

Mr PAECH: Just following on from that, I heard this morning on the local radio station in Alice Springs, Mayor Damien Ryan talking about their recent elections. The fine is \$50 for people who do not participate on voting day. He has been on the radio this morning saying they are not going to proceed with prosecution for those fines. What is the charge for not participating in a Northern Territory election? And do you proceed with prosecution for those who do not turn out to vote?

Mr LOGANATHAN: To answer your question I will provide a bit of background. In regard to Legislative Assembly elections, we make the determination to pursue non-voters, and we have. We collected about \$40 000 in fines from non-voters from the LA election. There is a commonsense approach taken; we do not send it to remote divisions because of unreliable mail delivery. Where we have email we use that to send those notices out.

The fine for Territory elections is \$25; for local government elections the fine is \$50. We run these elections on behalf of the councils and they make the determination as to whether they want to pursue non-voters. At this election I was not aware of the decisions of the Alice Springs Town Council. The meeting was last night.

Mr PAECH: Sorry to put you on the spot. I only found out because my colleague, the Member for Araluen, was telling me they made that decision this morning on the radio.

Mr LOGANATHAN: Litchfield and Darwin have determined to pursue non-voters, and we will be sending letters out early next month—end of next week.

Ms UIBO: In relation to the public awareness programs—as a former teacher focusing on the student engagement—on page five there is mention of 2648 students who participated in the electoral education sessions. Of the students who are 16 years and over, are those who participated in the sessions actually enrolled as part of the program?

Mr LOGANATHAN: Those sessions are conducted as part of a cooperation with the Legislative Assembly in regard to children undertaking a visit to Parliament House.

Whenever we conduct sessions we promote enrolment. If we are doing that for children who are 16 and over, we encourage them to provisionally enrol, but the reality is the majority of children doing these sessions are under 16.

We find that 16 year olds are getting ready for important exams and are less likely to participate in these programs. It tends to be the students who are studying legal services that traditionally have taken part.

Ms UIBO: On page 23 the report outlines the democracy dash during National Youth Week, which sounds pretty fun. Thirty-six students were involved in that. They are students in the middle years at Taminmin College. Were those students encouraged to enrol through that program?

Mr LOGANATHAN: Absolutely. It was the first time we did something like that. We have a new education officer, who has been with the agency for close to a year now, previously from Legislative Assembly. That is something we intend to do this year as well as part of National Youth Week.

You will see that one out of three young Territorians, which is 18 to 25 year olds, are not on the electoral roll. We need to do more to engage with them and encourage them to participate in the democratic process.

Ms NELSON: I am just going through your web page. Can you explain to me—you talked about the Australian Electoral Commission making the decision to move 80% of your resources to Queensland ...

Mr LOGANATHAN: Their resources, not ours.

Ms NELSON: Sorry. How will that impact your office overall, with all the other programs you do from your office? I assume you piggyback each other and support each other?

Mr LOGANATHAN: I suppose the honest answer to that is we will find out over a period of time. I used to work for the Australian Electoral Commission for a long time. Both offices have traditionally had a close working cooperation. As you said, when there are major elections you help each other out. That makes sense.

That kind of model changes with the AEC having minimal resources in the jurisdiction. My main issue is regarding the role—we have a joint role. Under the *Northern Territory (Self-Government) Act* it is maintained by the Commonwealth. The reality is—speaking as someone who used to work for the Commonwealth—it is easy to maintain the remote role for Lingiari because if you are a remote Territorian you are all in one division. It is vastly different for Territory elections, where we have a number of remote divisions, and the transient nature of remote electors means it is a bit more challenging.

We will be writing to the AEC, pending approval from the Chief Minister, to renegotiate the joint role agreement to establish a modern education and engagement program. Yes, we would be looking more for those financial resources from the AEC, rather than human resources we received historically.

Mr GUNNER: I can indicate in principle support for what the NT Electoral Commission is doing. Obviously, I have to see the contents of the letter, but I am sure I will be happy to support it.

The biggest hope is that before the 2020 Territory general election that there is a change of mind about where the AEC resources for the Northern Territory are based, and that they should be based in the Northern Territory. That would be the most obvious and sound decision.

Ms NELSON: Absolutely.

Mr GUNNER: We hope that between now and then there is a change of heart about where those NT resources are based. Brisbane is not in the NT.

Ms NELSON: I am a bit concerned about that, obviously. Everyone has a small comment. Everyone is concerned about that decision to move their staff to Queensland and only leave three staff here. We have a low voter turnout in the Northern Territory; we do not have many people enrolling to vote, and it is a huge landmass to try to get around with limited resources. Did they consult with you at all?

Mr LOGANATHAN: This was a decision that was announced on budget night. We were advised after the decision was made. I will be the first to say that this is a backward step for democracy in this jurisdiction.

Ms NELSON: I agree.

Mr LOGANATHAN: My immediate concern is the next redistribution. That commences in February 2019. As I said, we only have small divisions here—5400 is the average at the moment—so it is important that the roll is as up to date as possible before that process begins.

Ms NELSON: I agree. Thank you for that comment. You can see already, we have in the federal seat of Lingiari—that we have four suburbs in Palmerston moving to the federal electorate of Lingiari. Anyway, thank you. Good luck.

Madam CHAIR: Any further questions for the Electoral Commissioner?

Mr GUNNER: Thank you, Iain.

Madam CHAIR: Thank you very much. On behalf of the committee, Iain, I thank you for attending today.

CHIEF MINISTER
Report No 4 – Department of the Chief Minister 2017 Report

Madam CHAIR: The committee will now move on to consider the Department of the Chief Minister's Annual Report.

Mr GUNNER: I will need some help.

Ms UIBO: A little lonely there, Chief Minister.

Madam CHAIR: On that note, committee, we will take a quick two-minute break.

The committee suspended

Madam CHAIR: Chief Minister, I invite you to introduce the officials accompanying you and if you wish, to make an opening statement regarding the Department of the Chief Minister.

Mr GUNNER: Madam Chair, thank you. I have with me Jodie Ryan, CEO of the Department of the Chief Minister; Andrew Cowan, the Deputy Chief Executive Officer of the Department of the Chief Minister; and Maria Mohr, Deputy Chief Executive Officer of the Department of the Chief Minister. I have some opening remarks.

I want to thank all the staff at the Department of the Chief Minister for their work, during the 2016–17 financial year, which is why we are here—but all their work, even up to today. The Department of the Chief Minister is a key central agency for the NT public sector and performs a wide range of roles and functions.

It plays a coordination and leadership role across government, provides expert advice to ministers of Cabinet and myself, as the Chief Minister, and ensures that government's priorities are reflected in policy and effectively implemented across the public sector. As a result of the machinery of government changes last year, the department was restructured and welcomed the Office of Aboriginal Affairs and retained the regional network team, which previously sat within the Northern Australian Development office.

Other functions of the agency including NATO, the office of major projects, infrastructure and investment in strategic defence units were transferred to the Department of Trade, Business and Innovation. The offices of youth affairs, senior Territorians and multicultural affairs were transferred to Territory Families.

In 2016–17 the estimated budget for the department was \$73.3m, with an actual outcome of \$83.2m. The difference was largely due to the recognition of a \$7.1m provision for doubtful debt. This was a non-cash transaction and did not affect the department's appropriation. The balance is a result of \$900 000 for the Aboriginal Lands Strategic Policy unit, \$300 000 for the Alice Springs youth patrol pilot program, \$200 000 for the Larrakia Nation Return to Country Program and \$700 000 to the offices of the Chief Minister and the Leader of the Opposition.

Following the 2016 election, the department assisted in the delivery of the machinery of government changes and the setup of the clusters. In 2016–17 the Department of the Chief Minister has been focusing on delivering a number of projects to align with key priorities of government and election commitments, including the development of the early childhood development plan, which was released for public consultation in October 2017 by the Minister for Children. It is intended that the final plan be considered by Cabinet and release the information early in the new year.

Assisting with the Royal Commission into Protection and Detention of Children in the Northern Territory, which you will be aware, was released on Friday, 17 November 2017. I have to thank the department and everybody else. That was an incredible amount of staff hours chewed up on the Royal Commission, after hours and over weekends.

Assisting the Inquiry into Hydraulic Fracturing in the Northern Territory—more than 500 public submissions were received and public hearings were held across Darwin, Tennant Creek, Katherine, Alice Springs and other remote communities.

Supporting negotiations between SA and NT Governments to develop the strategic partnership agreement, which was signed at the inaugural joint Cabinet meeting held in Alice Springs in May 2017—the partnership agreement outlines key deliverables for the two jurisdictions over the next 12 months across the priority areas.

The regional network, which previously covered the Central Australia Big Rivers East Arnhem and Barkly regions, was expanded in 2016–17 to include regional directors in Wadeye, Palmerston and the Top End

and continues to provide support to government regional stakeholders and Aboriginal communities to implement government's priorities.

The implementation of the local decision making agenda across the NT's regional and remote communities has also commenced. This is a 10-year commitment to transfer service delivery back to remote communities. The process has been focused on establishing effective governance arrangements to guided gender engagement with the policy and communications coordination across government and relevant existing (inaudible) and regional consultation.

The Office of Aboriginal Affairs commenced a refresh for the NT Aboriginal Affairs strategy and also contributed to the refresh of the COAG Closing the Gap Framework. OAA has also commenced discussions and planning for the development of treaties. The department has also been progressing land and sea priorities and work is under way to develop an Aboriginal land and sea strategy to ensure land and sea ownership delivers on the economic and social aspirations for Aboriginal Territorians.

A lot of that work is going to continue on in 2017–18—most of it exists on a continuum, but that essentially sums up what we have been doing during the 2016–17 financial year, and perhaps the biggest one is just how we coordinate everything across government from DCM.

I am happy to take questions.

Madam°CHAIR: Are there any questions relating to the Chief Minister's statement?

Mr GUNNER: Probably just dive straight into it because in some respects the annual statement and annual report are all sort of the same, if that makes sense. It is not like the June estimates where you have budget outputs. I have made an opening statement, I am flagging that—if that helps.

Mrs LAMBLEY: How much will the Royal Commission end up costing the Northern Territory? If you do not have the figure, how much the final figure end up costing to 30 June?

Mr GUNNER: I want to clarify, there are probably several costs. There is the cost of the Royal Commission, where to pay them, and then the cost on to the public service. Are you asking about column B or—I can give you both.

Mrs LAMBLEY: I guess both. Most people would not understand the separation. The Royal Commission into the Protection and Detention of Children in the Northern Territory—if you can us an approximate figure of what it will end up costing Territorians.

Mr GUNNER: The original estimate for the cost of the Royal Commission and what the Royal Commission did was \$50m. It ended up coming in around the \$54m mark and we covered half of that. I did talk to the Prime Minister—obviously inheriting the Royal Commission, I talked to him about costs. Because it was being conducted in the NT I asked for the ability for us to be able to contribute in kind, potentially. The Prime Minister asked for a definition of in kind and then indicated that the Australian Government preferred cash.

That will cost us approximately \$27m. I am assuming the final invoices—they have not come in yet—so we are estimating around the \$27m mark for what the Royal Commission did. Obviously, we are on the other side of the table, so we also had our own costs to present at the Royal Commission. Our estimate for that is around the \$16m mark for the NT Government to participate in the Royal Commission—we had to participate. That is being picked up across various agencies. I do not know if we can give the break down by agency.

Mrs LAMBLEY: What does that include, generally? Legal expenses, Attorney-General°...

Mr GUNNER: Yes. Probably the biggest expense—I might pass on to you just to confirm this—but the big expense, I think, will be pure staff hours and reporting against essentially request for information That was just a mind boggling, staggering amount of work just to produce information and, unfortunately, you cannot just find it on a computer. There were files—old files you had to go through, essentially trying to track down all the information and get it together.

Often, and this is a permanent point of contention with the Royal Commission, on deadlines to produce that. I do not know that they always took into consideration just how difficult it was to go and get that data. So all the good will in the world if things are in storage areas in files, hard files, it can be very hard to get it together, pull it together, collate and get it on to the Royal Commission. Would that be a reasonable summary, Jodie?

Ms RYAN: Yes. Some of it was legal costs but also staff expenses. They were literally working 24/7 to source the files.

Mrs LAMBLEY: The total cost of the Royal Commission to Territorians will be around \$42m? That is a lot of money.

Mr GUNNER: This was not a cheap exercise.

Mrs LAMBLEY: The \$27m, going halves with the federal government, where does that come from within the budget?

Ms RYAN: That was budgeted for in the 2017–18 budget. It is sitting in DCM's budget. We are yet to get an invoice from the Commonwealth.

Mr GUNNER: I am a perpetual optimist, so I am still hopeful of negotiating things with the federal government. They have made it very clear across the 14 months, or longer, that it is fifty-fifty.

Mrs LAMBLEY: I just noticed that you give out community support grants every year—paid in 2016–17 to a range of community organisations. What are the general guidelines around those grants?

Mr GUNNER: The community support grants is an existing grant program that I have picked up as Chief Minister.

Ms RYAN: This is an amount of money that has been sitting with the Chief Minister's department for many years. It is aimed at helping social community groups. You will get things like students asking for help with travel to the US, for example, to participate in a conference. You get community groups asking for funding. It is a range of different areas, and we try to assess it on the basis of what other funding they have received from governments, what access to other funds there is, what would be a better source of funds, and is there a community benefit for a number of people.

Mr GUNNER: I hope that with the review of the Community Benefit Fund we might be able to clean up some of the ways in which the government grant programs work. This does not quite fit anywhere (inaudible) Chief Minister and does it help the community, this grant fund?

In broadening and strengthening what the Community Benefit Fund can cover, some of this may be picked up from there.

I look at the data on the RSL sub-branch for the Anzac Day events. That comes in regularly. I looked at it this year because other RSLs had applied for and received ongoing grant funding from a different bucket, which Alice Springs had not done a grant application for, so they were getting called up here. It was one of those awkward ones—we were picking up through the CSG, and all the other RSLs were picking up through an alternative area. It was a question of the forms not being done.

I did not want to deny the RSL sub-branch an Anzac Day event over who did what paperwork to which grant fund. It is not always neat, but how can we support the community if it does not fit in another grant area or has missed out through some paperwork issues?

Mrs LAMBLEY: I have a minor problem with one recipient, and I am sure you can guess which one—Unions NT. You have given \$30 300 to Unions NT, which the Labor Party has a strong affiliation with. I wonder if you would acknowledge that that could be seen as a distinct conflict.

Mr GUNNER: That is a community event, so we have traditionally supported that. I do not believe the CLP supported it last term, but we have traditionally supported May Day activities on the Esplanade.

Mrs LAMBLEY: The allocation of funding for the Northern Territory Leader of the Opposition's office, on page 109, for 2016–17 is \$1 370 000. Some of that relates to the former government—July and August.

How much was allocated to the Independents in that period?

Mr GUNNER: The Independents is a separate line item, which is funded through the Department of Legislative Assembly. So, when Madam Speaker presents you can talk about that. That is a separate funding provision that is done through the Department of Legislative Assembly.

Mrs LAMBLEY: How many staff does the Office of Aboriginal Affairs have?

Mr COWAN: The Office of Aboriginal Affairs has 12 full-time equivalent staff. We have four staff in Alice Springs and the remainder in Darwin.

Mrs LAMBLEY: Originally the CLP set up the main office in Alice Springs. Is that correct?

Mr COWAN: Correct.

Mrs LAMBLEY: When was that changed? I have not been following it, so I really do not know.

Mr COWAN: It has not changed, the main office is still in Alice Springs.

Mrs LAMBLEY: With four people?

Mr COWAN: Our executive director is based in Alice Springs.

Mrs LAMBLEY: Okay. So, the bulk of the staff are in Alice Springs? Is that correct?

Mr COWAN: I beg your pardon?

Mrs LAMBLEY: The bulk of the staff are in Alice Springs still?

Mr COWAN: Yes, as I mentioned ...

Mrs LAMBLEY: Four out of 12, did you say?

Mr COWAN: Correct. Four out of 12 in Alice Springs.

Mrs LAMBLEY: And where are the others?

Mr COWAN: In Darwin.

Mrs LAMBLEY: So, eight are in Darwin?

Mr COWAN: Yes.

Mr GUNNER: Regional network.

Mr COWAN: That is the Office of Aboriginal Affairs, but we also have the regional network, which has Indigenous staff in Alice Springs. So, in our Alice Springs office we have 13 full-time equivalent staff based.

Mr GUNNER: Perhaps I can explain, Member for Araluen. We brought over the regional network to partner with Aboriginal Affairs. We wanted to make sure that within DCM it was not OAA existing in a silo, it was part of a plugged-in network. Essentially, there was a restructure to how it all worked. It does not sit neatly on its own anymore; it is more connected in with the broader restructure of the department. Now officers are essentially working with OAA across the Territory, whereas in the past where it sat it did not have that aspect.

Mrs LAMBLEY: This might be totally incorrect and out of order, but the perception I have of the Office of Aboriginal Affairs is that it has floundered; it has not really achieved a lot. In the lead-up to the election, Labor made many promises about what that office would do. I am wondering what it has achieved during that 12-month period. What are the outcomes and achievements of that office?

Mr COWAN: Member for Araluen, I will kick off on that one. As the Chief Minister indicated, we definitely have looked at strengthening the Office of Aboriginal Affairs with the alignment of the regional network. We have refocused the Office of Aboriginal Affairs, with a stronger focus around policy development. We have three key priorities of treaty, local decision making, and land and sea. Government has been quite clear about ensuring we focus on key priorities.

We have had a very busy year, initially establishing some of the government structures to drive the reform process. We have established an Aboriginal Affairs Subcommittee of Cabinet, which is a really effective way of giving a voice to Aboriginal people across the Territory. Not only does that have government members—

and the Chief Minister is the chair of that subcommittee of Cabinet, with the Member for Arnhem as the co-chair.

Government MLAs sit on it, both Indigenous and non-Indigenous, with the non-Indigenous members having 80% of Aboriginal people as their constituents. We also have nine members, who have been appointed from across the Territory, who are Aboriginal people outside of government to ensure we have voices coming from a grassroots level.

That is consistent of the approach in looking at our policy reform to ensure we have a strong Aboriginal voice in our reforms.

Mr GUNNER: One of the issues at the moment—Member for Araluen, to go to your point, which is reasonable—a lot of the work Aboriginal Affairs is doing is not necessarily seen. For example, it has been heavily involved in negotiations about how we refresh the Closing the Gap agenda for that new set of 10-year funding. You will not see that until, hopefully, early in February when there will be a COAG dedicated to it.

That is as significant body of work that will have huge ramifications for the Territory if we get it right and get extra targets on it. At the moment, there is no Justice target, for example, on the Closing the Gap agenda. If we can get agreement to having that on, that will then drive greater funding in that Justice region, which will be huge. There is a whole body that the Office of Aboriginal Affairs is doing that would not necessarily be seen right now.

The other one is local decision-making. Again, there is a massive body of work for that first step to be taken around the governance structures. Wadeye is probably leading the charge for getting that right at the moment, but you will not see that work really come to fruition until those agreements are signed off and it is transferred.

Gunbalanya is a good example; you have a school council election there, a physical example of what has happened, but there is a whole body of work that has to happen for that first step to be taken. That is where a lot of the OAA grant work is occurring at the moment, but we are very confident that across the term you will start seeing a new Closing the Gap agenda and those local decision-making agreements being reached.

Mrs LAMBLEY: Just one last question, in this document you put out before the election you specifically said you would not scrap the Community Champions program, and you have. Could you explain why you have back flipped in terms of the Office of Aboriginal Affairs on this issue?

Mr GUNNER: This is something I discussed quite a bit going into the election. I always caveated, I had some concerns around the Community Champions program and that was that not every community had a champion. So it only addressed some communities in the Northern Territory. It always worried me that there were winners and losers.

While we did not have a plan coming in to scrap it, working through it we wanted to make sure all communities had an ability to be advanced. We have gone to a new structure around these grant funds. One is done through the Department of the Chief Minister, and one is done through the Department of Trade, Business and Innovation.

Ms RYAN: The Community Champions officers themselves were based in Darwin and Alice Springs. We have tried to spread them across the Territory, so we have expanded a couple into Katherine to do the big rivers. We have some in Tennant Creek and an extra one in Nhulunbuy. Those people are still employed but they are now employed in the regions and servicing a broader area.

Mr GUNNER: That is an important clarification. The bit we since removed was the idea of only certain communities having a CEO that looked after them. The actual Community Champions staff, we kept, and they are servicing the whole Territory; they are making sure we have a more regional focus and they are plugging in through the Department of the Chief Minister, the Office of Aboriginal Affairs and that regional network works to make sure we are having a Territory-wide focus.

Mr PAECH: So is it fair to say that the structure of those Community Champions was probably not too representative of what the people on the ground wanted?

Mr GUNNER: There was definitely strong representation from communities that did not feel they were given representation or access. I do know where a CEO has formed a strong relationship with a local community,

they are maintaining that. Michael Tennant for example, or Luke Bowen and Ken Davies have maintained their connections with their community, which is a positive.

We wanted to have a method, a model or structure that looked after all remote Territorians and did not seem to pick a few winners. That is essentially what we transferred to and the essential feeling from the broader Territory is that it is a better model that is delivering for them.

Mr PAECH: Sure, under the previous government with this project, what was the cap per community for the Community Champions fund?

Mr GUNNER: \$250 000.

Mr PAECH: And were those funds being exhausted when it came to the end of the financial period?

Ms RYAN: Yes, largely. Sometimes a particular community had not been left funding, they had not put up projects, so it had been diverted to other communities. But, largely, it was spent every year.

Mr PAECH: Following on from that, it was diverted; it was not carried forward?

Ms RYAN: No, it did not carry over across specific communities.

Mrs LAMBLEY: But rather than back flip on an election promise, you could have rolled them out further. You were not restricted to the number that was in place.

Mr GUNNER: We actually reduced the number of CEOs in government.

Mrs LAMBLEY: Prior to the CEOs being champions, ministers were champions. Anyone could have been a champion.

Mr GUNNER: We have 25 MLAs that cover the whole Territory.

Mrs LAMBLEY: I suppose the point I am making is you back flipped on an election promise and that is not always a good thing to do, is it? It is not clear what you have replaced it with.

Mr GUNNER: We kept the Community Champions network and so we did not actually lose the staff. We have made sure there is a broader grant fund. You had a \$250 000 grant fund that was only available to particular communities in the NT, not all communities. We have now gone to two grant funds, one from DCM, one from DTEBI. They were all communities that were actually eligible, so we made sure that we have a system in place that looks after all remote Territorians and not just certain winners.

So I think we have gone to a much better model and, importantly, kept the Community Champion network. The staff are still there and available, and we can talk to the new DCM grant fund if you like, but there is now a grant fund available for all Territorians, rather than the \$250 000 that is only available for certain communities.

Mrs LAMBLEY: I was a Community Champion for Wadeye when I was a minister. I think the principle of the program was to have someone, a person, a face, not an organisation or a bureaucracy necessarily, who could drive the economic agenda for that particular community. I am just wondering if you have missed the point to some extent; the fact that people on communities relate to people, not organisations and government necessarily.

Mr GUNNER: I think we have nailed that point. What we have found consistently is the regional directors network, so a person physically living in that community and a face. In Jabiru it is now—I always get the Js mixed up—John Bray. There are a lot of Johns, Jims and Jakes working in the regional directors' network, for some reason we attract the Js.

People find that having that person physically based in that community, living in that community and that face that you talk about there to talk to, is the far superior option. So we have expanded the regional directors network to make sure there is a local champion from government in that community, listening to that community.

The advantages—Wadeye is an example I often use—have seen a lot more work flow to locals, because the opportunity, the work capacity and capability is identified. If there is a gap, the training is done so that more

work goes to locals and locals have a bigger say. We have found that having that champion actually embedded in the community is the better way.

I pick up your point; it was a reasonable one about people, and we have found having a person living in the community gets you there.

Mrs LAMBLEY: I do not have any more questions.

Mr PAECH: I pick up on the Member for Araluen's comments. I probably have a different view because people come and go, particularly in remote communities. There is a large transient population with members working in the public service.

Chief Minister, is it fair to say that the funds were not cut; they were reallocated to ensure that it is a far more equitable system for remote communities across the Northern Territory?

Mr GUNNER: I think there are two really important points there. One is yes—the last point. Essentially we wanted to create a more fair and equitable way for all Territorians to get access to those grant funds. The second point is correct too, about the fact people come and go.

What we really want—the biggest measure of success of the regional director network and the local decision-making is that essentially, the capability locally is brought up, people locally say that these are the decision-making things that we want to take on ourselves and there is a transfer. The person then makes themselves redundant in that local community.

I know with the work that has been done through the Kardu Alliance, we are getting close to something like that happening in Wadeye. But other parts of the Territory—so Yuendumu is another good example—are getting more and more ready to be able to take on decision-making and working through what aspects they want to take on themselves. Then that point you make becomes true, that they are genuinely in control. We might still have a regional director present, so there is a conduit to government, but that becomes less important to the locals having the control.

Mr GUYULA: Chief Minister, I asked about a subcommittee of Aboriginal Affairs last week in Question Time. I will briefly outline my confusion.

Your press release on 11 September 2016, 'Labor announces the ministry for all Territorians' states that all Aboriginal members of the Legislative Assembly will be included in this group as well as senior leaders. I am an MLA and I am a senior elder, Djirrikaymirr for the Liya-dhalinyimirr people. I am also a leader who was elected to the NT Parliament on the platform of treaty.

A letter from your staff in June this year, by Jodie Ryan to the independent researchers, also states that all Aboriginal members of the LA will be included. Member for Namatjira and Member for Arnhem visited my office prior to the first meeting to discuss their plans for all MLAs. Last month I wrote you a letter for confirmation, to which I received no reply.

As I said in estimates in June, the Victorian Government announced \$28.5m over four years to support treaty negotiations. The South Australian Government announced it would commit \$4.4m over five years to support a treaty process. I believe that prior to a treaty will require a bigger multi-participation approach than this government is offering. This should not be a secret club. Are you genuine about a treaty? What other steps are you taking to engage all nations and leaders in this discussion?

Mr GUNNER: Thank you, Member for Nhulunbuy. It is a very good question. Apologies for the confusion around using the word (inaudible) of government subcommittee of Cabinet. It is essentially a form of Cabinet, so it is for the government MLAs.

What I have discussed since you asked the question last week was the ability for us to hold a meeting of that subcommittee in Nhulunbuy or Yirrkala—in the Nhulunbuy electorate—and invite you along to present to the committee and have a conversation with the committee so you have access. I thought it might only be fair to offer the same thing to the Member for Daly, whose constituency is over 80% Aboriginal. Similarly, have a meeting in the Daly electorate. I assume Wadeye, but I will talk to the member about where and provide the opportunity for him to participate as well and present to the committee.

When it comes to treaty I agree that more needs to be done. We are obviously picking it up this year. The South Australian and Victorian Governments have been working towards this point for a little while; it was

not happening under the last term. We have started some early conversations. The advice we have received from our independent advisers on the subcommittee is that a mistake early could set things back a long way. Essentially, they have asked us to go softly-softly in those conversations with remote Territorians.

We are also having conversations with members of APONT, NLC, CLC, NAAJA and others. I will have Andrew Cowan update you in a little about what conversations we have been having in that space.

A big date to remember for next year that will be important will be the 30th anniversary of Barunga and the Barunga Statement on treaty. It will be impossible, within the time frame, to deliver a treaty by the Barunga anniversary, but it will be important by then to show some advancement on what we have been doing and discussing. Obviously, last I heard, it is still the case that at Barunga all the land councils will get together for a full land council meeting. One of the big issues for them will also be treaty. We have been talking to the land councils and others about what we can do across early parts of next year leading up to Barunga about those treaty conversations and where we are at.

The biggest thing I am urging—I should not say ‘I’ because it is the committee as a whole—and the feedback I have been getting from remote Territorians is we have to go at the manner and pace of locals and each treaty might be different. One of the early consequences, obviously, is treaty versus treaty. Each treaty might be different according to what people in a particular place are looking for. There are different definitions of treaty—that is probably not quite the right way. There are different outcomes people are looking for out of a treaty so I want to make sure we get each one right.

I am sometimes asked, ‘What is treaty? How does it work? Can you give me a practical example of what a treaty is?’ The example I give—and this may not be the kind of treaty communities want, as in different communities might want a different form of treaty. But a consistent example I give that I have heard back from remote communities is the idea of a treaty being a negotiated service level agreement that comes with respect and recognition up front and resources. It might be that through the local decision-making agenda we negotiate service level agreements with the Kardu Alliance. That is in place. It is strong, they look at it and they like. Then they say, ‘Right, now we have done that, we would like to expand that to be a formal treaty with those different aspects’.

We know treaties require certain things. One is respect of the First People, along with recognition, degree of resourcing and a few other things. For some people, they can get their head around how that works. They say, ‘Oh, right, I understand that’. Others want a completely different form or interpretation of treaty. They will find this is a consistent example I can give that helps people get their head around what a treaty might be or look like or the shape it might take for it to be delivered.

I will get Andy to talk a bit about those conversations we have been having around treaty and how we have got to where we have got to so far.

Mr COWAN: I think the Chief Minister has covered it, but the subcommittee has asked us to go and meet with the land councils initially, and as the Chief Minister indicated, I think it is very important we get this right up front around the engagement process. As part of those meetings there has been a call from the four land councils to ensure that there is some clarity, as the Chief Minister had indicated, around what is a treaty—so providing education materials in preparation for an engagement across the Territory.

We are doing a lot of preparatory work. We have been working with Victoria and South Australia to look at their experiences and what might be fit for purpose in the Territory. As the Chief Minister said, we want to get this right and we will be going back to the subcommittee early in the year around a proposed structure of engagement across the Territory, but this needs to be a respectful conversation and we need to ensure that we get it right at the start.

Mr GUNNER: We have seen mistakes in the statehood debate and most recently—mistake is probably the wrong way of putting it—the recognition debate where, unfortunately, those things did not come to a successful conclusion or a successful outcome. I really want this to come to a successful outcome. I want to make sure we avoid mistakes, make sure everyone is on board and we get some really clear, good, positive negotiated outcomes, being a treaty.

Mr GUYULA: Who are the names of the Indigenous leaders on the subcommittee? Who do they represent—which clans and nations—and are they paid members?

Mr GUNNER: We can go through that. We have tragically lost a community member very recently, so I want to pay my respects to old man Rioli, who has passed on, so we do not have the full complement of nine at the moment. We do not have the full list on us. We will take our first question on notice.

Sorry, Member for Nhulunbuy, we did not bring the full list of members. I am also happy, if you like, we are going to arrange that meeting in Nhulunbuy so we will talk to you about the potential timing of that. I am also happy to arrange a full briefing if you want, but we are happy to take that question on notice.

Question on Notice No 1.1

Madam°CHAIR: Could you restate the question clearly again for the record please, Member for Nhulunbuy?

Mr GUYULA: Who are the nine Indigenous leaders on the subcommittee? Who do they represent? Which clans and nations? Are they paid members?

Madam°CHAIR: Chief Minister, are you happy to accept the question?

Mr GUNNER: I am happy to take that on notice. I am happy also to provide some extra information while we get a full answer for you.

There are committee sitting fees, so they get paid for sitting. We made a deliberate decision as an Aboriginal Affairs subcommittee. We talked about how we did not want to invite people representing peaks—CLC, NLC, NAAJA et cetera—have an ability already to access government and be heard, and there are formal mechanisms that allow them in. So we wanted to try to get independent Aboriginal advisers from a variety of backgrounds that could be on the board.

We will get you that answer.

Madam°CHAIR: The question asked has been allocated 1.1.

Madam°CHAIR: Member for Nhulunbuy, do you have any further questions?

Mr GUYULA: Yes. You may have answered my questions but I want to ask for the record. What is the process the department will undertake in leading discussions about treaty options with Aboriginal people of the NT?

Mr GUNNER: We are out doing early conversations, at the moment, that will lead to more formal conversations. The decision we made and talked about as a subcommittee was, do we go out early with documentations we produced, what draft consultative documentation might look like? The advice from the committee was, 'Don't go out too early with that and make a mistake in writing'. Essentially, consult on what the paper should look like and then put the papers out. So we took that advice on, and that is where we are at the moment.

I outlined what I think could be a practical step towards getting a really positive treaty outcome. That might work for some places; other places might want a different approach. We want to be very careful in how we consult that so we are not removing the ability for people remotely to have their own voice. We did not look like we were necessarily putting up boundaries or obstacles. We wanted to make sure we were giving people remotely every opportunity to contribute what and how they saw it.

Did you want to add more to that, Andy?

Mr COWAN: We are at the early stages and we will go back, following our consultations early in the new year, to the subcommittee to receive advice from the advisors and other members on the subcommittee around what that process looks like. We will also need to consider any resourcing implications to ensure we have the ability to have a conversation with all Territorians and Aboriginal Territorians in both remote regional and urban contexts.

Mr GUNNER: I see a very neat fit between the local decision-making agenda and treaty. Some of our funding has gone towards local decision-making agenda. But that will actually advance treaty conversations, I think. Two of the best people who can speak to this are my co-chair, Member for Arnhem and assistant minister

for Aboriginal Affairs, and also the assistant minister for Aboriginal affairs Chansey Paech. Obviously they cannot answer the questions, being the questionnaires today, but they are also very well versed on what we are doing on the Aboriginal Affairs subcommittee.

Mr GUYULA: Have funds been allocated to the process of engaging with leaders of all nations?

Mr GUNNER: There is no neat line item for that, but obviously we have resourced those arms of government that have these conversations. This one was—we tied the regional directors network and the community champions network in with the Office of Aboriginal Affairs and the Department of Chief Minister to make sure we had arms and legs on the ground as part of that OAA process.

Mr COWAN: This specifically is a key role for the Office of Aboriginal Affairs. Mischa Cartwright, who is heading that office, is ensuring she meets regularly with key stakeholders across the Territory and also the regional network, where we have our Indigenous staff and regional development offices sitting within the regions. We are resourced through the Office of Aboriginal Affairs and the regional network to build and maintain those relationships across many notions across the Territory.

Mr GUYULA: You might have answered these questions but I will do it again. When and where will these treaty discussions with nations begin?

Mr GUNNER: That is a very hard question to answer in that we are trying to talk to all Territorians no matter what. We are essentially very early in the negotiations. When we get to a formalised setting they will be much obvious, I think, with how that works. We also do not want to impose on people, TOs or particular parts of the Territory on how we do the treaty.

Some places may wish to—the Kardu Alliance in Wadeye is probably a good example of this. They may wish to enter into a treaty in a completely different way, different signatories than North East Arnhem Land or Groote Eylandt. It is about working through that very carefully, would be a fair way to put it, and not imposing on a community exactly who would be the signatories to a treaty.

Mr COWAN: Just to add to that, I think a consistent message that has come back from the land councils is that it is place-based, and it more than likely will be many treaties as opposed to one treaty. So when the Chief Minister talks about what is right for Wadeye and the Kardu, it might be very different in other areas across the Territory. That is a consistent message we are hearing. It is more looking at many treaties as opposed to one overarching treaty.

Mr GUNNER: There are obviously parts of the Territory where the land council and others are determining owners or different aspects, depending on how you want to enter into a treaty it may change who signs it on the treaty form.

Mr GUYULA: And the last question for the Chief Minister; in relation to the business unit and their future priorities, exactly how many jobs do you anticipate may be created in the area of aerospace development and how many of these jobs will be available for local people? I know that you have been talking about this topic for 12 months or more and I assume your department has produced some information on these possibilities.

Mr GUNNER: That question is best asked to the Major Projects Unit of the Department of Trade, Business and Innovation. We are getting to them later in my session but they are the ones—from the government anyway—with carriage of what is happening in North East Arnhem Land with Victoria Launch Australia. Michael Tennant and his team will be able to answer that question when they appear before the committee.

Mr GUYULA: That is all, thank you.

Madam CHAIR: Are there any further questions for the Chief Minister?

Mr MILLS: Yes, for the Department of the Chief Minister, my question is to the CEO, Jodie. Section 24 of (inaudible) details the functions of a CEO and how those functions should be achieved. In summary, CEOs are required to manage and provide strategic leadership. What formal processes do you have in place to ensure your agency is fit for purpose?

Ms RYAN: We have a range of governance boards within the Department of the Chief Minister. We have a board of management with all our senior executives on there. We, as a team, lead the department. We have

an ordinary risk committee to make sure we are meeting all our requirements under the *Financial Management Act* and our internal control requirements.

We have an Information Management Committee to make sure the information management systems and processes we have in place are appropriate for an agency of our size. We have our workers' compensation—work health and safety. We also had a People Committee that was a separate committee of interested participants from the department but this financial year, not the year under question, I have pulled that committee back to our board of management because I think ...

Mr MILLS: Sorry, what committee are you referring to there?

Ms RYAN: The People Committee.

Mr MILLS: Right.

Ms RYAN: For the Department of the Chief Minister, our most important asset is our people, and we should be managing that from our executive team.

Mr MILLS: There are three central agencies: Public Employment; the Department of the Chief Minister; and Under Treasurer. You being the head of one of those central agencies, do you contribute to overarching strategic leadership for the NT Public Service, and how does that work?

Ms RYAN: Those three agencies you mentioned, the CEs of those three meet almost weekly depending on our travel schedules, but we aim for weekly, to keep an eye on where workforce issues are going. The other thing we have done across government, with now 15 key CEOs, is we have a fortnightly co-ord meeting. That is the chief executives of the 15 main agencies, and we have a more strategic discussion than what used to occur.

Previously, with 37 CEOs around a table there was not much strategic discussion; it was really an information sharing exercise once a quarter. Now, fortnightly we actually talk about issues that are facing all of us. The workforce and workforce capability is always on the agenda; population is a key one that is on our regular agenda. Obviously there will be discussions around budgets, the EBAs that are under way and any other issues that are across agencies.

Mr MILLS: Are these formal mechanisms?

Ms RYAN: As in?

Mr MILLS: I have the impression that subject to travel arrangements you meet. Does that mean there are times you do not meet? Are the systems you refer to formal systems or administrative hoc?

Ms RYAN: No. The co-ord meeting is fortnightly. The meeting with Craig Allen, Craig Graham and myself aims for weekly, but it is the three of us. We do not delegate both co-ord and the Executive Review Committee. Neither of those delegate to a deputy of someone if you cannot turn up. Yes, if I am interstate then the meeting may not happen on a Monday; it may happen the following Friday.

Mr MILLS: Can you describe, looking at the financial management then, the internal audit system that you have oversight of within the Department of the Chief Minister?

Ms Ryan: Within the Department of the Chief Minister?

Mr MILLS: Correct, yes.

Ms RYAN: We have the Audit and Risk Committee, as I mentioned. That is chaired by an independent person, Mr John Cossons. We also have an independent person from the public sector on that; he is from Treasury. The Audit and Risk Committee is actually for the Office of the Commissioner for Public Employment and the Department of the Chief Minister, because our corporate area looks after both agencies. OCP is too small to have its own substantial corporate area.

We have an annual audit that is done externally, but we also have a range of internal audits that are conducted every year in accordance with the internal audit requirements that Treasury put together.

Mr MILLS: And being one of the central agencies, do you have a watching brief of the internal audit capacity of the other agencies?

Ms RYAN: In terms of internal audit, I think it is probably more a Treasury function than a Department of Chief Minister function. From DCM's perspective, I would have more of a watching brief over the key projects that go either across a number of agencies or big projects that one agency may have. At the moment the outcomes of the Royal Commission are that a number of agencies will be involved and a reform management office has been set up within Territory Families, but DCM will stay involved in that even though we are not running that office ourselves.

Mr MILLS: So when you have your coordination meetings, would the central audit capacity be an ongoing item on the agenda to ensure there is that capacity for internal audit and to resource that adequately? Is that an ongoing agenda item?

Ms RYAN: Not at a co-ord level. We tend to take a more strategic view of the whole-of-government structure and reforms that are going on. The heads of—the other formal mechanisms that are across government that I am not personally involved in—there is a head of corporate regular meeting that DCIS chair and manage. Any internal and financial management issues get raised at that level.

Each CE should be able to manage their own internal audit function, and we do. If someone had a particular issue with an internal audit, maybe an issue they had with capacity or capability of staff to undertake internal audits, they may ask another CE, but generally the internal audit processes are fairly well entrenched across agencies now.

Mr MILLS: I have noted that the Auditor-General has made not infrequent comments about ongoing internal weakness in central auditing. I would assume that being one of the central agencies, the Department of Chief Minister, that this would have a higher priority than perhaps it being with the Treasury or the Under Treasurer.

Is it the case that it is like every agency for themselves and it is not really high up on the agenda, coordinated, or an interest taken at the Chief Minister level?

Ms RYAN: I think it is fair to say that Treasury are much better placed for that. They have a large number of accountants in Treasury. They look after the Financial Arrangement Act and also the Treasurer's Directions that sit under that, which talk about what your internal controls and internal orders should be.

In terms of what DCM do, we are very closely watching our own internal audit capacity. We need to make sure that everything we do is of a good standard. We are seen to be one of the key agencies; people would look to us as to how to perform.

When the Auditor-General made some comments in one of the audited reports—not the most recent one, the one earlier—we did discuss it at co-ord, and every agency was talking about what they had already done in terms of their internal audit capacity.

Some of the agencies were new, so when she did that report on who had audit and risk communities, some of those agencies were still setting themselves up because, as you know, after the election last year we pulled together quite a number of agencies. Some were still in the process but at the time of this discussion, by the time the report was released, every agency had their internal audit and risk committee set up.

Mr MILLS: I agree with you that it appears that Treasury would be better placed. It is an observation. But what mechanisms are in place to respond to this? Who is taking the leadership and the active interest in this?

Ms RYAN: Treasury is in the process of rewriting Treasurer's Directions. They are looking at some overall policies and arrangements for all agencies that they will put out to everyone. If you talk to Treasury, they will ...

Mr MILLS: It would have been one of the three key agencies, I would have assumed, and the lead agency, Department of Chief Minister, would be taking a more active role than having it, effectively, outsourced. That is how it appears.

Mr GUNNER: I need to clarify that. The outsourcing is generally Treasury's job. It is not just best placed, that is core business for the Department of Treasury. For me, core business of DCM is making sure government meets all its outcomes. I always talk to Jodie about whether we are on track to meet those things we said we would. The questions for the Treasurer is whether we are on track to meet the things we said we would under

budget. For me, that is quite neatly Treasury and Department of Chief Minister roles. It is not outsourcing or delegating; that is, for me, one of the purposes and points of Treasury.

Ms RYAN: On that, I was the Under Treasurer prior to being ...

Mr MILLS: I recall that.

Ms RYAN: What I have tried to do since coming to DCM is recognise that agencies have capacity to do the job they need to do. What had happened previously—and this was not just the former government, it had happened in the past—is DCM tended to say, ‘Let me do everything’ and ended up not doing very much at all. So, it is best to have responsibilities for particular functions in the agency that is best suited, and I believe Treasury is the one.

Mr MILLS: With the use of language, I got the impression that they are, by observation, best placed. I wanted to make sure and have an assurance that it will be done, that the Department of Chief Minister has a very active interest in this and that there is buy-in from the central agencies. That is what I wanted to hear ...

Ms RYAN: Absolutely, yes.

Mr MILLS: That is the case? Okay, we will keep watching your ...

Ms RYAN: Which is why, when it came out in the Auditor-General’s report, there was a discussion.

Mr MILLS: Okay. So, we will be watching for ongoing commentary from the Auditor-General to match those two up to see if we have improvement in central auditing capacity.

Employment. My understanding from PSEMA is that, generally, everyone who is in an agency has a designated position, as a job title. Is that the case in DCM or do you have supernumeraries?

Ms RYAN: We will have supernumeraries.

Mr MILLS: How many are there?

Ms RYAN: I do not think I have it with me. Oh, here you go. At June 2017, we had three.

Mr MILLS: Three. Can you explain how that works?

Ms RYAN: I am not sure exactly who the three are. A recent example is the alcohol review that came out. One of the recommendations was that DCM would pick up responsibility for implementation of all those recommendations.

Mr GUNNER: Coordination of implementation.

Ms RYAN: Coordination of implementation. Yes, you are right. So ...

Mr GUNNER: (inaudible) responsible for doing it.

Ms RYAN: No, we are not implementing all the ...

Mr GUNNER: We will coordinate doing it, yes.

Ms RYAN: In order to do that, we have employed four staff. At the moment for only six months because we are not sure how long this coordination arrangement will be required. Those people would be supernumerary. They are not positions we would permanently have or we expected to have. We found out about them quite quickly. We had to react very quickly. I presume there might be a couple of those people placed against vacant positions, but I presume at least two of those would be supernumerary.

Mr MILLS: I have finished my questions for you for now, thank you. Chief Minister, how many people on the fifth floor are there who work in community engagement?

Mr GUNNER: I did not bring my numbers for the fifth floor for the end of 2016–17. I can take that on notice, as at 30 June 2016–17 how many were in the community engagement unit.

Mr MILLS: What would someone doing community engagement work from the fifth floor be doing?

Madam CHAIR: Member for Blain, could I take your first question as a question on notice?

Mr MILLS: Correct.

Question on Notice No 1.2

Madam CHAIR: I will ask you again to restate the question for *Hansard*.

Mr MILLS: How many people on the fifth floor in the Department of the Chief Minister have a job title, Community Engagement Officer?

Madam CHAIR: Chief Minister, are you happy to accept that question?

Mrs LAMBLEY: Do you mean political staff as well as ...

Mr GUNNER: You mean the Office of the Chief Minister.

Mr MILLS: Yes, that is what I mean.

Madam CHAIR: The question asked by the Member for Blain of the Chief Minister has been allocated the number 1.2.

Mr MILLS: What would a Community Engagement Officer be doing?

Mr GUNNER: Literally what it sounds like: engage with the community. One thing I have been very sensitive to this term, particularly after last term, is making sure we are constantly talking with people and getting their feedback. We want to make sure we are available and accessible. That could be making community visits or phone calls, but that kind of work. It is essentially about engaging. It is as simple as it sounds.

Mr MILLS: Right.

Mr GUNNER: With things like Community Cabinet, we have made a decision—I do not think the CLP did this last term. We will, as a Cabinet, go to parts of the Territory outside Darwin, meet and do a range of community activities around that. The community engagement unit will be supporting and part of that. It is engaging with the community, which I think is quite important.

Mr MILLS: I have received your contact list on my fifth floor and it appears there are nine of them. Would that be right?

Mr GUNNER: I do not have the list in front of me. It sounds reasonable.

Mr MILLS: And a manager and director as well? There seem to be a lot.

Mr GUNNER: It is something we take very seriously.

Mr MILLS: Making phone calls and engaging people from the fifth floor?

Mr GUNNER: Yes. I think that is core business.

Mr MILLS: Right. Looking after the interests of?

Mr GUNNER: Territorians.

Mrs LAMBLEY: And the Labor Party.

Mr MILLS: The Territory Labor government.

Mr GUNNER: No, I think this is an important distinction to make and it is something we have been very sensitive to.

Mr MILLS: Yeah, I bet you are.

Mr GUNNER: The handling of conversations and community engagement is about what government does, feedback for government and government responsiveness. It cannot be and is not political. We have been very careful to make sure we are not doing anything that would be party political in nature. We give that guarantee.

Mr MILLS: It looks like there are nine, 10, probably 12 of them on the fifth floor providing conversations, phone calls and follow-up, and organising community events. What is their role of support for the non-cabinet members, the assistant ministers?

Mr GUNNER: That depends what is happening in someone's electorate, whether there is an event or not. For example, Community Cabinet would happen in someone's electorate and we would be organising it. That is not necessarily about supporting the local member; that is about supporting the Cabinet activity in that remote community.

Mr MILLS: Right. You said earlier that this resource, which I assume does not come cheap, is there to serve the interests of the Northern Territory. How is it that members who are not members of the Labor government can avail themselves of this service?

Mr GUNNER: If you support government policy you are being availed of the service. For example, we made a significant number of calls to senior Territorians, asking their opinion around the Pensioner and Carer Concession scheme to make sure we have that right.

Mr MILLS: Is that the team of nine who made the phone calls?

Mr GUNNER: Yes. They would have made phone calls saying, 'How are you going, Mr Mills. Do you have any feedback you would like to provide us?'

Mr MILLS: Right. That is how the decision was made?

Mr GUNNER: That was important to the decision. It is consultation.

Mr MILLS: Okay. That is a very interesting point you just raised. How is that managed, how did you work out the questions to ask and how was that coordinated?

Mr GUNNER: I think the questions are pretty straightforward.

Mr MILLS: What were the questions?

Mr GUNNER: I do not have the list in front of me but it would be, 'We would like your opinion' ...

Mr MILLS: 'How would you vote?'

Mr GUNNER: Absolutely not.

Mr MILLS: So that report in *The Australian* was incorrect?

Mr GUNNER: What was the report in *The Australian*?

Mr MILLS: It gave reference to it being political polling. In order for Cabinet to make its decision, seniors were directly contacted to ask their view on what they would like and how would they respond, accordingly. As a result of that feedback, which appears to be a political approach, it was determined that this was the most politically safe cause ...

Mr GUNNER: I can guarantee that the phone calls made never at one stage asked how you vote, your party affiliation or political motivation or anything.

Mr MILLS: I do not think you would be that clumsy, but it gave the clear impression this was gaging what kind of blowback there would be to government, what sort of political risk may be incurred. That resource is being used for that purpose, is that right?

Mr GUNNER: No, that document is not associated with how those phone calls were made, so that link is not there. We made contact with senior Territorians to ask them their opinions.

Mr MILLS: From those 12 people on the fifth floor?

Mr GUNNER: Yes.

Mr MILLS: How many phone calls were made?

Ms UIBO: Madam Chair, can I just point out that we are actually scrutinising the annual reports for 2016–17. I have some questions, and I do not mean to cut off the Member for Blain, but I do have questions pertaining to the report that I would like to ask.

Mr MILLS: These are related to the report. This is how resources are allocated and identified in the ...

Ms UIBO: The questions you are asking are about the survey, which was conducted after 30 June.

Mrs LAMBLEY: Do you know that?

Mr GUNNER: I believe most of the phone calls were made after 30 June.

Mr MILLS: It was the Chief Minister that indicated that ...

Madam CHAIR: Member for Blain, if you have relevant questions you may ask the Minister for Territory Families, as the minister responsible for (inaudible).

Mr MILLS: No, no.

Madam CHAIR: In regard to the details of the phone calls.

Mrs LAMBLEY: You are being cut off.

Mr MILLS: No, I am talking about the Office of the Chief Minister.

Ms NELSON: You are basing that on an article you read in *The Australian* and you have misquoted it.

Mrs LAMBLEY: You do not have to defend the Chief Minister.

Ms NELSON: I am not defending the Chief Minister. I am actually trying to be a little bit accurate here.

Madam CHAIR: I am calling you all to order, as Chair of the Estimates Committee. We are reviewing the annual reports for 2016–17. I am mindful of time, so Member for Blain, would you like to continue?

Mr MILLS: I did not even realise those 12 people would be involved in such an exercise. It was the Chief Minister who revealed that. It would be my obligation then to investigate further on behalf of Territorians.

Mr GUNNER: Madam Chair, if I may be of assistance to the Member for Blain. I believe the number has been used before. I think the Minister for Territory Families has quoted them, but I am happy to take it on notice and get you an answer. I believe it has already been publicly stated.

Madam CHAIR: We will put that question on notice.

Mr MILLS: How many phone calls were made?

Mrs LAMBLEY: And to whom?

Question on Notice No 1.3

Madam CHAIR: Member for Blain, could you restate your question for the record.

Mr MILLS: How many phone calls to senior Territorians were made to assist government in making its decision regarding the Pensioner and Carer Concession Scheme?

Madam CHAIR: Chief Minister, are you happy to take the question on notice?

Mr GUNNER: Absolutely.

Madam CHAIR: The question asked by the Member for Blain of the Chief Minister is allocated the number 1.3.

Mr MILLS: What sort of support do the assistant ministers receive?

Mr GUNNER: They are not paid positions. Depending on their portfolio, they work with the minister's office. For example, Paul Kirby is the assistant minister for a vibrant CBD and would be in consultation with my office, working with the existing Chief Officer. There is not direct support allocated to them.

Mr MILLS: The list I have seen shows that there is a manager and an adviser providing support to the assistant ministers.

Mr GUNNER: That is not a direct—depending on what the assistant minister's portfolio is, that is how they get their assistance. We also have their general advisory support, but for most assistant ministers it is much more about working with the minister's office.

Mr MILLS: I am sure it is, but I was surprised to find that there is a manager and an adviser for the assistant ministers. That is correct?

Mr GUNNER: General assistance, yes.

Mr MILLS: What sort of assistance do they receive?

Mr GUNNER: That might be question better placed to an assistant minister. It is not something I partake in. My understanding is that it is general advice and assistance, but my involvement with the assistant ministers has always been at the ministerial level. I have a number who work under me. As far as I am aware, most of the assistance they receive is against portfolio areas and with ministers, depending on the assistant minister's title.

Mr MILLS: I could go a lot further on this, but you can probably guess why we, as Independents, have a particular interest in this. We are here at estimates doing the best we can with no managers or advisers. I think—and this is just commentary—the rationale for not providing support to the Independents was that it could well be used for political purposes.

Mr GUNNER: There is support for the Independents which flows through the Department of the Legislative Assembly.

Support for assistant ministers is against the work requirements they have taken on voluntarily, because they are not remunerated for being an assistant minister. It is work they have agreed to take on, which I am grateful for. They are providing assistance to those duties. There is support for the Independents that is done through the Department of Legislative Assembly.

Mr MILLS: I am aware of that, but you have a manager, an advisor, nine community engagement officers, a director and a manager—there are three of those—and an events officer as well. They are all supporting the team that are Labor members. Are you telling me that none of that is for political purpose at all?

Mr GUNNER: No. We are very careful at making sure nothing is done for a party political purpose. Obviously you can interpret everything that government does, politically, whether that is anything we do, but obviously it is about the government agenda and I try to do better for all Territorians. That is what the government is dedicated to.

You might interpret anything I do as political, but essentially we are just here to work for government. If you want to cross and join the government, Terry, we would be happy to support and assist you as government, but there is obviously government, opposition and Independents.

Mrs LAMBLEY: Not when you are an Independent.

Mr MILLS: Only if I become a Labor member.

Mr GUNNER: You have support as an Independent. You were asking about government support. I am saying government support is there for government members. There is support for opposition and for Independent members.

Mrs LAMBLEY: I can assure you I do not get any support, Chief Minister. None. We will not labour the point.

Mr MILLS: It is a sensitive point. If that is the case then, a press release that was issued this morning—this is to you, Madam Chair. Did you write that press release?

Madam CHAIR: Yes, I did. That is why put my name on it.

Mr MILLS: It appears to be unusual.

Mr GUNNER: Can I just ask? I am the witness. I am sure the committee can talk amongst itself at a later date.

Mr MILLS: The question is, that release was from a committee, which is to serve the interests of the parliament, and is noticeably political, as it is a direct attack on the CLP who is not in attendance today.

Mr GUNNER: I have not read the release, so I cannot comment on it.

Mr MILLS: The media advisor may know something about it. It was on the list.

Madam CHAIR: Would you like to place the question on notice, Member for Blain?

Mr MILLS: No, you have already answered it. You said you wrote it.

Mr GUNNER: The committee can take care of committee business.

Mr MILLS: I just think it is improper for a parliamentary committee to be making a political position. I just assumed that came from some media advisor on the fifth floor for a political purpose.

Mr GUNNER: I cannot provide any advice.

Mrs LAMBLEY: Gino Luglietti is the media advisor.

Mr MILLS: He was here just a while ago.

Mrs LAMBLEY: Is he connected with the committee, Gino Luglietti?

Mr GUNNER: He provides support through the assistant minister's unit in the community engagement area.

Mrs LAMBLEY: Therefore, the Chair of this committee has used your political media advisor to issue a media statement?

Mr GUNNER: Not my political media advisor.

Mrs LAMBLEY: Well who does he belong to?

Mr GUNNER: He is not a political media advisor; he is a person who is an advisor ...

Mrs LAMBLEY: Employed by the Labor government.

Mr GUNNER: Northern Territory Government. He is a contact point. That is what media advisors are; they are contact points. Obviously the Chair is sitting here in committee, not taking phone calls. It is just a practical thing.

Mrs LAMBLEY: I do not believe the committee has a media advisor. That is the first I have heard of it.

Mr MILLS: That is right. So we can use that media advisor?

Mrs LAMBLEY: Well, they are working towards the Chair, so ...

Mr MILLS: I have his number in my list that has been leaked.

Mrs LAMBLEY: It is a parliamentary committee; it has nothing to do with the government. You should not ...

Mr GUNNER: The Chair is required to do media or whatever. The media person ...

Mrs LAMBLEY: Which goes through the Legislative Assembly, not through a media advisor.

Mr GUNNER: As you know quite practically, Member for Araluen, this is a practical thing, 365 days a year the media are interested in talking to people. There is usually a contact point. I know as Chief I am usually not in a position where I can take phone calls. Right now, the Chair is in committee, not able to take phone calls ...

Mrs LAMBLEY: I do not think you are speaking the truth, Chief Minister.

Mr GUNNER: It is just a practical thing. And you know that, Member for Araluen, you have been in government, if not ...

Mrs LAMBLEY: No I do not know that. Do not coerce me in your story. It sounds like nonsense to me.

Ms NELSON: Chief Minister, I have a quick question about this. When you were in opposition, did you get advice from the then Chief Minister's office, or the Department of Chief Minister's office?

Mr GUNNER: No.

Ms NELSON: Did you get media assistance?

Mr GUNNER: No.

Ms NELSON: Did you get any research assistance?

Mr GUNNER: Not from the Chief Minister's office, no.

Ms NELSON: Okay. What is the point of those questions, Members for Blain and Araluen?

Mr MILLS: The point is—sorry, you obviously think that the Chief Minister, who was the opposition leader was an Independent member. He had resources from the Chief Minister to run the opposition office. We are talking about the Independents who have ...

Mrs LAMBLEY: The opposition gets resources.

Mr MILLS: Yes, that is the point.

Madam CHAIR: Member for Araluen, do we have any further questions for the Chief Minister in regard to the annual report for 2016–17?

Mr MILLS: I certainly do. We have on page nine an interesting chart. I think part of this has been touched on. It is reference to machinery of government changes, and there is an explanation of the sorts of decisions that were taken that reduced the amount spent from \$88.2m to \$67.7m. Then we have a list of a number of elements that occurred that account for that change—a significant drop from \$88.2m to \$67.7m, but it has gone back up to \$83m.

Mr GUNNER: There were variations.

Mr MILLS: There is the explanation about how it went from \$88.2m to \$67.7m, which is in the 2016–17 published budget. The estimate goes up to \$73m but the actual is \$83m.

Mr GUNNER: I explained that in my opening statement.

Mr MILLS: I was out, but if it is on the record ...

Mr GUNNER: I can re-read it, Member for Blain. In 2016–17 the estimated budget for the department was \$73.3m, with an actual outcome of \$83.2m. The difference is largely due to the recognition of the \$7.1m provision for a doubtful debt. This is a noncash transaction. It did not affect the department's appropriation. The balance is the result of \$900°000 of Aboriginal Land Strategic Policy unit, \$300°000 for the Alice Springs youth patrol pilot program, \$200°000 for Larrakia Nation Return to Country program, and \$700°000 for the Office of the Chief Minister and Leader of the Opposition.

Madam°CHAIR: Any further questions for the Chief Minister?

Mr MILLS: No, I am a bit too scared now because I get attacked from the other side there.

Mr GUNNER: For the record, I was very welcome of your questions, Member for Blain.

Mr MILLS: Thank you! Unlike your henchmen.

Ms UIBO: Chief Minister, my question is in relation to the annual report. On page 34 DCM outlines the target of 16% for Aboriginal employment or representation within the department, which is currently sitting at 15.2%. The target for 24% is the goal for 2020 by the department, and I am interested in how that percentage is being calculated considering that Northern Territory's population of Aboriginal and Torres Strait Islander people is roughly 30%, a third, of the Territory's population. I am interested in why 24% by 2020 is the target?

Ms°RYAN: That might be a good question for the Commissioner for Public Employment. They calculate everyone's targets. I do know the target for the whole of the NTPS is 16%, and when OCEP calculate individual agencies' target they take into account the capacity of that agency to employ Aboriginal Territorians. Our target is higher than the 16% because we do have Office of Aboriginal Affairs, we have regional network and we have quite a large proportion of Aboriginal people employed across the agency.

Somewhere again, Treasury as I know, it is more difficult to recruit Aboriginal people into Treasury, for some reason—it is more difficult to recruit everyone into Treasury—so their target is lower. It is dependent on each agency.

Mr GUNNER: OCEP probably appreciate more questions in that direction. It is something they do take on quite seriously and they have also been given the job around the 500 target that we have, which is about getting locals in remote communities into jobs in those communities, which is by and large Aboriginal. A majority of the constituencies in those areas are Aboriginal. But too often the local jobs are not taken by a local whether it is a teacher, a cop or a health worker. I know that is a source of frustration for me when I go remote, when you can see there are jobs there but they are not filled by locals. That is a task that OCEP has taken on.

Ms UIBO: Further to that, on page 36 in regard to development and leadership, I am interested in what avenues do Aboriginal and Torres Strait Islander employees in DCM have for ongoing leadership, particularly with the 15.2% of current Aboriginal employees in DCM, how many hold executive positions or senior positions within the department?

Ms°RYAN: Your question was, what training they access?

Ms UIBO: No. What leadership development opportunities are available? There are a couple listed in here but they seem to be once-off opportunities as opposed to ongoing leadership pathways.

Ms RYAN: We have a range of opportunities. ANZSOG, which is listed in here, is recognised around Australia as a provider of training for government in particular. We had our Executive Director Officer of Aboriginal Affairs, Mischa Cartwright—she has participated in this in the last couple of weeks. That is a year on program; they have three intensive weeks through that period.

We also have something we call policy boot camp in the Department of the Chief Minister, which provides a range of leadership training across the agency—some policy and leadership training and people are welcome to attend that. We do not specifically say this one is for an Aboriginal employee and this one is for a non-Aboriginal employee; we have programs that are offered to everyone.

Mr COWAN: Just to add to that, and it might be a question for the Commissioner for Public Employment—they run a central Indigenous leadership program across the public service. That is a very successful program that has been running for a number of years now which all Indigenous staff across the public service have

an opportunity to access. I think that would be well placed with the commissioner to further ask some more detail.

Ms UIBO: This one is in relation to appendix two on page 109 and 110. It is just in regard to the figures I found quite interesting going backwards. Starting from 110, from July 2016 to August 2016 the previous Chief Minister, the Honourable Adam Giles—the expenditure for that month was \$1.9m. I am interested in why.

That seems quite high in regard to, if you go to page 109, September 2016–17 30 June, the current Chief Minister, Chief Minister Gunner, the total expenditure is \$6.3m. That averages out to be roughly \$630 000 per month, whereas you look at the previous Chief Minister and it is \$1.9m expenditure used in a month for ministerial expenditure. I am wondering why that is quite high in comparison to the 10 months of the current Chief Minister.

Mr GUNNER: It is a very good question, Member for Arnhem, one that the former Chief Minister is probably best placed to answer, why the extraordinary difference in expenditure for what is a very brief period of time compared to the remainder of the year. My current CEO obviously was not the CEO at that stage, so we cannot give a material answer as to the difference, but obviously it was a lot of money spent just prior to an election.

Ms UIBO: Yes, that was the point I was going to make. Thank you, Chief Minister.

Madam Chair, the last question I have to the Chief Minister in regard to the DCM annual report—I am interested, particularly with my electorate of Arnhem and having Jabiru included. You have mentioned the regional network and having John Bray on the ground in Jabiru. I am wondering what sort of support is being done in terms of looking at the future of Jabiru through your department?

Mr GUNNER: We have done considerable work. Andy has direct control over this within the Department of the Chief Minister. It has several people and organisations involved. The Northern Territory Government is back at the table taking what I believe is a lead role.

The former CLP essentially wrote to the Land Council and the Australian Government and said, ‘too hard, nothing to do with us; sort it out yourselves’, which I thought was a regrettable action by a Northern Territory Government regarding a town in the Northern Territory.

We wrote back to let everyone know we are back at the table and one of the very first things we did was go to Jabiru and reengage with the community. I know you were there, Member for Arnhem, as a strong voice saying let us be back at the table.

We have to be part of conversation around the future of Jabiru and send a very strong message to the people living there that this NT Government believes they have a future, that we are part of working with them, supporting them and making sure it is a big, bold and bright future.

I think there are great things coming for Jabiru. The decision around the mines should not be seen as a dark cloud, but as an opportunity to reassess how Jabiru works. It was initially a service town for the mine and I think it can be a service town for the region, which the local traditional owners are supporting as well—government and traditional owners.

We are talking to the Australian Government and Parks Australia about what they are doing with the national park because that is clearly a natural alternative for jobs in the area to the mine. We are working with them and Northern Land Council has a role.

We have to make sure we diversify the local economy and provide opportunities. Being a service centre for the region provides that as well. At the moment we are constrained with what government can do from Jabiru. If we can expand that it will reinvigorate tourism at Kakadu. Uluru is a fantastic example of the opportunities that await Jabiru. It has only been in the last five or six years that we have seen a massive reinvestment into the Uluru product and a massive spike in visitors.

If Kakadu gets the same treatment, I think we can see a similar spike. It is a proven tourism product; people love Kakadu, but—would it be unfair for me to say—it has been let down by the Australian Government. We have been directly lobbying Australian Government ministers to see an investment in Kakadu National Park that would parallel investment from the Northern Territory Government into Jabiru. We are talking to the mine company about liability, assets and how they are handled. We want a variation to the current agreement in

place at the mine that takes things back to, essentially, as if nothing occurred in the first place. We do not want to see that.

In some instances we want to make sure we keep housing stock, keep the airport and maybe look at a different layout for the tarmac. That is being discussed because of the constraints on the tarmac and what it can physically take landing there, with its geographic positioning.

There are things we want to discuss, but it has to be done under the umbrella of the NT Government saying, 'You matter; you have a future; we are at the table.' If you do not accept that up front then negotiations are very hard.

The attitude of the Australian Government has changed for the positive, knowing the NT Government is at the table and talking about the future of Jabiru. I will get Andy to talk a bit about the nuts and bolts of the conversations, because he is meeting regularly with Parks Australia, the mine and others around Jabiru.

Mr COWAN: The Chief Minister is correct; significant work has been done across a number of stakeholders, the key of which is the traditional owners, the Mirarr. The work the Gundjeihmi have done has provided strong leadership in the future of Jabiru. They have provided a master plan of their vision for the town, and that is consistent with both the Commonwealth and the NT Governments regarding the future of a service centre, and a future for tourism in the town.

We have a high-level working group that has the traditional owners, the NLC, both levels of government, the local government, the West Arnhem shire and ERA, and we are working through a structured process focusing on a number of areas we need to look at for the future of Jabiru. We have full work streams we are focusing on regarding infrastructure, economic development, housing and social services, and the leasing arrangement for the future of the town.

That structure, with the guidance of the master plan the traditional owners and Gundjeihmi have provided, is providing a very clear roadmap going forward in Jabiru.

As the Chief Minister mentioned, there is a fantastic opportunity post-mining. We have been doing a lot of work with the Nhulunbuy region on the learnings from a post-mining economy, with the curtailment of the refinery in Nhulunbuy. We are using some of those learnings to look at whether they are applicable in Jabiru.

In economic development and the future of tourism development, there are a lot of learnings we can take to support repositioning the town for servicing the region and supporting Kakadu in the future. It is very positive.

Madam CHAIR: Are there any further questions for report number four, Department of the Chief Minister?

Mr MILLS: One last one. In the published budget for (inaudible) published at \$17m, nearly \$18m. The final estimate was \$18.8m, nearly \$19m, but the actual is \$19.4m. What is the story behind that?

Mr GUNNER: Obviously, that figure includes the month-and-a-half the CLP government—was it the Member for Katherine who asked me? Sorry, Member for Arnhem. I keep giving credit to the wrong person. The Member for Arnhem asked me that question about the last month-and-a-half. They saw the significant change to the expenditure. It would be much easier for the former Chief Minister to answer that question than the current Chief Minister.

Mr MILLS: Okay, fair enough.

Mrs LAMBLEY: On page 109, the list of ministerial expenditure, do these totals include the salaries of the ministers or just the staff of ...

Mr GUNNER: I think the Department of Legislative Assembly covers office bearer costs.

Mrs LAMBLEY: Okay, thank you very much.

Madam CHAIR: No further questions? That concludes consideration of report number four for the Department of Chief Minister. On behalf of the committee, I thank departmental officers for attending today.

I note that while the Administrative Arrangements Order puts responsibility for the Department of the Legislative Assembly with the Chief Minister, by convention the Speaker administers the department. As

such, questions relating to the Department of the Legislative Assembly's annual report will be answered by Madam Speaker on Thursday.

Madam CHAIR: The committee will now move on to consider the Northern Territory Police, Fire and Emergency Services.

Mr GUNNER: Madam Chair, a brief break, thank you.

Madam CHAIR: Sure, we will break for five minutes.

The committee suspended.

NT POLICE, FIRE AND EMERGENCY SERVICES Report No 6 – NT Police, Fire and Emergency Services 2017 Report

Madam CHAIR: I welcome you, Chief Minister, as Minister for Police, Fire and Emergency Services. Could you please introduce the officials accompanying you this morning?

Mr GUNNER: Madam Chair, I have the Commissioner for Police and CEO of NT Police, Fire and Emergency Services, Reece Kershaw; and Michael Willis, Executive Director, Operational Support Directorate for NT Police, Fire and Emergency Services.

I have a few opening remarks about the successes of the 2016–17 financial year. NTPFES hosted the inaugural Indigenous Family Violence Policing Conference during 2017, raising \$80 000. The majority was donated to the No More campaign and Alice Springs Women's Shelter. The remainder was held as a seed fund for the next conference in 2018.

There was a new domestic and personal violence command established. They partnered with a not-for-profit organisation to provide additional support services to the partners and families of our front line, which is very important. Many people involved in the NTPFES are first responders or deal with traumatic or difficult situations, so providing support for them is very critical.

In December 2016, the NTPFES introduced a two deputy commissioner structure. Grant Nicholls joined our ranks as Deputy Commissioner of Police Capability and Specialist Services, and Kate Vanderlaan became Deputy Commissioner of Police Operations, the first woman to achieve this rank in the NTPFES agency's history.

NTPFES Squad 131 saw us reach our fifty-fifty gender recruitment target at 50%. This is the highest percentage of women of any previous squad. I congratulate NTPFES on that; it has taken a lot to get there and it is a fantastic achievement.

They launched the Copy with a Cop initiative, which was very much about making sure police were approachable. Sometimes, for some, the uniform can be scary. It is about breaking down those barriers and making sure people realise they can have a conversation with a police officer.

They partnered with TIO to hold crime prevention and safety expos in Darwin and Alice Springs. I attended both. I thought they were both very good.

In November 2016, the NTFRS launched its 75th anniversary celebrations—75 years of our fire service in the Territory. It was the only capital city fire brigade to serve under fire during those bombing of Darwin years. It is something to commemorate and celebrate in the same breath. Obviously, it was 75 fantastic years for the NT Fire and Rescue Service in the Northern Territory.

I am happy to take questions. As I mentioned before, unlike the June estimates, I am happy to take questions on the whole annual report, up front, if that helps.

Madam CHAIR: Thank you very much, Chief Minister. Who would like to start with questions regarding NT Police, Fire and Emergency Services?

Mrs LAMBLEY: I will kick off. Of particular interest to me is the recruitment of new police officers. Coming from Alice Springs, that is of great concern in our town at the moment. There are many figures currently being

tossed around. This discussion today is not about now, but looking at your annual report for 2016–17, in that year 58 constables were recruited across the Territory. How many would have left the service during that period?

Mr GUNNER: I am happy for the Commissioner to take that.

Mr KERSHAW: In the 2016–17 period—I would have to get you an exact figure, but our attrition normally holds at about 4% to 4.5% of our total policing numbers. On average, rule of thumb, we normally budget for about five to six officers per month leaving the police force.

Mrs LAMBLEY: Can I get an exact figure from you? Can I put that on notice?

Mr KERSHAW: We will probably be able to answer it in a minute.

Mrs LAMBLEY: How many constables would have left the police force during the 2016–17 period?

Mr GUNNER: I am happy to take that on notice.

Mrs LAMBLEY: So that equals 60 if you say five a month? So that is approximately 60 are leaving?

Mr GUNNER: The historical attrition rate is about 60 a year.

Question on Notice No 1.4

Madam CHAIR: Member for Araluen, can you repeat your question for the record?

Mrs LAMBLEY: How many constables left the police force during 2016–17?

Madam CHAIR: Chief Minister, are you happy to accept the question?

Mr GUNNER: Yes.

Madam CHAIR: The question asked by the Member for Araluen of the Chief Minister is number 1.4.

Mr GUNNER: That number of 120 police officers was a promise by the CLP in 2012. We accepted that this term as a target. The historical attrition rate is 60. I think it is hovering a bit below that at the moment. We will get you the exact number. If we do three recruit squads a year of 90, that is 30 a year times four gets you to 120 over the term. Based on historical attrition data, with the four-year recruitment plan, we can make sure we are accruing enough police.

The big thing I have been discussing with the Commissioner and the association is making sure we never drop our standards. Everyone is comfortable that this is a sustainable recruitment model and gets us to the 120 with that historical attrition rate.

Answer to Question on Notice No 1.4

Mr WILLIS: We have a figure—for the 2016–17 period, constable and above was 56 separations, which is 4.57%, as the Commissioner said. I do not have that broken down to constable specific, but we can get that figure.

Mrs LAMBLEY: During that year there was a net increase of two additional police officers for 2016–17, if you take the 58 newly recruited constables and take away the 56 who left for various reasons.

Mr GUNNER: Yes. the commissioner is happy to answer that further.

Mr KERSHAW: If I can explain—it is a little journey, but it might give some clarification as to why that occurs. Prior to 30 June 2016, we had the MPG, the Metropolitan Patrol Group, which is an immigration, detention and policing Commonwealth initiative of more than 100 police, funded by the Commonwealth. It is important that you then have context as to how this recruiting occurs when it is only plus two.

As at 30 June 2016, we were advised at short notice that the Commonwealth was ceasing its funding and drawing down over a period of time, three to six months, which is our draw down. You could imagine that then we have no funding for some of those positions. What we had to do is move those police officers to vacant positions that we would normally recruit to with new recruits. We then had to slow down our recruiting because we had to be fiscally responsible and make sure we operate within our budget. It also goes towards—personally I am not a fan of lapsing funding because this is what happens when we get caught at short notice.

We then had the announcement of the 120, which the Chief Minister announced, and then we had to gear back up. We have now geared the college back up. The funding is flowing for those numbers, so you will see over the next 12 months a significant amount of recruiting occurring. I think, right at this point in time, we have about 72 police recruits in the college, which is one of our biggest numbers in a long time. That is how we have had to actually recruit to make sure that we are able to hit that 120—is that it takes us a while to do the advertising, recruiting, get the college geared up to be able to do this and then we have to have the funding to actually be allowed to do that.

Mrs LAMBLEY: I did not follow your story about the—what were you saying before about that group that were out of a job basically, or the federal police—what happened?

Mr KERSHAW: No, the Metropolitan Patrol Group, they were our police officers based in Darwin, it was nearly 100 police, were funded by the Commonwealth.

Mrs LAMBLEY: Did they lose their job, is that what you are saying?

Mr KERSHAW: No, we lost the funding.

Mrs LAMBLEY: Okay, right.

Mr GUNNER: What we did was provide police four years of certainty around funding for that recruitment plan. Probably the most important aspect is police know that for four years exactly what funds they will have for their training college, so they never have to go through a period of winding it down or anything like that. They just know, guaranteed, like clockwork, the money is there for them to be able to do the training so they have the absolute certainty around the training college.

The CLP made that decision to absorb existing police officers that were funded by the Commonwealth into vacant positions—winding down the college, I said, how can we actually provide you certainty over four years so you know exactly what you are doing and you can recruit to it, and that is what we have now gone in to.

That gave the police the ability to do things. For example, the accelerated recruit squad in Alice Springs in February, because they know exactly what budget they are working to they can start making decisions ahead of time about what the needs might be. Recognising Alice Springs' situation specifically we wanted to make sure Alice Springs and Southern Command have greater chances of continuity from a police officer taking it up. That has improved if someone who is putting their hand up to serve knows they will be trained and based in Alice Springs right from the start.

Mrs LAMBLEY: Why is there a deficit of 20 to 30 police officers in Alice Springs today?

Mr KERSHAW: Our estimate is roughly 28. Part of that is, it is a number of factors. One of those is that we are finding it challenging, and this is not a new problem for Alice Springs and remote. I was only reading a report from 11 years ago about retention and recruiting in remote areas in the Northern Territory for the Northern Territory Police Force, and it is no different today.

That is one issue, to actually attract people to Alice Springs and families from interstate and so on. The second point is, as I have just explained, part of our challenge has been to maintain our posture, our establishment, within budget. Now that we actually have some clarity and a four-year plan, which is the first time we have had that, we are able to plan for those particular vacancies.

On top of that, what is not taken in to account is what we call inoperative and they may be people on a worker's compensation and the like. Sometimes they are moved to HR. So it looks as though there is probably 28, for example, in Alice Springs at the moment, but we also have some people we cannot actually deploy.

We have to fund those positions from our current budget. What are we doing about it is probably the real issue. We have seven recruits being sent down as of this Friday afternoon. Once they graduate—and we

hope that they hit the roster, I think they have already hit the rosters for next Monday and beyond. We have an Aboriginal Community Police Officer course at the moment; there are nine of those. They have not been decided where some of those officers will go. They graduate later this year, and I cannot give you the exact figure because we tried to negotiate with some people around this.

Then, of course, we have up to 30 next year starting in Alice Springs, first time in our history, who will be trained in Alice Springs and deployed in Alice Springs. On top of that I am advised that we have what we call re-appointees, which is something that we have been quite proactive on and they are former police officers who fall within a certain time period of having left the Northern Territory Police and now they would like to come back. We vet those officers; they go through a much shorter course. So some of those will actually be deployed to Alice within the next few months.

Mrs LAMBLEY: The two main reasons why there are 28 vacant positions in Alice Springs, for example, is difficulty attracting people and funding. Is that correct? Is that what I heard you just say?

Mr KERSHAW: Previously yes, that has been our challenge. That is why what we have done has not been done in the history of our tri-service that I am aware of. We have created the—it is a financial audit task force, which is made up of us and Treasury and is run by an independent board. I have brought in Christine Nixon, the former Victorian Police Commissioner, and Greg Mullins, who is a 14-year Commissioner of the New South Wales Fire & Rescue Service, as independent co-chairs of that committee, working with Treasury and our executive as to how we look at our cost drivers, what pressures we are facing, how we meet demand, how we deliver a better service, be more innovative and so on.

Given the fact that what is happening to us in the emergency management space is the broadening of the definition of what we deliver, our services. For example, we are doing a lot of work around patient transport, first response to medical emergencies—that is actually climbing for us. That is something on our demand that we are trying to work out. How to help our partnered agencies better? But, also, we might have to start saying we have to reprioritise some of those incidents we have been going to.

Mr GUNNER: Another example, Commissioner and Member for Araluen, if you want to talk to is the MVR work that police do remotely. We have been auditing that and it has always been taken for granted that remotely police would pick up some of this work, but we never actually calculated how many police hours it takes and it is quite consuming.

Mr KERSHAW: To give you context, and I am sure you are aware of some of the challenges (inaudible) of distance, we have one police station we were not aware of that spends up to 150 hours' worth of work per month collecting public monies and travelling 1300 or 1400 kilometres to drop that money off. It is not the most efficient process but there is no one to do that at this stage.

I am working with the Department of Infrastructure, Planning and Logistics around how we can actually work better together and look at things like Australia Post taking on some of these roles and responsibilities. We are at that point where we have been doing this for 30 years, so there is a lot of activity police have been doing that is not really within our core business anymore. We are being the good corporate citizen and helping everyone out on this.

Mrs LAMBLEY: Has this all come about in the last 12 to 18 months or is it something that has been building over the last 10 years? Why is it a problem now, whereas I have never heard of it being a great problem four or five years ago?

Mr GUNNER: I can take that first and pass to the Commissioner. Some of this is about looking about the demand falling on police time and trying to work out where police are spending their attentions and are they against the priorities we expect police to serve? I have had questions to the Commissioner about, here is a certain level of expectation from the community, where is the pressure falling?

Then do the calculations and realise over time as people become more familiar with the fact that police can do these MVR services remotely, more people are likely to pick it up as well. You see how it can grow over time. This is essentially about us saying there is an expectation of service from the community on police. Are we always responding to what people see as police response and are we acting on it?

Police have identified within that first responders stuff things we do consider could fall within the Police bailiwick but have not traditionally been there. the commissioner mentioned some of those things we have noticed an increase in, therefore how do we respond to that and make sure we are working towards it?

Mrs LAMBLEY: But what sort of time frame are we talking about? Is it over the last 12 months; is it within the time frame of the annual report we are presiding over today or has it started increasing years before? I just need a perspective of time.

Mr KERSHAW: I think if we roll it back, my view is the intervention. If we go back to 2007 in the graphs, it is quite revealing as to the demand and workload, that when you pour more police into those particular communities, guess what happened to the crime rates? The graph is quite steep.

Mrs LAMBLEY: But why are we only hearing about it now, Commissioner? That is my curiosity.

Mr GUNNER: About these other activities?

Mrs LAMBLEY: Why is there a deficit of staff now and why are we only hearing about these reasons for deficit being accumulated demand on police now?

Mr GUNNER: I think there are a couple of issues emerging together if that makes sense. In some ways they can be considered individually but there is also a bigger picture. For me as Police minister, sitting down with the Commissioner is about understanding the demands that are falling on police. In the 2015–16 financial year and 2016–17 financial year you can see this growing demand on police that is stretching their budget and trying to understand what is happening and why it is falling on police.

Look at the numbers; plus-two is the figure you used for last financial year for police, but there are concerns in Alice Springs, in the remote Territory and amongst COGSO about police numbers and their role.

Late in the last CLP government's term it changed how police work in schools. There were these concerns coming up, and essentially police numbers have remained steady, but they are about to increase through the extra 120. I want an understanding of where police are, what demands are falling on their shoulders and why people have these concerns if police numbers have held steady over the last financial year and are about to increase.

Mrs LAMBLEY: But they have not held steady if we are lacking 28 officers in Alice Springs. I do not call that steady.

Mr GUNNER: That is my point. The overall numbers held steady, yet there were concerns specifically from Alice Springs, remote and schools. Where is police demand falling, and how do we address it? Having that recruit squad in Alice Springs, so people know they will be serving based in Alice Springs—we are taking steps to measure and respond to some of these concerns.

In the remote context, I want to understand the expectation from the community of service level and how we can meet it through police, and what police were doing. MVR is one of those classic things police picked up on the way through over a number of years. That has grown in regard to demands on police, but it has probably not—if you talk to a lot of remote Territorians they would rather have a quicker response to an issue that occurs in their community than the police officer spending a day to two days per week handling rego forms. It is about understanding what police are doing and how we can address police concerns.

Some of these things have come to light because we are asking the right questions and trying to make sure police are focused on their core tasks.

Mr KERSHAW: I think what has happened over time is that police forces across Australia—we are not alone. We talk to other police commissioners about this and they have revealed similar stories. We have access to more data now, more analytical tools, advanced computer dispatch systems we are upgrading, giving us a real understanding of what is occurring. On top of that we have an increase in things like domestic violence. The more people who become aware and confident in the system, the more we are getting reports. That has gone up significantly.

Our top three have always been domestic violence, drunk persons and disturbance in general. I have been in the public talking about this, the domestic violence bit has grown quite a lot over the last five year.

Mr GUNNER: We usually see these things as positive. The intervention is not necessarily a complaint. People becoming familiar with police and having the confidence to report to police is a good thing. But how do we respond to the increase in demand and give people the service they expect?

Mrs LAMBLEY: I have a question about the Territory Response Group, which is mentioned several times in here, so the door is open. When was the last time the Territory Response Group was used to clean up the streets, so to speak?

Mr KERSHAW: This is the thing that is interesting about this story and how it has taken a life of its own. I notice that today in Alice Springs, the *Centralian Advocate* is correcting some of the facts around this.

We have deployed TRG every summer to Alice Springs. Throughout various times in the last five years we have sent them down to assist with a range of duties. In Darwin they undertake city safe duties. They wear a normal blue uniform with a Glock, and you would not know they were from the Territory Response Group.

Our TRG officers are unique in this country, and my view is that they are the most match fit specialist group in Australia. That is because they do everything. They do not only do counterterrorism activities; they do the bomb squad duties, search and rescue, and general duties. Whatever tasks we give them they are able to do, and they have extra capability. We are often deploying them for all sorts of issues around outstanding arrest warrants, or it might be to support the cross-border team when they do traffic stops and so on. They are not always wearing their camouflage tactical gear. They could be wearing a blue shirt and you would not know.

Mr GUNNER: We do not leave highly trained officers in the shed, if that makes sense. We make sure we are using them.

Mrs LAMBLEY: You have created some interest because you issued your media release last Friday saying you were despatching them to Darwin and Alice Springs to clean up the streets, essentially restore some law and order. They are my words; they might not be yours. What is the difference? What special things will they be doing in Alice Springs, for example?

Mr KERSHAW: The thing both operational commanders have talked about is criminal activity at night. One of the things we are measured on is the perception of whether people feel safe at night or not. Both from an operational point of view and also that we are part of the community—we are here to serve and protect the community—our intelligence and information has revealed that a number of different activities are occurring during the night-time period. They bring a capability that our general duties officers do not have, which is a night-time surveillance capability. It is highly likely you will not even see them in Alice Springs.

Mrs LAMBLEY: So, they will not be wearing their camos?

Mr KERSHAW: No.

Mr GUNNER: The way I described it yesterday, Member for Araluen, is to be careful of not giving away police operational abilities, but to explain to the community what role they will be serving. The TRG has the ability to see beyond the spotlight. You can imagine how general duties normally patrols. They have headlights or spotlights on their cars. The TRG can see beyond that. I hope I have not given away too much.

Mr KERSHAW: No, that is fine.

Mr GUNNER: As you know, during the summer period of warmer weather people are more comfortable staying up late and engaging in activities later. Obviously, for a normal general duties officer and the equipment they have, the van, they see where the light is. TRG has the ability to operate beyond the spotlight.

Mrs LAMBLEY: I have one last question. One thing that has totally confused me since you have come to government, Chief Minister, is your decision to separate your involvement in police on an operational versus non-operational basis. Could you explain that Territorians? You said you would not be involved in operational issues, operational discussions, operational anything, but you will be involved with non-operational. Where is the boundary, the line, there?

Mr GUNNER: For me, I am fairly comfortable knowing where the line is. I do not tell the Police Commissioner where and how police should patrol. I feel there is a fairly comfortable difference between operational and non-operational. I treat the Commissioner as, essentially, an independent officer in that sense. They have the intelligence they get, the data they analyse and I want Territorians to have confidence police are making policing decisions and I am not making those decisions for them.

That is how most people expect the Minister for Police and the Police Commissioner to operate. I have always thought it important to confirm that police have access to information that comes in, not daily but almost

hourly, and they are constantly making decisions about where and how their resources should be distributed. I never want those decision to be seen as political decisions but based on what police term as best for the community according to the intelligence they receive.

I have quietly sat through some of the intelligence briefings given at change of shift—one roster clocks off and another roster clocks on—and heard how they are briefed in relation to their services. It is, essentially, quite detailed with more information than a Police minister would ever receive. Most of the information would not necessarily come all the way up to Police Commissioner level either.

That is handled at that local command level where police are saying, 'Here is a hot spot. Here is something that has flared up. Here is a trend that is forming. Make sure we deal with that'. That is very important operational decisions that should be made by police locally and not by a polmie behind a desk in Darwin who does not have access to all the information. It would be impossible for me to have access to all that information. I am not speaking for you, Commissioner, but you would not even get all those daily briefings information flowing up to your desk.

Mr KERSHAW: Yes.

Madam CHAIR: Are there any further questions? Commissioner, do you want to add to that?

Mr GUNNER Do you want the Commissioner to talk more on that, Member for Araluen?

Mrs LAMBLEY: No, that is fine, thank you.

Madam CHAIR: Member for Nhulunbuy, do you have any questions?

Mr GUYULA: Yes. I read in this report phrases like 'working with communities in partnership', 'cooperation' and 'empowering the community'. What do you mean by 'empowering the community'? For example, is this about giving authority back to Yolngu leaders to implement Yolngu law? By this, I am not talking about the confused concept of payback.

This concept does not give any depth to the system of justice that exists in my culture. I mean that our leaders are not able to implement the governance of our community. If they are empowered to so, we could teach discipline and assist people to fix damage that has been done instead of being locked up. We can organise to have people work through it, repair the damage they have done.

I do not want to see people taken away by Balanda law. I want them given to us so we can rehabilitate them through Yolngu law. Senior elders, men and women know their systems of justice. They know the ceremonies and the way to rehabilitate our people. Is this what you mean by empowerment?

Mr GUNNER: I will pass to the Commissioner in a second, Member for Nhulunbuy. There is a degree to which we can answer within police diversion and make sure the voices of victims are heard. I will talk to the Commissioner in a second but that can include Aussie local Yolngu voices. There is actually a bigger body of work that is happening within the Department of Justice and their policy unit, who can also take on that question about how we are empowering local traditional owners or elders.

We think there is a very important role for diversion and the Commissioner can speak to that and things police are doing locally to make sure locals have a greater say in the justice system. I think there is important work we can do very early for intervention that prevents people going on to becoming more involved in the justice system than ending up potentially behind bars, away from country and community and I will have the Police Commissioner talk further.

Mr KERSHAW: A couple of things there. In relation to our community engagement and empowerment is—a number of communities we have community safety action plans with. The community is part of identifying some of the issues and what the resolutions are, or how to solve some of the problems within the community.

The communities are actually empowered to ask or inform the police of how we can work together better and resolve some of these issues. As you know, it can often be family issues and what is the best strategy for resolving some of those particular issues. In relation to youth diversion we are keen to work with communities and various groups, which is what we are doing now, as to what the best outcome is for those individuals.

If the community feel they can have a greater role in that we would welcome that, especially with youth diversion where we have increased our youth diversion. The findings in the Royal Commission have

encouraged us to go even further in relation to youth diversion, and it is something we will work with the communities about.

Empowerment is also about ownership of the issues because sometimes they are so complex that we need the help and assistance of the community to understand what is really occurring and what is causing some of these concerns and troubles.

Through the Arnhem Land region we are looking at having more Aboriginal police officers out here. We have Aboriginal liaison officers now through a new program that is going incredibly well for us.

I think we had one of our first ALOs, and we are really proud of this, from Gapuwiyak and he has gone into being an Aboriginal community police office, which is a huge success story for us. That is also about building that bridge and making sure we are connected to those Aboriginal communities.

In relation to Yolngu law, that is a matter for the Arnhem people and we are required under our act to uphold the law, whatever that is at the time. I hope that helps.

Mr GUNNER: I think the Attorney-General will be able to talk more to what you are asking there, the work they are doing and their policy.

Mr GUYULA: It is just a simple question about Yolngu law. We should be given power to work on our crime system or with people in our communities, with police working alongside Yolngu law as well. Thank you.

The second question—like I said you may have answered my question before but I will just read them through to check these ones as well.

Just to clarify, I am not talking about more Yolngu working as police officers and being trained as police officers. We want support to train and resource our own Yolngu to be officers of Yolngu Ngarra law. Is this what you mean by partnership with local communities?

Mr GUNNER: There are probably a couple of things there. We have training and funding available for ranger groups to pick up the ability to police their own country, whether it is land or sea, and to make sure people are respectful when behaving on their country. There is that, which I do not think specifically answers your question but goes to empowering locals to enforce law on their land.

We are not training Yolngu officers to enforce Yolngu law. I think we have to find a way to work together.

Mr KERSHAW: We are happy to go shoulder to shoulder and have a deeper understanding of what some of the cultural nuances are. One of the things we have identified in Arnhem Land, and it is through our own Aboriginal police officers, that we need to have a specific induction into those various stations, so to speak. We have hired Tania Nasa. She has been doing some work with us around our own Indigenous officers about how we could better understand some of the cultural nuances between those clans, nations and so on.

That is something we are really keen on, having a deeper understanding for our police officers, having that continual cultural awareness and also understanding the respect between the two laws.

Mr GUYULA: I do not really want to see Yolngu police being trained under your Balanda police but rather get a support where Balanda law and Yolngu law can work together towards any problems.

Mr GUNNER: Police obviously enforce the law. The ability for us to provide greater say in that law for local traditional owners is more handled by the Department of Justice. They are talking through making justice matters, therefore justice agreements, and different ways of handling that to allow greater involvement or empowerment for locals within the law. Then police would work to that.

The policy question goes more to the Department of Justice, and the implementation question would then go to police. If that helps, DOJ can answer that more regarding how we can localise things, which is something we do want to take on and work through how we can do that in a way that is practical and effective and does not create confusion or two sets of laws.

That is very important, that there is no confusion about how the law works.

Madam CHAIR: Any further questions?

Mr GUYULA: Last one. This report states that the NTPF will provide youth diversion and youth management for kids at risk of engaging in crime. Yolngu communities are capable of providing these services themselves. We already do this but lack of resources to engage the current number of youth who need to be re-engaged in Yolngu culture and law through ceremonies, teaching discipline and hunting on country. We do not want to see our children being taken away by Balanda law. We want the authority to manage youth that are at risk.

How are these digression and management programs being implemented? How do they involve their leaders and the community?

Mr GUNNER: In some respects the majority of that question is best directed to Territory Families, who have a grant program and an EOI process and other things to try to give everyone an opportunity to provide diversion options on country that are effective. We are very interested in taking up more diversion options that are on country. Minister Wakefield is actively pursuing this at the moment and it is certainly recommended to the Royal Commission too. We do not think we have enough options there.

Minister Wakefield is taking lead on that and we are also talking to the Australian Government about what—we have not had any commitment from the Australian Government towards responding to the Royal Commission recommendations. There are things that come out of the Royal Commission that would be things that they would naturally fund or would be interested in funding, and we are trying to talk to them about what those might be.

A lot of this goes to diversion opportunities on country in community, so we are very happy to talk further about what that can be, but Minister Wakefield is taking lead on youth justice.

Mr GUYULA: That is all, thank you.

Madam CHAIR: Thank you. Any further questions for NT Police, Fire and Emergency Services' report? That concludes consideration of report number 6.

Mr GUNNER: I thank the commissioner and all the staff who have assisted the commissioner for the estimates today. Thank you.

Report No 7 – NT Police: Child Protection (Offender Reporting and Registration) 2017

Madam CHAIR: The committee will now consider report number seven: NT Police: Child Protection (Offender Reporting and Registration). Are there any questions from the committee? No questions from the committee?

That concludes consideration of report number 7.

I note that while report number eight, NT Police: Misuse of Drugs 2017 Report and report number nine, Surveillance Devices 2017 Report are made to the Attorney-General, questions regarding these reports will be answered now.

Report No 8 – NT Police: Misuse of Drugs 2017

Madam CHAIR: The committee will now consider report number eight, NT Police: Misuse of Drugs 2017. Are there any questions from the committee? No. That concludes consideration of report number eight.

Report No 9 – NT Police: Surveillance Devices

Madam CHAIR: The committee will now consider report number nine, NT Police: Surveillance Devices, does the committee have any questions? No questions.

That concludes consideration of report number nine and all reports for the Minister for Police, Fire and Emergency Services. On behalf of the committee, I would like to thank the officers who provided assistance to the Chief Minister today. The committee will now move on to consider the Department of Trade, Business and Innovation. Thank you for your time.

DEPARTMENT OF TRADE, BUSINESS AND INNOVATION

Madam CHAIR: I again welcome you, Chief Minister, this time as Minister for Trade, Business and Innovation, and invite you to introduce the officials accompanying you.

Mr GUNNER: Thank you, Madam Chair. I have Michael Tennant, CEO of Department of Trade, Business and Innovation; Sibylle Brautigam, the Deputy Chief Executive Officer of the Department of Trade, Business and Innovation; Luke Bowen, General Manager Northern Australian Development Office. He is in charge of major projects and strategic infrastructure. And Lisa Strohfeldt, the CFO, who now has her own ...

Madam CHAIR: Thank you, very much. Chief Minister, do you wish to make a brief opening statement regarding the Department of Trade, Business and Innovation?

Mr GUNNER: I apologise to the Department of Trade, Business and Innovation; I will not read the opening statement in the interest of time. I am happy to go straight to questions, but there is obviously an excellent opening statement there with lots of positive things they have done through the 2016–17 financial year and I thank them for it.

Madam CHAIR: Thank you very much.

Report No 10 – Department of Trade, Business and Innovation 2017 Report

Madam CHAIR: The committee will now consider report number 10, Department of Trade, Business and Innovation. Are there any questions?

Mrs LAMBLEY: Thank you for coming along here today. I have never read an annual report of Trade, Business and Innovation. It is probably the first of its kind, really with the combination of the different departments put together.

I did note that of the \$177m budget you give away \$122m in grants. That is a huge chunk of your budget that you give away. How many recipients are there?

Mr GUNNER: It is a very generous department supporting many Territory businesses.

Mrs LAMBLEY: I was staggered. I had absolutely no idea you give away this amount of money.

Mr GUNNER: In terms of how many people are recipients?

Mrs LAMBLEY: How many people receive funding from your department? For example, in this annual report how many businesses, individuals?

Ms^oSTROHFELDT: The annual report has a listing of grant recipients for any programs where the amount is \$10^o000 or above. Like with the Home Improvement Scheme there are multiple people.

Mr PAECH: Following on from the Member for Araluen, how do you then measure the return on investment for the money that is going out to the money that has been generated within the Northern Territory?

Mr GUNNER: I will ask the CEO to answer that. Obviously it depends on the different grant program.

Mr^oTENNANT: The Chief is spot on; the evaluation depends on the actually individual grant program and what the purpose is. Out of all the grant programs that we have a large proportion of those are actually for funding that is provided to registered training organisations to deliver vocational education and training within the Territory, so it makes up a significant bulk of that funding. The measures for those programs, for example, then are around numbers of apprenticeships, traineeships and completion of training hours around those aspects.

Home Improvement Scheme and the Immediate Works Grant Scheme have also been significant grant programs for us during the last financial year. Again, those were designed by government as economic stimulus programs. The measures there relate to the number of grants that are taken up and the leverage of funding that the recipients have actually put in to match the government funding to provide stimulus activities. So, it varies per grant program.

For our business growth programs, they provide grants to individual businesses and not-for-profit organisations to engage independent experts and consultants to assist them with their specific business needs. That could be around growth, restructuring, business planning or market specification. And, again, the measures there depend on what each business or not-for-profit organisation is wanting that grant for.

Mr PAECH: This may be more reliant in another area, but if a major event comes to the Northern Territory is that your department that would do the economic calculations or is that Treasury?

Mr TENNANT: When you are say major events are you talking as in a quarter final? No, not our department.

Mr GUNNER: The Department of Tourism and Culture would assess that.

Mrs LAMBLEY: Around 70% of your budget goes towards disseminating these grants, or giving out these grants. Obviously there is a lot of work around making sure that they get to the right people and they are acquitted correctly. Reading through the lists of recipients, I just know at a local level a lot of businesses, over the years have received funding through the Department of Business but also Tourism. It was the tourism infrastructure fund, and you just have this feeling that they get given this money and there is no real accountability that you see, or that someone like me sees from outside of the department. What is the accountability when you receive a bucket of money from the government?

Some of these people, organisations or businesses have received huge amounts of money. Obviously for training and different purposes, but a lot of money is getting dished out. What is the accountability?

Mr TENNANT: There is grants management in place for each of the grants that are received. So I will talk in terms of the training because a large proportion of our total budget goes out to registered training organisations. They have to meet certain performance targets and if those targets are not met then there is repayment of funds or negotiation around that. Each grant is strictly contract managed to ensure performance and accountability in relation to the taxpayer investment into our training system.

In relation to grants that were provided to individual businesses to engage an independent expert or consultant to undertake the work, for each of those grants, again, there is strong grants management to acquit on that grant that the investment has been spent. For many of our grants processes the money is paid in arrears. It is only on completion of the work and evidence of that work having been completed that the grant funds are then paid to the organisation. It is an accountability measure that we have in place to ensure that funds are being spent appropriately.

We also have audit programs in place for our various grant programs. For example, for the Home Improvement Scheme we have undertaken independent audits on the management and administration of that grants program. We have had spot audits in place to undertake spot audits of homeowner applicants and the businesses involved in the individual grants to ensure accountability of those programs, something we take seriously across all of our grants program because of the significant levels of public investment.

Mr PEACH: Following on from the Member for Araluen, do you do a process where you measure what the price of installation was before a stimulus package comes into effect to measure if there is any opportunity for inflation?

Mr TENNANT: Through the Home Improvement Scheme, we were monitoring a range of prices to understand whether or not the scheme was contributing to any inflation in prices. Generally across the board, we were not seeing that. We are encouraging homeowners to shop around and get multiple quotes. That was a way of ensuring they were not getting inflated prices and quotes on that basis. That was an ongoing active encouragement. If the team that was considering applications were seeing prices that were higher than they were seeing for other grant recipients—encouraging that homeowner to shop around and seek some more quotes.

Mr PAECH: Okay. Great.

Mr GUYULA: I have a few questions for you. Can you give me an update on the \$1m that was budgeted to support remote Aboriginal economic development? Have you received many applications? Are grants still available for businesses next year?

Mr GUNNER: A point of clarification—obviously, that grant fund was for the 2017–18 financial year, so it was part of the last budget. It is not in this annual report. I will check with the CEO. He may not have the answer on him, but we will take it on notice if not. The CEO might be able to talk about what has happened. That was obviously not part of the annual report. That was a new government's decision to (inaudible).

Mr TENNANT: Thank you for the question. The programs were advertised in the grant rounds. Grant applications are closed in the round at 31 October 2017. They are currently going through an assessment process. I do not have the exact number of applications with me today. I am happy to take that on notice.

Through the assessment process we will also then be making recommendations for decision over the next coming weeks and months about the successful candidates from that grant round.

That funding round was significantly oversubscribed with interest. I am receiving briefings this week in relation to the proposed and recommended applications.

Question on Notice No 1.5

Madam CHAIR: Member for Nhulunbuy, could I get you to restate your question so we could take that on notice please.

Mr GUYULA: Can you give me an update on the \$1m that was budgeted to support remote Aboriginal economic development? Have you received many applications? Are grants still available for businesses next year?

Madam CHAIR: Chief Minister, you are happy to accept that question on notice?

Mr GUNNER: Happy to get those.

Madam CHAIR: The question asked of the Member for Nhulunbuy has been allocated number 1.5.

Madam CHAIR: Any further questions, Member for Nhulunbuy?

Mr GUYULA: Yes. The Indigenous workforce initiatives supported 477 Aboriginal Territorians to achieve jobs. Where were these jobs based? How many were in remote community centres and outlying homelands?

Mr GUNNER: We will take that on notice.

Question on Notice No 1.6

Madam CHAIR: Member for Nhulunbuy, can you repeat your question, please?

Mr GUYULA: Indigenous workforce initiatives supported 477 Aboriginal Territorians to achieve jobs, where were these jobs based? How many were in remote community centres and outlying homelands?

Madam CHAIR: Chief Minister, are you happy to accept the question on notice?

Mr GUNNER: Yes.

Madam CHAIR: The question asked by the Member for Nhulunbuy of the Chief Minister has been allocated the number 1.6.

Madam CHAIR: Are there any further questions?

Mr GUYULA: In relation to the business unit and its future priorities, exactly how many jobs do you anticipate may be created in the area of aerospace development, and how many of these jobs will be for local people?

Mr GUNNER: I believe Luke has put his hand up to take that question.

Mr BOWEN: The Equatorial Launch project, which is in your electorate—just today there was an announcement in Canberra, at Mount Stromlo, in relation to the finalisation of a sublease agreement. The headlease for the land there, which the Gumatj have negotiated with Equatorial Launch, has been agreed by the Northern Land Council and approved by the federal minister.

The estimates and the sublease to Equatorial Launch, which enables them to go about securing finance for the launch facilities—that project is projected to employ about 35 people in the construction phase. In the ongoing operational phase it is about 32 people. The objective is to maximise the local involvement in that project for obvious reasons. This is about transitioning a mining-focused service town for the region in order to maximise local input. It also feeds in well with the overall work that is going on in the Defence area, not

only in space but in Air Force, Navy and Army activities, increasing American Defence presence and other allies.

It feeds in well with some of the skills and requirements for servicing what is an increasingly sophisticated Defence sector, and it complements some of those initiatives. It is about growing the space industry. The projections are based on current knowledge of what the demands of the equatorial launch facility would look like. They are making a very steady step-by-step approach to scaling their operations, basing initially on some primary arrangements with NASA, which hopefully will be operational by the end of 2019, with some low orbit satellites and rockets that go up and come back down.

Madam CHAIR: Are there any further questions?

Mr GUYULA: Yes. The department has given a grant of \$50 000 to Equatorial Launch Australia. Was this given to ELA before it was given a lease? What was the purpose of the grant?

Mr BOWEN: The grant was to kick-start the project. An enormous amount of work was involved in the consultation process, which required working with Northern Land Council and traditional owners in the region to gain support for the project and get an agreement to the headlease that has now been approved by the Northern Land Council—the full council—and the federal minister.

There is a lot of preparatory work, and that is not just in relation to the consultation process; there is technical work involved. The processes for gaining approval beyond traditional owners' approval are extensive. In some cases this is new territory for the Northern Territory. We have not had a space industry before. There is also federal legislation that needs to catch up with some of the new areas in this new frontier.

There is a lot of work that had to go into the approval processes and environmental approval processes as well.

The Northern Territory Government saw it as a very strategic investment to assist with that process of engagement and going through the approval process.

Mr GUYULA: The department has given a grant for \$75 000 to developing East Arnhem limited under the category of Defence industry. What was the purpose of this grant and what area in East Arnhem Land did it relate to?

Mr BOWEN: If I understand that question, it is also connected to the equatorial launch, the activities to get the approval process in place. There was a Heads of Agreement signed between the Gumatj and East Arnhem Limited, which is a body that has been established to help with the economic development of the region and all the town. This has been part of the facilitation of this exciting new project in Nhulunbuy.

Mr GUYULA: When the government gives grant money for projects on Aboriginal country, do they get permission of the leaders for the country?

Mr GUNNER: I think that is slightly complicated; it depends on the project that is occurring. In this instance, Equatorial Launch Australia with the Gumatj are the ones handling those conversations. We were merely providing support. There are other mechanisms around that.

Do you want to talk further to that, Michael?

Mr TENNANT: I thank the member for the question. It is certainly something we ask when we receive interest from people seeking grants about whether—and they are looking at doing something on Aboriginal land or land subject to native title. We ask questions in relation to, are and have they engaged with local traditional owners and local communities? Are they consulting with those communities? Do they have the agreement or consent of those communities?

Equatorial Launch Australia, I am advised, before they received any funding was in conversations with and working through Gumatj in relation to their proposed project. It was something we had looked for from ELA, the company. They were engaging locally and working with local people around what they were proposing to do on traditional owners' land.

Madam CHAIR: Thank you for that response. I interject because I am mindful that we have two minutes remaining and I know the Member for Blain has a question, so I will go to him as a committee member.

Mr MILLS: It is probably not as exciting as rockets but it is to do with an ongoing noting of the Auditor-General's concerns about internal audit and internal audit capacity. As CEO, Mr Tennant, you have responsibility for the implementation of internal audit procedures. Could you outline for us in about a minute how your internal audit functions operate within the agency, the level of resources directed to this purpose, do you employ qualified internal auditors and what is the program from this point forward?

Mr TENNANT: Member for Blain, thank you for the question. I refer the member to pages 13 through 16 within our annual report. That outlines both our governance arrangements and structure as well as the audits and membership of our audit and risk management committee, which is independently chaired by Iain Summers. The work that was undertaken during both 2016–17 and also forecast work for the 2017–18 financial year as well.

The short version, independently chaired audit and risk management committee provides oversight of both our entire internal audit function plus any of the findings that come from the Auditor-General's external audits. That committee reports through to me through the independent chair. For every finding and recommendation a response is developed and then the implementation of those responses is closely monitored.

We use our register and risk management approach to identify areas and priorities for the forward audit program, and that is tied off on those we have identified or I have looked at and decided they are a risk or something I want to have looked at, and that (inaudible) our forward internal audit program.

There are certain audits we do on a recurring basis because of the levels of public expenditure in those areas, for example, the Home Improvement Scheme, the Immediate Work Grants scheme; we designed specific tailored audit programs for those functions. Our internal audits are undertaken to Australian national audit standards by appropriate, qualified staff. That is where they are done in-house. Where it is an internal audit we will often engage in external auditor as part of our internal audit program to undertake the audit program as well.

Madam CHAIR: Thank you very much.

I understand we have one point of clarification required.

Ms UIBO: Yes, just very quickly. On page 68 in regard to the business advisory council, I am trying to distinguish or clarify if there is a typo. 'The non-statutory body established by the minister in July 2013 and finished in May 2017,' but at the bottom of that small paragraph the BAC was disbanded in May 2016. I just want clarification on which year it was disbanded, because I understand it has been replaced by the small business roundtable.

Mr KERSHAW: My apologies; that is a mistake. It was formally disbanded in May 2017.

Madam CHAIR: Thank you very much. That concludes consideration of report number 10. We will now break for lunch and reconvene at 12.30.

Mr GUNNER: I thank all the members of the committee for their questions and the work they did to prepare for today. It is greatly appreciated. I also thank the Department of Trade, Business and Innovation for all the work they have done during the 2016–17 financial year and beyond. I hope everyone has a good Christmas and New Year.

The committee suspended

TREASURER'S PORTFOLIOS

TREASURY AND FINANCE

Madam CHAIR: Treasurer, I welcome you and invite you to introduce the officials accompanying you today.

Ms MANISON: Thank you, Madam Chair. I would just like to make an opening statement in relation to my responsibility as Treasurer. I have with me the Under Treasurer, Mr Craig Graham; Deputy Under Treasurer, Ms Catherine Weber; and Assistant Under Treasurer, Mr Tim McManus; other senior Treasury and Finance staff are available at the table. We also have Mick Butler, our Assistant Under Treasurer for Revenue; and Sarah Rummery, Assistant Under Treasurer for Economic Treasury and Finance.

As Treasurer, I will answer questions in relation to the following, published 2016–17 annual reports:

- the Department of Treasury and Finance
- the Motor Accident (Compensation) Commission
- Northern Territory Government and Public Authorities Superannuation Scheme
- Northern Territory Treasury Corporation
- Utilities Commission of the Northern Territory.

I am also happy to address financial and economic issues from the whole-of-government perspective related to the 2016–17 Treasurer's Annual Financial Report and the recently tabled 2017–18 mid-year report. Questions on individual agency budgetary matters, including specific infrastructure projects, should be raised with the ministers responsible for those portfolios.

As you are aware, the government-owned corporations are appearing later today and questions relating to the Power and Water Corporation, Territory Generation and Jacana Energy annual reports should be discussed at that time.

In relation to the whole-of-government and end of year outcome, the 2016–17 Treasurer's Annual Financial Report presents an improved final outcome from the projected in the original 2016–17 budget and remains largely in line with the updated estimate published in the 2017–18 budget.

The fiscal balance deficit of \$548m from the non-financial public sector is a \$245m improvement from the projected May 2016 budget and a \$4m improvement from the final estimate included in the May 2017 budget.

The key factors contributing to the improved fiscal deficit outcomes since the original budget are lower than anticipated capital spending reflected on revised timing of the delivery of projects of the \$433m, partially offset by a lower GST revenue of \$105m and new policy decisions of government, combined with additional demands for government services.

Although the 2016–17 fiscal outcome is largely in line with the most recent projections contained in the May 2017 budget, the fiscal deficit and continuing deficits projected over the budget cycle to 2020–21 present a significant challenge in meeting some of those objectives.

The 2017–18 mid-year report was tabled last week and shows that the government is continuing to support Territorians through these challenging economic times in a fiscally responsible way. The non-financial public sector fiscal balance for 2017–18 is projected to improve by \$245m, with the deficits continuing to decline over the forward estimates.

Key factors influencing the changes in the estimated fiscal outcomes of the 2017–18 mid-year report since the 2017–18 budget include:

- additional taxation and mining royalty collections
- revised timing of Commonwealth and Territory funded programs
- carry-over expenses from the 2016–17 year
- increased depreciation expense from remote housing and Power and Water assets recognised in the TAFR
- government's new recurrent commitments, mainly related to the Pensioner and Carer Concession Scheme reforms
- the flow-on effects of improved 2016–17 final outcomes.

The key estimated outcomes for the fiscal outlook presented in the mid-year report are:

- a general government operating deficit of \$387m in 2017–18 and operating deficits projected to peak by 2019–20
- a non-financial public sector fiscal balance deficit of \$1.067bn in 2017–18 and reducing deficits projected over the forward estimates period
- our net debt of \$3.3bn in 2017–18 increasing to \$5.3bn in 2020–21
- a net debt revenue ratio of 50% in 2017–18.

All in all, the mid-year report shows that the government is expected to deliver a smaller deficit in 2017–18 and lower debt levels than originally projected in the May 2017 budget.

Focussing on the Territory economy, our headline economic growth in 2016–17 was stronger than estimated in the 2017 budget, strengthening to 4%. This strong growth was driven by higher than estimated private business investment expenditure, largely associated with the Ichthys LNG project. Recent results for 2016–17 across the other key economic indicators including employment growth, inflation, wages and population growth were generally in line with the 2017 budget estimates.

Key economic indicator forecasts over the forward estimates have been revised as part of the 2017–18 mid-year report, with economic growth forecasts to moderate to 1.1% in 2017–18 and 0.5% in 2018–19, largely driven by a decrease from the record levels of private investment associated with this LNG project.

To put it into context, over the five years from 2012–13 it is estimated there was an average \$4bn per annum of additional investment from the Ichthys LNG program, equivalent to almost 20% of the total GSP. In comparison, this level of investment in one year alone is equivalent to five of the major mining projects currently in the pipeline and more than double the total investment for Project Sea Dragon.

The scale of the Ichthys investment is unprecedented in the Territory's history and has had a substantial impact on the Territory's economic indicators.

Employment growth is also likely to reflect the transition of the Ichthys LNG project from construction to the less labour intensive operational phase, with employment estimated to decline from 2.5% in 2017–18 to 0.4% in 2018–19.

Estimates of population growth also continue to be driven by the timing of the LNG project, with population growth forecast to be flat over 2017 with a decline of 0.7% in 2018 as the construction workforce departs the Territory.

Toward the end of the outlook a moderate return to the long-term trend conditions is expected across most of the key economic indicators.

Infrastructure spending for 2016 was originally budgeted at \$1.68bn in the 2016–17 budget. This was revised down to \$1.47bn as part of the 2017–18 budget, with a final outcome of the 2016–17 year of \$1.403bn. The variation is largely due to the revised timing of expenditure for capital works projects across government, primarily Commonwealth programs related to roads and remote housing which will be progressed over the 2017–18 and 2018–19 years.

The capital works cash allocation for 2017–18 has been significantly increased since 2016–17 to support fast-tracked infrastructure projects and to maintain economic activity as private sector investment declines.

As part of the 2017–18 budget an additional \$350m stimulus package will be invested over 2017–18 and 2018–19 to fast-track the delivery of infrastructure projects, increase repairs and maintenance on Territory assets, and commence planning and design works as part of the \$120m city deals project. Government is committed to getting the cash out the door and into the economy to support local businesses.

In conclusion, the Territory government is supporting the economy through these challenging economic times by investing heavily in job-creating infrastructure and supporting private sector investment. Government remains committed to setting a pathway to return the budget back to balance through limiting recurrent expenditure growth while balancing the needs of Territory businesses, key industry and the economy.

I am happy to answer any questions from the committee relating to the 2016–17 annual reports and the reports I outlined at the start of this.

Madam CHAIR: Does the committee have any questions relating to the Treasurer's statement?

Mrs LAMBLEY: My question is about the Infrastructure Development Fund, which I understand is in the Central Holding Authority, is that right?

Ms MANISON: The \$200m is in there and the funds will be transferred out of there once investment for projects is approved from the NTIDF.

Mrs LAMBLEY: I want you to track for me what has happened since it was created, which was in about 2015. I would like to know, when you came to government, what you did. You reduced it from \$300m to \$200m. You put \$100m into infrastructure, I think. I would like to know what that money was spent on, what we have left in the kitty, and what your intentions are.

Ms MANISON: Upon coming to government, we had said in opposition that we would support the creation of the NT Infrastructure Development Fund. To go back in time, from the sale of the Territory Insurance Office, \$200m was set aside from the previous government to establish something very new to the Northern Territory.

It was \$200m that was established for the Infrastructure Development Fund. This was a new fund in the Northern Territory. The idea behind it was that with this \$200m that it would aim to ultimately leverage about another \$800m worth of private sector investment in the Northern Territory—a very new initiative, something that has not happened before and a new idea from the previous government about those TIO funds, which I think all Territorians would agree that they would want to see good value for money with that investment.

The previous government had allocated originally \$200m. I believe it was in their final budget that they discussed putting in another \$100m into that fund. They had brought it up to that point to say that they would allocate \$300m in to that project with the aim to leverage more funds.

Work was well progressed and advanced when we came to government in August 2016 in the establishment of the fund, and we did progress in following through with the establishment of that because it was something that we had committed to. Frankly, I thought it was unique opportunity to try something different in the Northern Territory to see if this type of fund would be successful in leveraging more private sector investment. That was certainly something that I thought and as a Cabinet we thought was worthwhile pursuing to see what it could achieve.

The fund has been very busy since it has been established. Looking at a range of projects and talking to a range of potential investors about what they could possibly get up in the Northern Territory. We decided to stick with that \$200m figure given, as you know, finances are very tight in the Northern Territory. Given that this was a very new fund I felt that \$200m was a sufficient amount to start something and to see how this goes and that it was not necessary for the additional \$100m at that time.

It is very well publicised. You have asked me questions about this before about the timing of the fund. Upon establishment we also thought that given that this is very new—as we know, every cent counts in the Northern Territory—that we would give it an opportunity to get started and see how this goes after two years, and if it is unable to secure any investments after that two years then we would look at closing that fund.

This is something new. By all means we certainly would like this to succeed, but I thought it was important to know that this money was not locked away for 10 whole years if it was found that this just simply was not working for the Northern Territory or was not getting the results that we needed to see.

Mrs LAMBLEY: Are you saying that the extra \$100m did not hit that account, effectively?

Ms MANISON: No. It was established with the \$200m.

Mrs LAMBLEY: The advice I actually got from two Treasury staff members when I was briefed on this contradicts that. I was told, and I may have got it wrong, that originally there was \$300m in there and I was told that \$100m—and I took notes directly from that briefing—was redirected by the ALP government to other infrastructure funding.

Ms MANISON: It would have gone in to other infrastructure funding through the government, but certainly the Northern Territory Infrastructure Development Fund was established with the \$200m.

Mrs LAMBLEY: It has never had \$300m in it?

Ms MANISON: Never.

Mrs LAMBLEY: So, I was given incorrect information?

Ms MANISON: I was not in that briefing.

Mrs LAMBLEY: Not in anywhere in any document will you see \$300m.

Mr GRAHAM: Apparently \$100m was held in the fund when it was initially established but then taken back and put back into government funds.

Mrs LAMBLEY: It did get up to \$300m at some point? Okay.

Ms MANISON: This government's intention was always the \$200m, Member for Araluen. We made it clear that°...

Mrs LAMBLEY: I am not really interested in the intention. I am interested in the facts. If the fact was that there was \$300m in there and your government took \$100m out that is the fact.

Ms MANISON: We always said it would be a \$200m fund.

Mrs LAMBLEY: I do not remember that but whatever. In the considerations of the fund, where is it documented what they think about and what they are considering in where to invest?

Ms MANISON: The fund has been set up so it is independent. I will let the Under Treasurer explain the makeup of that and how it operates. Effectively, we have a board which runs the fund, which is in line with how the previous government looked to establish it.

We also have an investment management company that is working in the Northern Territory. It has two full-time staff who are working with the different businesses and companies that liaise with them about their proposals, but they also seek people to discuss potential investment opportunities.

I will let the Under Treasurer talk about the ins and outs of how the fund works.

Mrs LAMBLEY: Can I ask you to keep in mind that people are listening and they will not know anything about this. I know very little and it is of great interest to Territorians that they understand what this fund is, who the people are and how it functions.

Ms MANISON: That is no problem. I will get a list of the people on the board for you as well.

Mrs LAMBLEY: Do they have to produce an annual report too?

Ms MANISON: Yes, they do.

Mrs LAMBLEY: Did we receive a copy of that?

Ms MANISON: The annual report is available on their website. We will be more than happy to get a copy of that tabled for you here today.

Mrs LAMBLEY: Is that a report we should be presiding over in these hearings?

Ms MANISON: I would be more than happy to take questions on that report.

Mrs LAMBLEY: Well, if we do not have it, I cannot ask a question. It probably would be easy to get a copy if ...

Ms MANISON: Yes.

Mrs LAMBLEY: I will not be able to read it anyway. Continue, sorry.

Ms MANISON: Okay. We will go through the establishment of the group, the board and who is on the NTIDF. We will also get—if we could get the secretariat behind the scenes to also run off copies—the annual report to deliver it to members of the committee now.

Mrs LAMBLEY: Thank you.

Ms MANISON: Thank you.

Mr GRAHAM: The NTIDF is an independent fund that sits outside of government. Government has, essentially, contributed seed funding to the fund. The idea is that private investors would also contribute. It is set up under that traditional infrastructure fund model. It has an independent board of directors which produces an annual report. It has produced its first report which is on its website. The annual report is not published under the *Financial Management Act* because the fund sits outside of the government financial management framework.

At the moment, the board is chaired by Les Fallick. Current board members are Jodie Ryan, Bill Moss, James Paspaley and Mark Burgess. They have appointed an investment manager, ICG, which, I understand, has established an office in Darwin. Its role is to attract other investors to contribute money to the fund and evaluate projects and make recommendations to the board for projects which could be eligible for funding, in accordance with the charter and mandate of the fund.

Mrs LAMBLEY: Are the minutes of their meetings made public? I suppose they would not be if they are presiding over investments. How do we know what they are doing?

Mr GRAHAM: They produce, as I said, an annual report as most infrastructure funds do. I believe their minutes are published on their website, but we can confirm that. The main accountability mechanism is their annual report.

Mrs LAMBLEY: So, as yet, they have not made any investment?

Ms MANISON: No investments as yet. Ultimately, we would like them to succeed. Again, this was a very new fund. It is the first time that this has happened and why I put the two-year limitation on it—to give the Territory options to close the fund down and access that money if it was not able to secure the infrastructure investment we would like to see.

Mrs LAMBLEY: You put that caveat in place?

Ms MANISON: Yes.

Mrs LAMBLEY: When did you do that?

Ms MANISON: It would have been late in 2016.

Mrs LAMBLEY: Through parliament?

Ms MANISON: This was a decision of the government in the establishment of the fund through Cabinet.

Mrs LAMBLEY: Okay. When does the two-year caveat expire?

Ms MANISON: That would be then end of next year, Member for Araluen.

Mrs LAMBLEY: So in 12 months' time if they have not made any investments it is all over red rover, that is it.

Ms MANISON: That will be looked at, at the time. I think it will be important to look at where their body of work is at, what they are up to and how far along they are in some of the discussions they have had with potential investors and potential projects—due diligence, for example.

I felt that two years was a sufficient amount of time to give this a genuine go to see if we would have the confidence if it would work because 12 months, as we all know, is a very short amount of time, particularly when you are looking at major projects, investment and finance.

We thought that given there were already many discussions that had taken place with the fund—they were certainly already out there having a lot of discussions with people after the previous government had announced their establishment—two years would be a good point in time to be able to sit down, review their activities and determine whether or not this fund is something that will work for the Northern Territory or not and whether or not it will continue.

Mrs LAMBLEY: Has the fund put any submissions to you for consideration?

Ms MANISON: I have certainly had a few meetings with Les Fallick, the Chair of the board, so I try to meet with Les when I can just to see how things are travelling along, where they are at, how they are going, the types of projects they are looking at and to get an understanding of where they are at.

Ideally, I would have liked to see things far more progressed, that there was a bit more investment ready to get out there and through the door for the Northern Territory, but we also want to make sure those investments are in the best long-term interest of the Northern Territory.

We do not want to see those investments rushed because ultimately, again, what this was meant to be about was leveraging the opportunity for private investment. I would like to think that the projects they do invest in are in the best interests of the Northern Territory, not just in the short term but in the long term as well. It is important that they do their due diligence and get it right because this is their money from the sale of TIO.

Mrs LAMBLEY: So who gets the final say as to what is invested in?

Ms MANISON: Ultimately, the board.

Mrs LAMBLEY: The board, okay.

Ms MANISON: This was about, again, trying something new. It was about something different and the idea that had come forth from that TIO sale under the previous government. The independence of it was seen as an important factor because I think we all know that government decision-making can sometimes be a bit different to commercial decision-making and some of the factors around it. It really was about opening up those pockets of private investment to come here to the Northern Territory.

Mr WOOD: Can I just ask on that, you said you needed to keep it independent but the government put \$100m in and then took \$100m out, so did they ask the board or was that a government decision?

Ms MANISON: We made it clear in the establishment that it would be \$200m.

Mr WOOD: But someone put \$100m in, which I presume would have been a government decision.

Ms MANISON: I might get you to talk about the technical ins and outs of that, but our commitment was always around the \$200m.

Mrs LAMBLEY: When you say the establishment, what do you mean? Is that when you came to government?

Ms MANISON: When we came to government it was getting the NTIDF, the final paperwork, all done and established. It was well-progressed. It was one of those times where you sit in as a new government and have to make some choices about when things are pretty well advanced that had been started by the former government, do you continue proceeding down the line of them? That was one we had said in opposition that we would proceed with.

Mrs LAMBLEY: So it was not fully established before you came to government.

Ms MANISON: No, it was not fully established, Member for Araluen. It was something I felt we had made some very strong commitments about in opposition. This was one where, given the nature of its intent, which is ultimately to bring more money into the Northern Territory and more private sector investment to help projects that might not be able to get out of the ground otherwise—it was about having a look at how can we possibly get more major projects off the ground in the Northern Territory.

Mr WOOD: The extra \$100m, would that have made it more ...

Mrs LAMBLEY: Viable?

Mr WOOD: Yes.

Ms MANISON: Workable? No, I do not think so, not at this point. I think they are looking at quite a diverse range of projects and I do not think the extra \$100m would have made a difference.

Mrs LAMBLEY: What is the problem?

Ms MANISON: I think they are doing their job well and properly. They are not going out making investments to quickly get something out the door. They are actually doing the work to make sure that it is the right investment for the Northern Territory and the money is being used wisely.

We all know and have all been around government for long enough to understand the infrastructure need in the Northern Territory and how very easily a government could expend that money. The whole aim of this is about leveraging private sector investment, getting more money into the Northern Territory. The former Treasurer used to talk about it being a \$1bn fund.

It is about doing the due diligence to make sure they get the investment right and that the right projects get off the ground.

Mr GRAHAM: Just to answer the Treasurer's statement, your idea—the board has clear investment mandate that they are required to meet, and that is that primarily around the projects, that they are commercially viable, achieve certain hurdle rates and return, as any private infrastructure fund would be required to meet. The expectation is that it would provide returns to those investors in the fund.

Up until now, the fund managers have been unable to identify a project that meets that criteria.

Mr WOOD: Have they hinted at any projects that might be viable or do they keep that to themselves?

Ms MANISON: I think they are talking to a range of people. We have heard about, for example, the work at Nhulunbuy. My understanding is that they are talking to a range of different proponents. There are several different projects that they are having serious conversations about and that work does continue.

The Chair, Mr Fallick, would be more than happy to brief any of the members here, if they would like to have a chat to him.

Mr GRAHAM: My understanding is that there is a number of projects in the due diligence stage.

Mrs LAMBLEY: All going well, we will not have to disband the fund in 12 months' time.

Ms MANISON: We will see where we are at. I thought two years was the right amount of time to make sure things were not rushed through without the proper due diligence, to give it an opportunity to see if this will work and to make some important decisions after two years.

I am more than happy to get any members of parliament a briefing from the Chair of the board. He is in town regularly and very happy to talk to you and talk you through the details. So if any members would like that opportunity we would be more than happy to arrange it.

Madam CHAIR: Any further questions?

Mr WOOD: We are on the opening statement?

Madam CHAIR: Yes.

Mr WOOD: Minister, I heard the clip on the radio today about population growth. Does the government have a policy that we can see on how they think we can increase the population of the Northern Territory?

Ms MANISON: There is a raft of work that is under way, Member for Nelson. Some which is ongoing. There are some where we are about to see more work on some pretty major campaigns on the issue of population growth. What we are going to be aggressively targeting is this from a few different approaches.

One will be your more traditional marketing, advertising, social media-type approach of advertising the opportunities of why people should come to the Northern Territory, why it is a great place to live and the job opportunities for them. Also, the really fantastic incentives we have here, like some of our very generous first home owner schemes for buying an established home or building a new home, because they are some very generous incentives here in the Northern Territory. It is about looking at the opportunities.

We know that Health are undertaking a campaign which is part of this population strategy, looking at recruitment processes around the Palmerston Regional Hospital. We are always working around the teaching space as well.

We are going to embark on a far broader campaign, which is about getting the population growth up here and promoting more broadly what a great place the Northern Territory is.

There are also another couple of other bodies of work that we will be extending and advancing on. One is making sure we go out and talk to private sector investment as well about the opportunities to come and set up shop here in the Northern Territory through the Team NT approach.

We know there is excess gas sitting with Power and Water that we would love to see more business setting up here and taking advantage of the access there, which they may be able to work with and negotiate. We are also going out there to look at how we sell the Northern Territory, not just interstate but overseas as well, and look at a very proactive approach with a Northern Territory brand to ensure everyone is singing from the same song sheet.

In the world today where everybody is out there fighting in the space for investment for tourism, getting people to move to their jurisdiction, it is important that we all go out and do this under the same positive banner, so there is a real collective effort. There is work around branding as well, which you would have seen in the paper on the weekend.

Mr WOOD: I suppose the issue I have is that, and it was raised on the radio with me this morning, that the government is looking at a government employment strategy rather than a private employment strategy. I do not believe that is the way we should go. Otherwise that is just like false economy.

Ms MANISON: I agree.

Mr WOOD: I would like to know, on the ground how will you attract businesses here because we are still sitting on a moratorium on the gas industry. I think at the moment it is starting to send the wrong message out because it is being delayed and delayed and delayed. One way or the other industry has to have some certainty.

What is the government doing to make sure some of these big projects, there are mining projects, are going to get off the ground and produce employment? They are the real jobs you need to grow your economy.

Ms MANISON: Absolutely. Private sector investment is critical. Government investment alone in that space is not the answer to everything. At the moment, as we go through this big transition period, we have stepped up infrastructure investment significantly. I wholeheartedly agree that it is about that Team NT approach.

We recently went down to facing north, which was that great event at Parliament House in Canberra in which we had the major investment leaders here from the Territory, major business leaders from our key sectors here. Everyone was going out there, working together to promote the great opportunities and reasons why our federal parliamentarians should be supporting a place like the Northern Territory.

That is just one example of where we have seen that Team NT approach. The Chief Minister is very passionate about this. He speaks about it quite often, about the importance that we have everybody working together to promote the Northern Territory. We are very much looking at the opportunities and ways in which we can actively promote the opportunities to set up business here. Looking at the fact that we have gas supply—it is a collective effort.

It is not just government alone. We need our wonderful business leaders doing their job as well. The work they, and yourselves, are doing—I applaud you, Member for Nelson. The Productivity Commission shows how that Team NT approach can come together, where we all work together to promote issues that are important to the Northern Territory and promote the need for investment, but also protect our fair share of the GST.

Mr WOOD: I suppose what I am asking is that the government is part of developing the north; you are just as much a part as the Commonwealth. I might be wrong, but from an outsider's point of view it is a nice name. There has been a lot of talk. Is it starting to show that it can make a difference to developing the north? Developing the north is about increasing the population. Once you develop the north people will come here for the jobs.

Have you looked at things like, for instance, we have a horticulture industry that is always struggling for pickers. I mentioned it again on the radio that we know there are some island areas in the Pacific who have been threatened by climate change. Is there an opportunity for us, as a Territory, to put it to the federal government that some of these people could be relocated to our part of the world with a similar climate to help with the horticulture industry?

It is the same with East Timor. We could try to encourage people to come here and work here, and create those industries that a lot of other people do not particularly like. That is why we have to get a lot of backpackers in. A lot of local Australians are not always happy to do that kind of work.

Are there other projects that you might be looking at to increase the population outside the norm, you might say?

Ms MANISON: I think you have raised some really valid points. There is a lot of work happening from DCM and Trade, Business and Innovation; and the Member for Johnston in his ministerial responsibilities has a role to play, especially in agribusiness and the pastoral sector, as we have spoken about.

Our agencies are working together. We are looking at ways of increasing our population with people from other parts of Australia moving here, but there is a lot of discussion also about how we can get people from overseas to move here. My colleagues have been advocating with the federal government on concerns regarding 457 visas and so forth. A lot of work is happening from a range of angles, but you will see a lot more activity stepping up in regard to some of those more traditional forms of media and good old fashioned lobbying—going out to sell the Northern Territory through Team NT and advertising campaigns.

Mr WOOD: If we are talking population, there are probably two other areas that affect population. One is low birth rate—and the Aboriginal birth rate is higher than non-Aboriginal birth rate. I do not know how you look at that, but it is a fact of life if the birth rate is low. The other thing is the loss population to down south.

There are two areas where government has to look because statistically that is changing the demography of the Northern Territory to some extent. We are losing some of our experienced people, who we need in the Territory, who have decided to live somewhere else.

Ms MANISON: I also find it concerning that it seems when there is migration from overseas, often these people are going straight to our main southern capital cities—Sydney and Melbourne have significant growth pressures at the moment. We need to do more to make Darwin, Katherine, Alice Springs, Tennant Creek and our regional and remote areas more attractive to people when they decide to make the shift to Australia.

Development in international education is another way we can extend our hand and work to attract more people to the Northern Territory, as well as doing our bit to market ourselves well overseas and work with other nations where we should be getting those key workers to make the move to the Northern Territory.

Mr PAECH: I have noted that in the Treasury annual report it says you are implementing a four-year corporate plan. Can you articulate what that actually means?

Ms MANISON: I will hand that question to the Under Treasurer, Craig Graham.

Mr GRAHAM: Reviewing our existing corporate plan—to make sure we have the right governance arrangements in place. That sets out how we manage the department, our objectives and priorities for the next few years.

We have just undertaken a major capability review of the department, which looked at our governance, structure and corporate processes. That is being used to inform how we manage the department going forward, especially with the development of our staff, how we manage risks and finances in the department, and how we best structure the agency to deliver on government's objectives.

Mr PAECH: Picking up on when you were talking about new recruitment of staff—has there been any change in the recruitment training and development programs within Treasury?

Mr GRAHAM: We have looked at some of the successes we have been able to achieve through our graduate program and entry level programs, and extending them more broadly across the organisation, particularly with mentoring, staff rotations around the department, secondments with Treasuries in other states and the Commonwealth, training and development opportunities within the department and in collaboration with other agencies.

Mr PAECH: In your annual report it talks about Indigenous employment strategy. Two questions I want to pose to you are, what is your current ratio of Indigenous people employed within the agency of Treasury, and what is the overall strategy to increase that level of employment?

Mr GRAHAM: It is a whole-of-government Indigenous employment strategy and we have developed a Treasury specific strategy under the auspices of that whole governance strategy. I think we have a target of nine Indigenous employees; at the moment I think we have six. Our main mechanism to employ Indigenous people is to bring them in at the entrance levels through our cadetship and traineeship programs and then to develop their skills and progress them through the organisation. We do that by working extensively with OCPE, with the university and with high schools.

Mr PAECH: How long has that program been running for within your agency?

Mr GRAHAM: Two years, I think—the current strategy.

Ms MANISON: Clearly, Member for Namatjira, we very much so want to make sure that we look at those numbers. It would be great to see more Indigenous Territorians working in Treasury, and also it is something we are very keen to make sure we keep trainee numbers up because they create wonderful pathways for people in to long-term employment here.

Mr GRAHAM: Some of the success we have had (inaudible) years around tailoring traineeship programs specific for individual employees to meet their particular needs.

Mr PAECH: When an Indigenous trainee in general has finished are there mechanisms in place for ongoing employment within the agency.

Mr GRAHAM: Yes, there is. We try to identify ongoing opportunities but looking at their particular strengths and where there is opportunities within the organisation.

Mr PAECH: Treasurer, the Treasury annual report notes that a priority of Treasury is the Territory's response to the Productivity Commission's draft report in to horizontal fiscal equalisation. I was wondering if you could take the opportunity to explain what the agency and you are doing to protect our share of the GST revenue, given the current economic climate we are facing.

Ms MANISON: I will be brief because I know there are many questions that people would like to ask, but just to say thank you to the Independents, the opposition, the key industry leaders, the hard work of Treasury that have come together to put together submissions with regard to the Productivity Commission review into HFE—that was commissioned by the federal Treasurer, Scott Morrison.

This is a critical body of work because we know getting every single dollar that we can from the GST is important to the future of the Northern Territory, and there have been some alarming recommendations in the draft report around full equalisation versus reasonable equalisation.

The Productivity Commission are here this afternoon holding their hearings. We lobbied them to get them to do that because originally they were not going to do that. I thank everyone involved in their individual lobbying that they did as well and thank everyone that is having their say. We will continue to defend HFE, even though we did see a big hit in our relativity at the last assessment by the Commonwealth Grants Commission and there are some complexities there that we are still working through.

Principally, the model of HFE should not be changed just to make Western Australia happy, and that is what they are trying to do at the moment.

Mr PAECH: The Treasury annual report highlights the Territory Revenue Office's ongoing role in providing advice on revenue options for the government. Are you able to elaborate on the feedback you are seeking from Territorians through the government's revenue paper?

Ms MANISON: Thank you, Member for Namatjira. I want to be very clear that this is a discussion paper. This is about ensuring that we all understand the different levers that are out there to try to stimulate some more jobs and economic development in the Northern Territory, but also understanding how tough some of these decisions can be.

It is not an easy discussion; it is very hard going out and talking to people about revenue. But I thought it was important that, as a government, when we make decisions about revenue or economic levers in the future regarding our tax mix and making sure we get it right to support jobs and economic development, that we do so knowing we have had full conversations with the industry and the people it will affect.

It is very much a discussion. This is not a tax grab. It is about making sure we look at our tax mix considering we have some financial pressures to make sure any future decisions made by government are fully informed, aware and in consultation with the people it may affect.

Madam CHAIR: Are there any further questions relating to the Treasurer's statement?

Mr WOOD: We have varied from the Treasurer's statement by about five miles, so can we keep going?

Ms MANISON: I am fine with that.

Mr WOOD: On page eight of the Treasurer's Annual Financial Report it says there has been a reduction in GST revenue of \$105.5m. Is that not the amount that was lost—not worrying about projections? What we have lost is \$105.5m from the last GST.

Ms MANISON: With regard to the GST, the numbers I have been basing this off are from our Pre-Election Fiscal Outlook, the PEFO. That is the point-in-time assessment of where we are at—at that point in time, before the election—with the Territory's finances.

I will get the Under Treasurer to talk through the ins and outs of the TAFR numbers, but effectively there has been debate on the \$2bn change in the shortfall to the Territory's finances and where those numbers are.

I tabled a range of documents last week in parliament. I will go through where those numbers have gone. On 18 August 2016 the PEFO was released. That is the snapshot in time on where the government's books were ahead of the election and the GST receipts that were expected to be received by the Territory government. That was on page 18 in table 2.5.

On 24 March 2017 we received the confirmation from the Commonwealth Grants Commission when it released its 2017 update, which showed a drop in the Territory's GST relativity from 5.2845 to 4.66024, which was on page two, table one of the CGC report.

On 2 May we delivered Budget 2017–18, which showed that the cumulative effect of the GST cuts would be \$2.051bn, and that is in the budget overview on page two—the table on GST reductions and associated borrowing costs—and Budget Paper No 3, on page 18, table 2.8.

On 9 May 2017 we saw the federal government deliver its budget. That tends to happen a week after we deliver ours. The federal government's estimate for the GST and what it would mean to the Northern Territory was actually at \$2.168bn, which was on Budget Paper No 3, page five, table 1.1.

On 21 October, when we had just released the mid-year report—which showed that because of the previous underpayment to the Territory government, we now expect the overall reduction in the GST over forward estimates will be \$17m than previously expected in the May budget. But now the government expects a GST cut of \$2.034bn instead of \$2.051bn.

I will get the Under Treasurer to talk through the TAFR figures.

Mr GRAHAM: The \$105.5m is the reduction in the actual GST grant.

Mr WOOD: As compared to last year.

Mr GRAHAM: We are \$105.5m lower than we expected at the time of the 2016–17 budget.

Mr WOOD: The actual amount is lower than last year's budget?

Mr GRAHAM: Yes.

Mr WOOD: So that is the amount we did not get if we wanted to stay ...

Mr GRAHAM: At the time of the 2016–17 budget, we projected that we would get \$105.5m more than what we actually received.

Mr WOOD: I suppose my concern is—I know the government keeps saying we lost \$2bn, well that is based on a projection. I remember when the previous government first came into power one of its main concerns was the previous government, the Henderson government, was going to go \$5bn in debt, which was a line going up.

Both governments tend to use these figures for political purposes because it sounds good when in actual fact I do not think any government would have gone up to \$5.5bn. That would have been curtailed simply because that is the direction you could go if you keep going with all of your spending and the first thing you do is reduce spending and cut costs.

I would have thought this is the same thing that for the average person, they do not see a \$2bn debt, they see we have lost some GST revenue compared to last year. Is it not really more accurate to say that compared to last year's figure we have a reduction in x amount of dollars rather than, 'We had a reduction compared to our estimate', which is just an estimate.

Ms MANISON: We had those forecasts of where we expected to go. We saw a huge drop in the relativity, and I do not think you can underestimate how big, sudden and steep that drop was. A point of my frustration was the fact that when you look at the different areas that drop was based on, it was in areas such as roads and remote health and education, because other jurisdictions with bigger numbers and population than us were able to deliver some of those services at a cheaper rate. That was a huge and significant drop for us.

As a government we had costed our commitments around what we had projected in that PEFO going forward. It was quite a significant drop; \$2bn is not an insignificant number when you look at the size of our budget being about \$6.7bn this year.

At the time of formulating that budget we were faced with a few different ways to handle that, Member for Nelson, and one could be that you could drive cuts through government expenditure through services, infrastructure projects and jobs. We saw that given the economic forecast and coming off quite a challenging time—we know we were entering a challenging time, particularly with the changeover from the INPEX construction phase to the operation phase.

As we said, a \$34bn project in an economy the size of the Northern Territory has a huge impact. We knew we were in an economy going through a time of transition. If we were to drive cuts through, whether that be infrastructure expenditure, the public sector or services during that time to the magnitude of \$500m, it would have sent business confidence backwards and it would have had a deep, shocking effect into the economy.

We felt the more responsible measure would be to look at constraining recurrent expenditure, and I have to stress that. It is that recurrent expenditure and trying constrain that to basically being almost zero growth. We have brought that right down.

We asked agencies to find savings measures and agencies did go out there and have found savings measures. It is not easy for them because—I think you will speak to anyone in the public sector and they will always continue to tell you they have huge demand pressures, and we see that each and every day.

We did constrain recurrent expenditure growth and we have asked agencies to find savings, which has been quite tough, but nonetheless, some of those tough decisions had to be made. In addition to that, we looked at targeting government expenditure into infrastructure because we see that as supporting jobs and flowing through the economy.

Mr WOOD: Is the taxation review part of what you say is to make up for this shortfall that you say has occurred because of the GST?

Ms MANISON: I think if you were to go and tax your way out of it, you would send the economy backwards as well.

Mr WOOD: But you have asked people to ...

Ms MANISON: I would be deeply concerned if that was—no, that is not how we are going about it.

Mr WOOD: People are worried that the paper going out is a sign that the government wants to raise revenue by taxation, and they are worried that would have a negative effect on the growth.

Ms MANISON: I heard the Member for Goyder and the Deputy Leader of the Opposition say on radio not too long ago that you cannot tax your way to prosperity. They are right.

I have to stress that this is not an easy discussion but it is about ensuring that in the future when you formulate budgets, and if you are to make decisions about revenue, that you fully understand what the gains would be by pulling some of those economic levers but also if there would be consequences or adverse impacts.

It is really about having that conversation well ahead of any of those decisions to make sure you fully understand the benefits but also what the consequences may be of using any of those revenue levers, taxation levers, when you are trying to drive job creation and growth in the Northern Territory.

It is not an easy discussion. Some people have gone and run with it and tried to pedal that this is a tax grab about taxing people through the nose. That is not what this is about. This is ensuring that, looking at our current situation, when you have 50% of the money that comes into the Northern Territory is from the GST—what we have seen is that we cannot rely on growth in that area of money. Also we know we have 20% that comes in through retired Commonwealth payments. We also have 30% of the Northern Territory's income, which comes in through our own-source revenue, our own taxation.

Really the point of this paper is to make sure we have informed decision-making going forward if revenue options are looked at, and fully understanding what might be the benefits of those and how it actually helps drive economic growth. In some cases, how could that be detrimental to the economy? It is making sure you have informed decision-making going forward.

Mr WOOD: I understand that, but has the government also looked at, in a broad projection, a lot of the projects adoo, we read all this annual reports and you just go through them. There is something for this and something for that. I was looking through the Housing annual reports and, again, one of your classic expenditures for this year will be the fuel app.

To me, it will not make any difference when there is only one outlet competing. We will spend nearly a quarter of a million dollars a year to keep that app going. I will not pick on you just because of that app, but what I am saying is, is someone in government saying, 'Let's have a look at this program. What has it actually done? Has it achieved something or does it look good?' Yeah we have this, and nobody goes to school still.

So, hang on, should we be looking at programs and scrapping some of them if they are not working? I put the app to you. I say, that app is not working. I would say, scrap it because if we are short on money then we need to make sure our money goes to the best places.

Ms MANISON: I think you have raised a really important point there, Member for Nelson. It is about ensuring that when governments make decisions about expenditure that they are responsible and well informed. They are certainly never going to keep everybody happy; we all know that. But it is about making sure that when you have to make tough decisions around savings and internal discipline when it comes to government expenditure, you make the best possible decisions that you can in those very hard situations.

In formulating the budget, how we went about that was that we went through the agencies and we asked them to identify savings, analyse their projects and say if something is not working; then that is something you should be nominating as a savings measures. This is a process. I intend to make sure, each and every year, as a responsible government should do, that you ask your agencies to look at what is working and what is not. If it is not working or getting value for the Territory then yes you should be nominating that as a savings measure.

I think it is really important in this financial environment that you continue to show internal discipline around recurrent expenditure. These are not easy conversations but they need to be had agency by agency each year in formulating the budget.

Mr WOOD: You spoke about the Ichthys project. It has been going for seven years at least. A lot of concern was that we had this project and in the long run there is very little benefit to the Territory. Has someone done a study to say—and something that could be used again, for another project—what financial benefits came to the Territory? We do not get royalties; the gas comes from offshore and a lot of the companies are interstate.

Has there been a study of what the financial impact was, or is, of the Ichthys project?

Ms MANISON: Government regularly looks at the economic statistic starters, and we have different measures throughout the year as to how we report back to how the economy is performing and the impacts and factors on it. The budget paper is one of those, as well as the Treasurer's Annual Financial Report and then the mid-year report. So we capture that in that work.

Agencies such as Trade, Business and Innovation do a lot of work on major projects in capturing that data information, as well as the Department of Chief Minister.

A couple of months ago I was with INPEX to launch an economic analysis they had done on the impact of their project, but also where they are forecasting going forward. I do not have the numbers off the top of my head right here and now, Member for Nelson, but that was another important body of work.

It will be fair to say that when you go through an experience, such as what we have with the development of the LNG project, that there have been numerous points in time where we have collected data to have a look at what the impacts are. If we are to get a project of the size and scale of INPEX again, of \$34bn—and I certainly hope we do—we will be looking at that experience and how we can do things better, which will always be part of any government's agenda. It is important that you learn from where things went right and also where they can be done better.

Mr WOOD: Do you think we need to have a program like what is happening in Western Australia, where it was royalties for regions? Because you said it is a \$34bn gas plant, but I bet you we did not get a huge amount out of it except from payroll tax and car registration. There would have been some offsets from the service industry where people lived in hotels and went to pubs et cetera. But you have to remember this was a fly-in fly-out workforce; a fair bit of it was, not all.

What will the Territory get out of that except employment—no doubt that is great; I am not knocking that. But when you hear it is such a big program and you hear we are struggling as an economy, can you show people that in the long run that this is of benefit to us, or has the money gone somewhere else?

Ms MANISON: I think if you were to look at our economic data over probably the last three or four financial years, you would show that there has been significant growth in different sectors of the Northern Territory. There is a data that shows that even once INPEX is finished and over into the operation phase, that our economy has still grown. It is still larger than what it was when it started.

There have been a lot of people and local businesses who have benefitted from the project. There is no doubt about it. The local workforce, people who have had jobs out of there over the years, have benefitted from it. Many businesses have benefitted from it. Ultimately I think it has been good for the Northern Territory.

But you would have seen some really sharp spikes in economic data. I might get the Under Treasurer to talk through those spikes, certainly in recent years. We are coming towards the end of that change from the construction to the operation phase.

It is important to remember as well that INPEX is still going to be here. They will be here for at least 40 years, exporting gas. There will still be people working out there and still a part of this community here, using local businesses and so forth. So it does not all end once the gas starts getting exported.

Mr WOOD: Just before you start, you said that INPEX is doing an analysis, but is the Treasury doing one? Because I have lived through the whole INPEX thing and there has been people for and against it, people saying there was not enough local employment and those saying there is.

I know there has been local employment; there has also been a lot of people coming from interstate. There has been a lot of discussion, but it needed, I believe, some independent person or body to look at the benefits of this project so that we can see, from an independent point of view, what the benefits and downsides of it were. Have local businesses gone out of business because of INPEX, because the competition was so sharp they could not compete and left?

Has anyone done that type of economic analysis, because if we get another project it would be good to say, 'We have learned from this one, now these are the rules for this one'.

Ms MANISON: There was ACIL Allen work that been done and commissioned by INPEX; that looked at those very questions you had. I would have no problems pulling together more work on that to look at the overall picture and how we can do things better in the future, Member for Nelson.

Was there anything you wanted to add, Under Treasurer?

Mr GRAHAM: Not really. Just that the scale of INPEX was one of the largest projects in the southern hemisphere. That impact on a small, open economy like the Northern Territory's has been substantial. That followed from about a decade of major projects in the mining and resources sectors.

The economy now is about 50% bigger than it was a decade ago. Those series of projects have had, I guess, a transformational effect on the Territory economy. There will be some good and some bad, for sure. Overall, as I said, the economy and population is much larger now than it was a decade ago. We have had a construction boom during that period so the housing stock is now much larger. I guess that is a sustained period of development. With a long period of economic development like that you get pluses and minuses.

Mrs LAMBLEY: When you first came to government, what was the deficit?

Ms MANISON: Let me get the PEFO figures. Member for Araluen, if you were to look at the PEFO, the 2016 Pre-Election Fiscal Outlook we discussed before, for the non-financial public sector—that is bringing into line the GOCs as well, as you would know too well—there was a deficit of \$876m for 2016–17 at that time.

Mrs LAMBLEY: Your government is already on a trajectory towards almost \$5.5bn again. I think you have reduced it to \$5.3bn.

Ms MANISON: Yes.

Mrs LAMBLEY: How do you intend to get the Territory out of that very unhealthy financial position?

Ms MANISON: It is a challenging financial position. Had it not been for the changes to the GST, if you were to look at our expenditure, the commitments we have made and how we are delivering the budget, you would have seen that that budget would have been on track to returning to balance in 2020–21.

There is a table that demonstrates the pathway we are on, where we are going and the impact that those GST cuts have, which is why it is so important to make sure we get every single cent we can from the GST and we do not see a change to HFE that the Productivity Commission has outlined in its draft.

Ultimately, for us it is about working to support jobs and get more private investment into the Northern Territory. As you know—and you would have spoken about it with the Chief Minister in the previous session about this—there is a very large major projects agenda that is taking place. We are working to get more of that investment in the Northern Territory.

As a government, you cannot do it alone. It is about attracting that private sector investment industry and work to set up shop in the Northern Territory. We are doing a range of work because, ultimately, if we can get more jobs into the Northern Territory and more people move the Territory, that flows through to benefit the Northern Territory and to put us in a better financial position to ensure that we look at returning the budget to balance.

Ideally, I would like the budget to be in balance but, as I outlined earlier, in order to have done that after the GST situation became very apparent it would have meant mass cuts through the public service and also very significant cuts to service deliver and infrastructure. That is just the reality—\$500m is a very significant amount of money every year in the Northern Territory.

Mrs LAMBLEY: Indeed. I do not have any more questions.

I did find a media release from Michael Gunner just before the election saying, 'We will achieve this by bringing on to budget an additional \$100m of funds from the Northern Territory Infrastructure Fund while not impacting on the final year's deficit and debt'.

That is in black and white. The now Chief Minister always intended to take \$100m from the Northern Territory Infrastructure Fund.

Ms MANISON: Member for Araluen, I will take that on board. I was certainly under the impression that it was \$200m and that is what I have always been working towards—\$200m. Going back to that time, and we are now talking about over a year ago, there was a lot happening and I was always of the view it was \$200m. That is what we were working towards.

I would also like to read out with regard to how that money formally came in and came out, which is: 'At the 2016 budget the former government increased their commitment to \$300m. The \$300m was reflected in the 2016 budget and possibly set aside internally in the CHA account earmarked for the NTIDF investment. The NTIF was not established at this stage so the \$300m was never invested in the NTIDF. When the NTIDF was fully established it was done so at \$200m, the amount that was originally announced and supported.'

With regard to that \$100m°...

Mrs LAMBLEY: That sounds a bit spinny, does it not? Spin from this document here I have just referred to and spin from that little text you have received.

Ms MANISON: I will say that that is where that money went, but clearly when we came to government we decided \$200m was a better amount and more suitable. I am very confident in standing by that amount because I think that \$200m is enough to see if we can get this off the ground.

Mrs LAMBLEY: Given what you have just said, that the road to recovery from your \$5.3bn deficit—you have projected it towards private investment. Wouldn't you hold off dumping the Northern Territory Infrastructure Development Fund for a bit longer if our future is going to be so dependent on leveraging that private investment?

Ms MANISON: With the establishment of that fund, given the incoming decisions you had to make as a new government, I think \$200m was the right amount.

Mrs LAMBLEY: I am not asking you that. I am saying, wouldn't you hold off dumping the fund in 12 months' time if you see that the future to get us out of the debt and deficit you are putting us in is private investment? Wouldn't you hold off dumping that fund to try to leverage some private investment rather than walking away from it and just spending it?

Ms MANISON: Member for Araluen, we will make that assessment then. I can assure you that if we see this as being an opportunity to leverage more private sector investment, and if the fund was close to success and being able to get some of these projects off the ground, then of course you are going to take that in to account.

Mrs LAMBLEY: I do not have any more questions, Madam Chair.

Mr WOOD: A question in relation to the effect of the youth justice reforms that have been put forward, your Treasurer's Annual Financial Report on page eight says, 'key commitments include \$15m to fund the rising cost of out of home care and support for youth justice reforms'.

Is the government now having to re-think how much money it is going to have to invest? If so, how much are you expecting to put in to the reforms that will be needed?

Ms MANISON: There is more work that needs to be done. Now that the Royal Commission has been handed down it is very clear that there will be additional funds that will need to go in to deal with this. We have already announced that we would look at a \$50m infrastructure investment to look at the facilities, particularly around knowing that Don Dale will need to close. We will also lobby the Commonwealth for investment.

The Commonwealth went halves with the Royal Commission costs, and that was quite a costly but important process. Now it is about looking at the actual costs to deliver those recommendations and make the improvements to youth justice that we all want to see.

Mr PAECH: I am not sure if this question is for now or another section, but can you outline the financial returns for the 2016–17 default Northern Territory Government and Public Authorities' Superannuation Scheme?

Ms MANISON: I will leave that one to the Under Treasurer or the relevant officer there.

Mr GRAHAM: I will get the Acting Commissioner of Superannuation to answer in more detail. I think the return is about 10.6%.

Mr RICHARDS: It is 10.63%.

Mr GRAHAM: That is a strong return, but I will let the commissioner elaborate on that.

Mr RICHARDS: The default investment option returned 10.63% last financial year.

Mr PAECH: Is that 10.63% now?

Mr RICHARDS: No. That is for the full financial year. If a member was to keep their money in the growth option for the entirety of the year. Rates are credited to a member's account on a weekly basis.

A member stays in that investment for each week and over the entirety of the year it built up to 10.63%.

Madam CHAIR: Member for Namatjira, do you have any further superannuation questions? I note that we have skipped ahead to annual report three under Treasury and Finance.

Mr PAECH: No, there are no further questions. I just wanted to get the financial returns for 2016–17.

Report No 1 – Department of Treasury and Finance 2017 Report

Madam CHAIR: Are there any other questions for the report we are looking at, which is report one, Department of Treasury and Finance?

Mr PAECH: The Member for Nelson triggered me to ask this, because I know how much he loves MyFuel NT.

The Treasury annual report highlights the development of the MyFuel NT app. Can you elaborate on how this responds to the ACCC's recommendations in there? I think it was the 2015 report into the Darwin fuel prices.

Ms MANISON: There was extensive work done by the ACCC to look into the Darwin fuel market. At that time it found that Territorians were paying through the nose at the bowser. They were paying a lot more than other markets around the country and it had been happening for a long time.

A lot of work was done to look at ways of increasing competition, but I was very pleased to introduce MyFuel NT. I know the Member for Nelson does not agree with me, but we have to give it a go. That will increase transparency of fuel price reporting here so consumers can make more informed decisions.

We have seen a considerable leap in fuel prices across the nation. Unfortunately it coincided with MyFuel NT, and a few days before that we saw that steep and sudden increase occur. I spoke to the Chair of the ACCC twice about this, and with local fuel companies, to ask for an explanation on the reasons for those price jumps and to get the ACCC's view on it.

The ACCC wrote back—I tabled that in parliament—and was very supportive of more transparency in fuel price reporting and the MyFuel NT scheme. The fuel companies told me that MyFuel NT did not play a part in their pricing, in making the sudden and steep jump. It was other factors.

Mr WOOD: But it did not make a difference?

Ms MANISON: I think over time you will see it. You have to give it a chance. We are seeing a range of different impacts on fuel markets at the moment. Fuel is high around the nation. The only place last week cheaper than the Northern Territory was Adelaide.

Mr PAECH: A smile on your face there, Member for Nelson.

Mr WOOD: We agree to disagree; that is fine.

Mr PAECH: Treasurer, just following on from that, we spoke to the Chief Minister this morning around travel costs and so forth. Can you outline the air travel for 2016–17 compared to 2014–15 and 2015–16?

Ms MANISON: That will be a question I refer to the Under Treasurer and the department officials.

Mr GRAHAM: Sorry, that question was for 2014–15?

Mr PAECH: 2014–15 and 2015–16 for comparison. I am happy to take what you have.

Mr GRAHAM: Sorry, we do not have 2014–15. For 2015–16, total agency travel costs were \$210 000 and for 2016–17 it fell to \$133 000. That was interstate travel.

Mr PAECH: Great.

Madam CHAIR: Any further questions?

Mr PAECH: I have one more, if I may. Treasurer, there are ongoing discussions in other jurisdictions around the country around whether people move from supporting royalty based on profits versus royalties based on minerals. Has that been in any discussion that has occurred in the Northern Territory?

Ms MANISON: We have our revenue discussion paper out at the moment, as we have spoken about earlier. There are a range of discussion points around mining as well, but clearly that is something we have highlighted earlier in the year; we feel it is time to have a discussion with the sector.

I have to stress that discussions will need to be had very closely with them because the last thing you would want to see would be any changes that might hinder investment. It is about having those discussions to ensure that any decisions made do not have those adverse impacts, and making sure the mining sector is very much a part of that and that they are informed discussions.

We have a profit based system here which effectively means that in the past we have seen some companies that have been able to set up and operate for a few years, take the resources away, close the doors and never really pay any contribution to the Northern Territory for those resources which cannot be replaced. I think it is due time to have a discussion about that.

Mr PAECH: Thank you, Treasurer. I have no further questions.

Madam SPEAKER: That concludes consideration of report number one.

Report No 2 – Motor Accident (Compensation) Commission 2017 Report

Madam CHAIR: The committee will now move on to consider report number two, Motor Accident (Compensation) Commission. Are there any questions from the committee on this report? That concludes consideration of report number two.

Report No 3 – NT Government and Public Authorities' Superannuation Scheme 2017 Report

Madam CHAIR: The committee will now call for questions on report number three, NT Government and Public Authorities' Superannuation Scheme. I believe the Member for Namatjira has asked a question. Are there any further questions in relation to this report? That concludes consideration of report number three.

TREASURY CORPORATION

Report No 4 – Treasury Corporation NT 2017 Report

Madam CHAIR: The committee will now move on to report number four, Treasury Corporation. Does the committee have any questions in regard to this report? That concludes consideration of report number four.

UTILITIES COMMISSION

Report No 5 – Utilities Commission NT 2017 Report

Madam CHAIR: The committee will now consider report number five, Utilities Commission NT. Are there any questions?

Mr WOOD: I could just ask, with all the changes to the energy requirements of the Northern Territory, will the Utilities Commission continue or will it will be phased out? If so, when?

Ms MANISON: It is important to note that even in other jurisdictions where they are part of, for example, the AER and so forth, they still have their own Utilities Commission type body. The Utilities Commission also works on water and the port in the Northern Territory. There is no look to close or stop the Utilities Commission doing this important work.

Madam CHAIR: Are there any further questions in regard to this report?

That concludes consideration of report number five. That now concludes consideration of reports that fall within the Treasurer's portfolio. On behalf of the committee, I thank the departmental officers that assisted the Treasurer today.

The committee will now consider the Department of Infrastructure, Planning and Logistics. We will take a five-minute break.

Ms MANISON: Madam Chair, I wish to thank the Department of Treasury and Finance for all its work in preparing this and all its ongoing work in the Northern Territory.

The committee suspended.

INFRASTRUCTURE, PLANNING AND LOGISTICS

Madam CHAIR: I welcome you, Treasurer, as Minister for Infrastructure, Planning and Logistics and invite you to introduce the officials accompanying you.

Ms MANISON: Thank you, Madam Chair. I would like to introduce the officials from the Department of Infrastructure, Planning and Logistics who are here today. We have Andrew Kirkman, Chief Executive of the department; Leah Clifford, Deputy Chief Executive; Sarah Temple, Executive Director of Corporate Services; Fotis Papadakis, Chief Financial Officer; Brett Brogan, General Manager, Infrastructure, Investment and Contracts; Louise McCormick, General Manager, Transport and Civil Services; Simon Saunders, Executive Director, Transport Safety and Services; Monica Birkner, Executive Director, Programming and Compliance; Brett Clifford, Strategic Policy; and Doug Lesh, Senior Director Planning.

Today I will take questions regarding the Department of Infrastructure, Planning and Logistics annual report. The report summarises the agency's activities and performance for 2016–17. The agency's performance is reported against strategic goals, approved budget and performance measures with priorities identified for the year ahead.

In 2016–17, as part of the machinery of government changes, three separate Departments of Transport, Infrastructure, and Lands, Planning and Environment amalgamated to form the Department of Infrastructure, Planning and Logistics. The department has achieved significant project outcomes, consulting with Territory businesses, industry and the community to plan, regulate, facilitate and construct sustainable development across the Northern Territory.

The department has delivered the 10-year infrastructure plan following extensive consultation that was formed by the Northern Territory Government Economic Infrastructure Summit Consultations. Already this plan is helping government and industry to plan for workforce management and informed decision-making.

During this period the department managed a record of \$1.86bn infrastructure program where a total of \$844m was spent delivering capital works, minor new works and repairs and maintenance whilst also supporting the consulting industry. This was a record infrastructure spend for the department and coming in to government we said we would make sure we kept the infrastructure spend going.

The department has supported industry through the Value for Territory initiative awarding 97% of contracts to local Northern Territory businesses during the year. The department has continued to manage more than 22 000 kilometres of national highways and roads, delivering road upgrade programs on Palmerston roads, Tiger Brennan Drive, Central Arnhem Road, Victoria Highway and the Tanami Road.

Some of the project highlights during this period include:

- continuing the delivery of the \$170m jointly funded Palmerston Regional Hospital
- the \$31.5m Henbury School now complete
- the \$64m Royal Darwin Hospital upgrade is also complete
- the \$40m Barneson Boulevard design released and community consultation of the greening has been finalised

- the \$24.53m Mereenie Loop of the Larapinta Drive final sealing is now complete
- the \$7.6m Katherine Ambulance Centre is now open and operating, and this is part of the continued flood mitigation works that are being committed in the Katherine Region
- \$78m in remote and urban public housing across the Territory and over 270 communities.

Other achievements include:

- the driverless bus trial, which is a national first undertaken at the Darwin Waterfront with 6000 passengers taking a ride on the bus
- the launch of the Road Safety Action Plan Towards Zero Discussion Paper continued the development of regulations to support ride sharing in the Northern Territory
- continued delivery of DriveSafe NT, such a successful program since its inception. The program has issued 5061 learner licences, 1807 provisional licences, 1707 birth certificates and processed over 230 MVR transactions for our most remote residences in the NT
- implemented a number of MVR reforms with 50% of transactions now done online or through Australia Post
- flood mitigation planning and works in Darwin, Katherine and Alice Springs
- headworks completed for Katherine East Stage 2 and Katherine fire and ambulance stations
- increased the number of electronic building files to 56 800 files
- expanded the capacity of online systems to allow for the lodgement of Planning Scheme amendments
- concurrent and exceptions development permit applications through the one-stop shop website.

The department is well into the delivery phase of major projects that this government has brought forward, including:

- the \$27m multistorey car park and PET scanner projects at the Royal Darwin Hospital—construction is under way
- the \$26m Palmerston police station tender is due to be released soon
- the \$5.2m Ramingining multipurpose hall cyclone shelter—construction is under way and due for completion in early 2018
- the \$25m Warren Park rugby league facility tenders are being assessed, with the construction to commence in early 2018
- the \$18m netball courts in Darwin, co-funded by the Australian Government—work has commenced and is due for completion in late 2018
- the \$6.5m Tennant Creek integrated school construction tender will be released in February 2018
- design of \$618m of work at the Acacia school is under way.

For the northern Australia roads program, the Australian and Northern Territory Governments are investing \$192m in upgrading the Adelaide River floodplain, Plenty Highway, Keep River Plains Road and the Buntine Highway. These projects will be delivered in 2017–18. For the beef roads, the total in 2017–18 will be \$289m. Works on the Plenty Highway, Tablelands Highway, Barkly Stock Route, Buntine Highway, Roper Highway, Arnhem Highway and Lajamanu Road will also be delivered in 2017–18.

Community consultation is well under way on planning reforms and the planning for the Territory's vibrant future. This is important work the government is committed to delivering to ensure planning for the future is open, transparent and accountable.

The department has worked hard for this period. I look forward to the scale of projects, reform and policy that will be delivered in the coming 2017–18 year.

Madam Chair, I look forward to any questions from the committee in respect to the annual report from the Department Infrastructure, Planning and Logistics.

Report No 6 – Department of Infrastructure, Planning and Logistics 2017 Report

Madam CHAIR: Thank you for your opening statement, minister. With the indulgence of the committee, I now move straight towards questions on report number six, the Department of Infrastructure, Planning and Logistics. Are there any questions for the minister?

Mr WOOD: Yes, Madam Chair. I also have to leave somewhere between 2.15 and 2.20 for the Productivity Commission, but I will be back.

Madam CHAIR: Anything you want to ask that we do not get to, put on notice.

Mr WOOD: Right. The Member for Araluen will ask some of the questions as well if she can understand what I am asking.

How much did it cost to amalgamate the three departments and what was wrong with the existing setup?

Ms MANISON: With regard to that level of detail and cost, I will defer to the chief executive. From our perspective infrastructure, planning and transport all align. There are very logical alignments in service delivery when it comes to government agencies working together. We felt it was a good fit to amalgamate those three departments into one. We believe it means we can get work out the door sooner and ensure we have the right sections working together effectively.

Often when you do an infrastructure project there is a Lands and Planning component to it as well. Transport infrastructure is a very big part of the Northern Territory as well. We felt they had very good synergies and they should be together.

Mr KIRKMAN: Further to the question, actual costs in respect to the amalgamation were probably about \$40 000 for change of signage and the like. We managed to find significant savings through efficiencies of bringing those departments together. Out of that, we were able to boost up resources in the procurement area, the contractor compliance area and a couple of other areas of the department with those savings we found internally.

Mr WOOD: That leads me to a question I had further down. Have you added in the cost of moving departments around? I used to go to Arnhemica House, which was a new place that the Department of Lands shifted to, and then all of a sudden I find mapping from the NAB building has gone out there, and now I find mapping has gone to Energy House. I think some of Lands has gone to Energy House, so if I was to look at the bigger picture, how much does that all cost?

Mr KIRKMAN: There has been costs in moving and relocating. I cannot say specifically that was as a result of the amalgamation, but certainly it has made this department more efficient. For the first time, Lands and Planning has come under the one roof. In the time Lands and Planning has been a division, or an agency, it has been split before, along the lines of at least two or three different locations.

That division coming to Energy House in its entirety and that is fantastic. There has been some other moves to reflect the current arrangements. Those costs are probably around about the \$800 000 mark for those office refits and moves.

Ms MANISON: Can I say, Member for Nelson, often when there are changes with agencies and when there has been movement to different government leases and so forth, that is something closely monitored and managed through the Department of Corporate and Information Services to do their best to ensure they are meeting the agencies' operational requirements, but also trying to be as cost effective as possible with the existing leasing arrangements in place.

Mr WOOD: I suppose from an outsider's point of view, it looks like an awful lot of money shifting people from point A to point B that, a few years ago, they were going from point B to point A. Then there is a new lot of furniture and changes all the time.

Nothing seems—I know you cannot say that nothing changes in this world, but we are talking about being tight financially and you tell me that is worth \$800 000, which is a fair bit of money to shift a department. So does someone sit down and say, 'Are there savings now against that, that I can argue the case of that money was not wasted'?

Ms MANISON: I will say, Member for Nelson, that I think there are greater efficiencies by placing the three agencies together, that they will be working in greater collaboration together. It is a natural fit and it does work, having these three agencies in one.

But we have also seen some reductions across the board with this agency, because you have been able to cut some duplication in some places. There has been some personnel changes there as well.

The department tell me they work very hard every day, and they feel, very efficiently.

Mr WOOD: I hope so.

Ms MANISON: Those efficiencies in the staffing numbers—for example you no longer have three chief executive officers and three streams of levels of that type of executive management and duplication and so forth.

Mr WOOD: Could you just explain what the set-up is now? Where is everybody?

Mr KIRKMAN: In Energy House, we occupy four of the five floors. On the first floor we have the Lands and Planning and Building Services areas. On the second floor we have transport services and transport safety, and the policy and legislation areas. On the fourth floor, corporate services area, and the fifth floor, executive and areas of Lands, Aboriginal Lands et cetera.

In Highway House, we occupy most of that building. It has all of the infrastructure division and all Louise's transport and civil services division except for the transport and safety area that has remained in Energy House.

We are now effectively in those two large buildings, except for the MVRs of course. We have Goyder Road, Casuarina, Palmerston and regional offices in Alice Springs—a fairly large regional office. Fortunately those three divisions and former departments were already in the Green Well Building and remain there, which is ideal. We have a fairly large office in Katherine as well. Lands and Planning and Infrastructure were in the same area, so that has been good and has not caused much disruption at all. We have smaller offices in Tennant Creek and Gove.

Mr WOOD: Where has Building Advisory Services gone?

Mr KIRKMAN: They are on the first floor of Energy House.

Mr WOOD: What happened to Arnhemica House?

Mr KIRKMAN: Other departments have utilised that space.

Mr WOOD: In my case, do not go there if I am going for planning now.

Ms MANISON: Go to Energy House. The Minister for Corporate and Information Services would be able to answer more questions about those types of movements around buildings, if you wanted to go into more detail about who is where.

Mr WOOD: Has it caused a reduction in sales at the Cheesecake Shop in Parap since you moved? A lot of people would have used those facilities.

Ms MANISON: There are new public servants in there who, I am sure, are enjoying the Cheesecake Shop.

Mr WOOD: Those changes can affect the local economy. I will ask one more question so the Member for Araluen does not have to ask it.

How much do you rely on consultancies and how much do you spend? Do you have a figure for that?

Ms MANISON: I will get Mr Kirkman to go into the details, but consultancy work is something DIPL has to refer to in order to get the expertise in these projects, particularly given that with infrastructure projects they are once-off. Often these expertise are not required on an ongoing basis, but our consultants are part of the day-to-day operations of the department. I will let Mr Kirkman go into more detail on that.

Mr WOOD: Will you excuse me, Mr Kirkman and Madam Chair. I will be back.

Madam CHAIR: Thank you.

Mr KIRKMAN: Our consultancy costs in our operational expenditure totalled about \$8.5m last financial year, the 2016–17 year. For our capital works program—keeping in mind these are project managers, architects, design engineers et cetera; they are probably not what most of us would view as consultants providing external advice. They are actually giving us a service. That service has cost us \$26.7m in the capital works program last financial year.

Mrs LAMBLEY: Gerry has left me a whole heaps of questions. How much do you do in house in regard to consultancy?

Mr KIRKMAN: I am a bit unclear on the question. Consultancy can be a broad or narrow term, depending on how you view it. Generally we view external providers giving us specific strategic advice. Consultants for capital works—that could be an engineer or an architect providing us that service.

Internally, we have classed some of our human resources support as consultants. That is what they do; they consult with our employees who are having issues or want employment advice. We have several HR consultants. They are internal employees. I do not know if I would class them in the specific term of consultant.

We also have a range of employees across the divisions who provide strategic policy advice, legislative advice and advice on engineering, architecture, design, consultancy et cetera. They are our internal staff. I am not clear on the question, but that wraps it up.

Mrs LAMBLEY: You say contracts were awarded to 97.5% local industries. What is your definition of a local industry?

Mr KIRKMAN: We have a specific definition of local industry. I will get Brett Brogan to elaborate on this. They need a locally based workforce, a local address and, for all intents and purposes, be a Territory company.

Mr BROGAN: Our definition is the same as determined by the Procurement Act and procurement directions which define what a Territory enterprise is. You have to be a local enterprise, have a local office and have local staff. We periodically check local businesses because we consistently hear things like, 'Make sure you are not tendering to a post office box'. We are out and about, as are our colleagues at the NT Industry Capability Network; they certainly keep a close eye on who is tendering with us.

We also require for any projects about \$100 000 that a business have CAL accreditations, so CAL also does another level of checking with us to make sure we are dealing with Territory enterprises.

Mr GUYULA: The report mentions that you have delivered on the Central Arnhem Highway. Could you advise what work was completed, how much has been spent, which contractors were involved and the tender requirements for Indigenous employment?

Ms MANISON: Thank you, Member for Nhulunbuy. That is a very important question with regard to Central Arnhem. I will pass that question through to Louise McCormick, who can go through the details about the works. It is a very important area and we have very large road networks across the Northern Territory that are unsealed and other assets we want to make sure we see investment in, and we are very keen to see more road networks sealed.

Ms McCORMICK: For the 2016–17 year, there was \$300 000 spent on gravel re-sheeting for seven kilometres of Central Arnhem Road near the Gapuwiyak turn off. It was completed in December last year. We also had \$400 000 for five new concrete floodways between Goyder Road and Bulman, which was completed in August this year.

Mr GUYULA: Thank you. The next question, is there any further work to take place on this road in 2018?

Ms MANISON: I will get Louise McCormick to answer the question again about the program and where we have work going out, but it is something I would certainly like to see more investment in the Central Arnhem Road.

Over the years there has been a lot of work done to prioritise sections for investment to make it more all-weather access down there, but we know it can get pretty tough during the Wet to get through the road and also that people have very limited options to get into Katherine and Darwin if they do not have access to the road.

It is certainly an area where I very much intend to continue pursuing further investment with my federal colleagues as well in discussions. I have already started those, but I will pass over to Ms McCormick around some of the work to happen.

Ms McCORMICK: Thank you, Minister. Planned works that we have on the program is \$1.8m to construct further concrete floodways on the Central Arnhem Road, but also on the Arnhem Link Road. There is quite significant funding of Arnhem Link Road to do a lot of culvert and causeway crossings along that road and there is also \$4.9m to lift and seal between Ramingining and Central Arnhem Road.

Mr GUYULA: Could you please also provide an update on the revolted \$4.6m that has been budgeted to lift and seal the Ramingining road? In June the department mentioned that the NLC were very close to providing a report and that work would follow. Could you also advise who won the tender process, where they are based and whether there were any tender requirements for Indigenous employment?

Ms MANISON: Thank you, Member for Nhulunbuy, I will get Ms McCormick to go into the details of that and where it is at as well.

Ms McCORMICK: We are still working with the Northern Land Council on the consultations for that. It was a traditional owner request to lift and seal through that section of road because there are sacred sites near there that they would like to see protected through those works.

We are hoping in the 2018 Dry Season it will actually go to tender. There is no contractor, as such, in place at this point. We are also working with our procurement section in terms of the Indigenous employment provisions under that contract. There is always a requirement to do an Indigenous development plan, and given that it is in an area where there is a high Indigenous proportion of the population we would expect a fair portion of local people to work on those projects.

Mr GUYULA: Regarding the key road upgrade project in the planning phase for 2017–18, with \$78m for the Arnhem Highway upgrade, what period is that likely to occur over, and will it include sealing of the entire Arnhem Highway?

Ms MANISON: I will defer that to Ms McCormick again.

Ms McCORMICK: That \$78m is actually for the Adelaide River floodplain, and it will lift the floodplain by almost two metres to provide all-weather access. It will be a two-lane sealed road when we are finished. The length of time that project will take is two to three Dry Seasons. It is quite complex.

You will see early works starting next year in terms of relocation of the Telstra services in the current road. There is also a lot of ground improvement work to happen because some of the depth of the marine mud is about 24 metres deep and requires fairly significant engineering works before you will see the project completed.

Mr GUYULA: The report mentioned 19 houses constructed in East Arnhem Land. How many of these houses were constructed in Galiwinku, and were these additional houses or replacing existing houses? Were local people part of the building team?

Ms MANISON: They are really important questions about the remote housing program and delivery across our remote communities. I will hand over to Mr Brogan to talk about the detail.

Mr BROGAN: As at 30 September, we had 23 houses in construction, and 18 of them handed over to the Department of Housing to deliver. What was the second part of your question?

Mr GUYULA: Were these additional houses or replacing existing houses?

Mr BROGAN: There is a mixture of both. The majority were new builds, but some were replacing houses deemed beyond economic repair by structural engineers.

Mr GUYULA: Were local people part of the building team?

Mr BROGAN: Yes, they were. The majority of those works were undertaken by Deltareef group in association with Gumatj corporation. In the last Indigenous development plan I saw they were achieving pretty close to 40% local employment outcomes.

Mr GUYULA: This was at Galiwinku with Gumatj?

Mr BROGAN: And DRG, Deltareef group.

Mr GUYULA: Regarding the construction of the emergency section of the Nhulunbuy public hospital, can you please advise me what local businesses have been given contract work in relation to this construction? Can you also please advise me whether there was any requirement of Indigenous employment in those tenders?

Ms MANISON: I will hand over to Mr Brogan in regard to the detail of those matters. Do we need to take that on notice to get all the information the Member for Nhulunbuy is seeking?

Mr BROGAN: The lead contractor for those works is Probuild. It has been in situ for more than 12 months, and we are hoping to finish the emergency department by Christmas Eve. I do not have a list of the subcontracted teams with me, but we can take that on notice.

Question on Notice No 2.1

Madam CHAIR: Member for Nhulunbuy, can you repeat your question please.

Mr GUYULA: Regarding the construction of the emergency section of Nhulunbuy public hospital, can you please advise me what local businesses have been given contract work in relation to this construction? Could you also please advise me whether there was any requirement of Indigenous employment in those tenders?

Madam CHAIR: Minister, are you happy to take that question on notice?

Ms MANISON: Absolutely, Madam Chair.

Madam CHAIR: The question asked by the Member for Nhulunbuy of the minister has been allocated the number 2.1.

Madam CHAIR: Please continue, Member for Nhulunbuy.

Mr GUYULA: That is all, thank you.

Madam CHAIR: Any further questions, Member for Araluen?

Mrs LAMBLEY: Yes, I have more questions from the Member for Nelson.

What is the projected cost of the Wadham Lagoon mitigation project? How much has been spent so far? Is it on budget? Why have the new culverts been blocked off?

Ms MANISON: Thank you, Madam Speaker, Madam Chair, Member for Araluen—it is that time of the day.

Mrs LAMBLEY: I will answer to anything.

Ms MANISON: That is pretty good. I will get Leah Clifford to answer this question regarding the progress of the very extensive flood mitigation work program.

Ms CLIFFORD: In relation to the Wadham Lagoon catchment—that was the question?

Mrs LAMBLEY: Yes.

Ms CLIFFORD: The culverts have been constructed under Whitewood Road at a cost of \$490 000. Obviously, they are complete. We are in discussion at the moment with the rest of the landowners in the area to finish the construction of the drainage works for that area.

Mrs LAMBLEY: Okay.

Mr PAECH: Madam Chair, can I ask a question while the Member for Araluen has raised ...

Mrs LAMBLEY: On the very same topic?

Mr PAECH: Flood mitigation. I note in your annual report on page 716 you talk about flood mitigation and it is recorded as an achievement. How do you measure the level of achievement for flood mitigation in Alice Springs where the Member for Araluen and I call home, when I take note that there was not a budget appropriation for that? I need to understand the work that has been carried out in that area.

Ms MANISON: Member for Namatjira, with regard to Alice Springs, after a raft of works had been announced across the Northern Territory from the proceeds of the TIO sale under the former government, the need to establish an advisory committee in Alice Springs was identified. It was formulated and put together to look at the question of flood mitigation in Alice Springs. That committee, which was chaired by the Alice Springs Mayor, Damien Ryan, did a range of work looking at different issues about flood mitigation. I have met with them to talk about their report and the works they put forward.

There was an extensive list of potential projects on that list with a very high cost and value—I think about \$120m-odd if they were all done. What was apparent was we needed to get more data to understand some of the flooding issues in Alice Springs. That work is happening now to inform future investment and budget decisions about where that goes.

I will hand over to Leah Clifford to add to that about the work that is happening now in data collecting and getting a better understanding of flooding in Alice Springs so we can make the most informed decisions about infrastructure investment and projects in the future.

Ms CLIFFORD: Thanks, minister. One of the key things the minister has mentioned regarding Alice Springs is, obviously, the collection of data. That has been true of all projects of flood mitigation across the Territory. In Alice Springs, as we have done for other areas, we are using Lidar technology, which is a survey method of using light pulses to hit the earth and obtain accurate readings.

All of this data is compiled together. We are ground treating it at the moment with some surveyors to check some key locations. From what I have seen with the Lidar technology, it is highly accurate and is very useful in dealing with flood water.

RPS was awarded the contract for Alice Springs to do the Lidar flying. As the minister mentioned, all that data will feed into a model which allows us to predict different structural measures and how the water tracks, transfers and responds to that. It gives us a really accurate base to identify what structural measures might work in Alice Springs moving forward.

Mr PAECH: Ms Clifford, you are looking at historical data of the rainfall in Central Australia, but I wonder, given that the climatic conditions of Central Australia are inevitably changing, we are becoming more of a Wet Season as opposed to previous kind of climatic conditions. Are those factors being taken into account?

Ms CLIFFORD: Yes, they are being taken into account. We are relying very heavily on the local committee and we continue to engage with them to get their input and advice. Specifically as to what rainfall is taken into account, I would need to take that on notice.

Mrs LAMBLEY: Is there any sort of time frame around this work? Is there a 'we will make a decision on this date' type time frame?

Ms MANISON: Yes. Clearly, we need to be informed by the latest data and information to make sure we can put the best decisions in place. I am very conscious of the fact there is definitely more work that needs to be done around flood mitigation in Alice Springs, but we need to be able to make informed decisions on that.

The work is happening with the department. I expect them to report to me about the outcomes of that report, to look at what possibly would be the investment needs and how to best prioritise that money. I would be very keen for the Member for Araluen to be part of those discussions.

Mrs LAMBLEY: That would be fantastic.

Ms MANISON: As well as the Alice Springs Town Council, community groups and traditional owners to make sure they are part of that work because it is important to have community support and how to best prioritise, as we know, the funds that could come through.

Mrs LAMBLEY: I have more questions from the Member for Nelson. I move on to Katherine. What is the agribusiness hub? Do you have anything concrete to show what it will look like? Is this project the same as the inland port?

Ms MANISON: Thank you, Member for Araluen on behalf of the Member for Nelson. The agribusiness hub and inland port—yes, we are talking about the same project. We are getting very strong feedback in regard to that from one very prominent local identity on the ground I have heard, their wonderful mayor Fay Miller. I knew she was not very happy with the term ‘inland port’. I have heard her say that in media interviews because she felt it drove some confusion on what the purpose of that was.

We see great opportunity in the Katherine region of making it an agribusiness and logistics hub. We know there is great potential in the region when it comes to agribusiness, and it is also a place that aligns transport corridors to the north, south and west.

We have a wonderful location with (inaudible) as well. There has been initial work to come together. We are putting together some reports as to where to go next, what are the issues and how to best drive the agribusiness logistics hub. There have been some consultants engaged in that process to date. There is a body of work happening around that. We will be bringing that in to look at where to next. That will be a very important project.

We have our assistant minister there now, working in this area. This will be happening, supporting the Member for Johnston who, as the Minister for Primary Industry and Resources, will be taking the lead in the development of this project. Clearly, there will be a very large role played by the Department of Infrastructure, Planning and Logistics in the delivery of this project.

Mr PAECH: Madam Chair, can I follow on from the Member for Araluen’s question? I understand there has been a consultant engaging with members of the Katherine community. I may be wrong, Member for Katherine, if that has been occurring. That is my understanding. Of that consultation work, what is the scope of the work being done? How do you see the project progressing to date?

Ms MANISON: Yes, so we have had Deloitte that have been out there, as well as SJ Traffic Consulting out there doing some work. They have consulted with various industry representatives from agriculture, horticulture, local government, mining, Tourism, transport, freight infrastructure and development, Defence, and environmental sectors. We are anticipating that final report to come through soon and that will help inform the scope of the scope of the work that happens around the agribusiness and logistics hub there.

It is also important to note that we are going to be doing a logistics master plan here. That is a body of work that is happening next year through this government. We had pushed that body of work back because we were going through the economic summits, the 10-year infrastructure plan, but also nationally, from a transport minister’s perspective, there is a national body of work happening around freight supply chains as well. So we felt that it was best to make sure this work was done together to best inform both outcomes of that national work, but also the local work on the logistics master plan as well.

Mr PAECH: Sure. And when you say Defence, are you referring to the Australian Defence Forces or the United States Defence Forces?

Ms MANISON: Working with Defence, we talked to all Defence out there. So we talked to the Australian Defence Forces; we talked to the United States Defence Forces. Clearly, Katherine is a Defence town. We have a very strong historic presence there out at Tindal. The Australian Defence in particular are very important—who we consult with to make sure that we get the very best out of this logistics hub.

Mrs LAMBLEY: So, flood mitigation in Katherine—\$25m has been set aside. How does \$7.6m spent on a new ambulance centre mitigate floods? What is the plan for Katherine’s levy banks?

Ms MANISON: With regard to those commitments and delivery of those projects, they were projects initiated under the former government. Nonetheless, ensuring that you have an ambulance service that is able get out and service the community if flooding occurs was a very important decision, particularly in Katherine, and I believe it was very warmly received by the community. The facility is certainly now handed over, up and running and all completed.

As we know, when on those occasions where we have seen—and I remember the 1990s when we saw that significant flood event in Katherine. When it floods, it truly does flood. So, mitigating that is incredibly challenging, but I will hand over to Leah to talk about the progress of works around the Katherine region from the flood mitigation works from the TIO sale.

Ms CLIFFORD: Thanks minister. For the Katherine region, we have been probably a step ahead in terms of the investigations and doing the Lidar and topo-mapping in that particular region. We have had staff now looking at that data in a bit more detail to look at what structural mitigation options there might be for Katherine. Part of that will be an ongoing process of looking at different options and testing those through our modelling to arrive at what might be the best structural options at the end of the day for the region.

Mrs LAMBLEY: So are there any time frames around that work?

Ms MANISON: Sorry, I might hand over to Ms Clifford there. But clearly, it is important to make sure we have the right data to shape the investment there and, simply, if it is not going to work, we need to make sure that we invest the money wisely to get the very best value for it on where it will work.

Mrs LAMBLEY: So that balance is still sitting somewhere, of that \$25m from the \$7.6m for the ambulance?

Ms CLIFFORD: The funding for the Katherine region has been identified and still is in our budget for the Katherine region, and is in that budget line.

Mrs LAMBLEY: Thank you.

Madam CHAIR: Are there any further questions?

Mrs LAMBLEY: Gerry has more here. I might just start to cherry pick a bit. Palmerston hospital: the original budget. Has there been any variations in the budget? Anything added or removed from the original design?

Ms MANISON: I will let Mr Brogan answer this question with regard to the delivery of the Palmerston Regional Hospital, but at this point I am pleased to say that it is tracking along very well. We are looking like it is on target for handover around the end of the first quarter next year, but I will hand over to Mr Brogan about the details about the budget and the delivery.

Mr BROGAN: The project has a very long history. It originally, maybe seven or eight years ago, was announced as \$110m project, and then back in 2012 the budget was increased to \$150m, as you will remember, Member for Araluen. Since that time the project scope has grown substantially, and about two years ago the project budget was increased to \$169m. The project is still tracking on time and on budget, and we expect to be delivering the project to the Department of Health by the end of March next year with \$169m spent.

Mrs LAMBLEY: You mentioned you worked alongside industry and undertook community consultation and planning in relation to Coolalinga concepts development for longer term traffic management solutions. When can we see some action on the ground?

Ms MANISON: Thank you, Member for Araluen, for asking this very important question on behalf of the Member for Nelson. We have seen rapid growth around that activity centre of Coolalinga. We have seen significant development on one side with housing including unit developments, business developments and now we have a new shopping centre. My goodness, we even have a McDonalds in Coolalinga, which I never thought I would see as a kid growing up in Darwin.

It has grown expansively very quickly. We have had to go in to do some work to improve the traffic sections, particularly outside one of the service stations and one of the entries into some of the slip roads. That work was undertaken over the last Wet Season and is completed now. But I did see the crash statistics; they were not good.

We have gone in and rectified that but there has been studies done because there needs to be a longer term solution to the traffic management. It will require significant investment because we are talking about a major highway, some growing traffic demands, but I will turn over to Ms McCormick to talk about the traffic studies and the work that has been done. This is going to be a very complex road project and there will need to be further improvements made. It is going to be complex.

Ms McCormick: We have gone out to the community with three original options, which included additional traffic signals and an overpass. It was not clear from our consultations which the community preferred because businesses wanted lights and the community wanted an overpass, and there is a lot of cost difference in all those options.

We did further investigate to try to get the real picture of what was happening and actually did traffic counts on the local road network as well as on the highway just to work out where people were going to and from. We have analysed that data now and are looking at further options to go to the community with because it was not clear the first time around that it was actually going to solve the problems that are there.

It is, I guess, suffering now from a lot of development that has happened very quickly and the local road network has not kept up with that development pace. As such, the Stuart Highway is taking quite a significant amount of that traffic. To make a very complex situation a bit easier to understand it is looking at both the local road network and the Stuart Highway to get an outcome that everyone is happy with.

Mrs Lambley: Any time frames around that?

Ms Manison: The work has been happening. The department is going to be feeding up concepts and options going forward, which will need to be taken in to consideration for further future budget rounds. Clearly, I am keen to see this work happen sooner rather than later, but the size of it is going to be significant and probably be tens of millions of dollars. We are just waiting to finalise what those options are going to look like and what they are before feeding it in to future budget rounds, but it will be work that will need to be done.

Mrs Lambley: Is there any money allocated at present?

Ms Manison: No, this is also something I would intend to pursue, for example, with the federal government as well, given we are talking about the Stuart Highway. Nonetheless there will need to be some work done at Coolalinga to upgrade and improve the traffic there. This will be about the long term of that area, as we know the rural area has seen a great deal of expansion so it will be important to make sure we get the road network right out there.

Mrs Lambley: Gerry has a whole heap of road questions, logistics. What will the planning study for McMillians Road include?

Ms Manison: I will get Louise McCormick to answer this question as well.

Ms McCormick: The McMillians Road planning study is completed; we only did some concept work. There is a corridor that stretches from the Stuart Highway down to Tiger Brennan Drive as a future arterial connection. Given some of the land development that is happening in that area, we need to reconsider where that alignment is.

We have a corridor now, but given what is proposed and planned in that area we are doing a lot more work and need to do a lot more consultation with businesses in that area as to what the arterial network will look like to best serve future businesses in the area. There is some very preliminary work at this stage but there is a lot more work to go yet.

Mrs Lambley: Has the traffic model plan for Darwin airport been completed and released? Who is paying for it? Will it include access for public busses?

Ms McCormick: That work is still under way. It is being paid for out of our consultancy budget at the moment, and we are doing it in response to the work that was done and paid for by the Darwin Airport Corporation. Now that we know what their land use plan is we can plan the network that we manage around that.

Mrs Lambley: What was the original budget for the duplication of Tiger Brennan Drive? Was it done within budget; if not, why? Have there been any defects? Who designed the left turn out of Bowen Street onto Tiger Brennan Drive which stops the traffic?

Ms MANISON: We are going right into those details so I will again get our wonderful engineer, Louise McCormick, to answer these questions about the technical details.

Ms McCORMICK: I will try to remember all those. The original budget was \$103m that went from Dinah Beach Road all the way to Berrimah Road. There were some variations to that \$103m up to \$120m. That included additional drainage that we had not foreseen in the design. We had encountered some very hard rock in some places which also required specialist machinery that was not thought of in the planning process. It is still through a defects phase at the moment so we are monitoring, and there are defects that we are continuing to address with the contractor.

In terms of the left hand turn into Bowen Street, I am not exactly sure which left hand turn.

Mrs LAMBLEY: Who designed the left hand turn out of Bowen Street?

Ms McCORMICK: The section from Woolner Road to Berrimah Road was designed by SMEC, which is an engineering consultant.

Mrs LAMBLEY: Can you explain what this means: developed a disaster application for information gathering immediately after an incident and integration to the web emergency operations centre?

Ms MANISON: Do we want to wait until Gerry comes back for that one or does that seem straightforward?

Mrs LAMBLEY: I do not think he is coming back.

Ms McCORMICK: I suspect I know what it is.

Ms MANISON: Alright, please, Louise.

Ms McCORMICK: It is a bit of a cryptic one but I suspect that is in relation to the Darwin regional network traffic modelling that we did. What that is referring to is looking at the whole of the Darwin regional network and if there is an incident on the Stuart Highway, for example, and the Stuart Highway is closed, looking at different scenarios that we may be able to better manage traffic across the network.

Mrs LAMBLEY: Okay, I have just noted that. I will move on to housing projects. It was said at a meeting of Housing that the Room to Breathe program employed architects to design extra rooms. Why do you need an architect; why not an engineer or a qualified builder? How much does an architect add to the cost?

Ms MANISON: Room to Breathe comes under Housing and Community Development, so if we could get Gerry to ask that question with the other Gerry later on in the week.

Mrs LAMBLEY: Yes. I think I will just leave his questions there.

Ms MANISON: I am very happy if Madam Chair gives me the opportunity to come back to any of those questions if we get time at the end. If the Member for Araluen does not get a chance to read them all out, so we can get to her own questions as well. I can also get him to table them and I am happy to give him written responses or briefings on them as well.

Mrs LAMBLEY: Thank you.

Ms MANISON: Thank you, Member for Araluen.

Madam CHAIR: Are there any further questions in regard to this report? Member for Namatjira.

Mr PAECH: Treasurer, I just wanted to ask you, in your annual report there appears to be a lot of achievements and highlights. I wanted to ask how you are proceeding to do that since there has been a reduction in staff.

Ms MANISON: It has been a tough ask in changing from three departments to one. There were some things where you could avoid duplication naturally. In other ways, also when we came to government, given the budget constraints, I did ask the department to operate as efficiently as possible. It means that we have some very busy staff, and when I walk through the departments they let me know how busy they are, particularly when you have record programs rolling out with regard to R and M, minor new works and capital works.

I take my hat off to the staff, because they are working incredibly hard and do a fantastic job when we have asked them to step up and do even more.

I appreciate it would be ideal to be able to put on a lot more staff, but with the financial situation we are working in across government—putting my Treasurer's hat on—we ask departments to be disciplined in their expenditure and also to constrain recurrent expenditure growth.

The reality of it is we have put some tough asks on the department to do a lot of work with constraint growth and the recurrent expenditure. They are stepping up the plate, continue to deliver and are doing an amazing job. I appreciate that it does not make their jobs much easier.

We have seen a reduction in staff numbers due to the merge of the three agencies, but we knew there would be some natural efficiencies found as a result. Again, it is just when money is tight, you have to make some of these hard decisions.

Mr PAECH: I just wanted to ask as well, the government suspended the Indigenous employment program on 4 August. What changes has your department initiated to make sure the contract payments are being scrutinised?

Ms MANISON: We saw the tabling of the Auditor-General's report in parliament last week, in regard to the previous government initiated program, the Indigenous Employment Provision Sum. I think it is fair to say that the report was damning, to say the very least. One of the things we picked up when we were able to merge the departments from the three agencies into one was that we also looked at investing more in internal audit and compliance within the agency. As a result, late last year was when they found anomalies in some of those IEPS contracts, and that instigated further investigation.

The department was working with police and the Auditor-General from early this year and have formally responded to report one particular case to the police earlier this year. Since then we have also had an additional five. Based upon that was when I decided to suspend the IEPS program, given it was clear we had some deep concerns about that.

We had also put in an additional \$500 000. It had been reprioritised within the agency to beef up that compliance and auditing function, and a lot of work has gone on with regard to IEPS, but also to address the concerns that have been raised by the Auditor-General and those recommendations.

I might handover to Mr Kirkman to go into that in further detail, but I have gone through the Department recently, met with the staff and seen the staff that are working in this auditing role. They are doing an incredible job and working very hard but this program. If we have questions that have not been answered with regard to pay sheets and so forth, they are simply not getting paid.

We expect people to fully comply and provide the full information before payment is made with IEPS. We are very conscious about that and there has been a lot of work done to improve auditing and compliance. But, again, what the Auditor-General did find was that this program was put together within a matter of weeks. There were some checks and balances in the program that were clearly lacking and why we have had to stop the IEPS and invest a lot more in audit and compliance. I will hand over to Mr Kirkman:

Mr KIRKMAN: As the minister has mentioned we have put considerably more resources into the Contractor Compliance Unit. About half a dozen of those specifically relate to verification. Their role is to verify all current claims we have for IEPS for provisional sum payments and invoices. That is a really comprehensive piece of work.

For each claim we get in a wad of time sheets and there is a lot of too-ing and fro-ing with contractors to make sure those claims are absolutely accurate. The role of that team is to make sure we are not making one payment that is not based on real evidence from the contractor that they have accrued costs in relation to an Indigenous worker.

That is a significant amount of the resource. There is also significant resource going into auditing previous claims that have been made. We have an interagency task force that has been established, which I chair, which has senior representatives from the police force, Treasury and Finance and Justice. We, I guess, review the work that comes out of that audit section to decide if there needs to be further referrals for misuse against that provisional sum.

There is a considerable amount of work going on, not only in verifying actual claims we are paying going out the door now, but looking at previous claims that have been made.

Mr PAECH: Thank you. Treasurer I am going to ask you, and I am happy to be directed to the chief executive or the chief financial officer, but where in the annual report would I locate income that comes in from breaches for non-compliance?

Ms MANISON: In regard to?

Mr PAECH: In regard to failure or breaches in compliance to Lands and Planning issues or matters?

Ms MANISON: I might pass over to Mr Kirkman or our chief financial officer, Mr Papadakis

Mr PAPADAKIS: The income we generate from non-compliance is generally a regulatory income that comes in to the Central Holding Authority. The line items that you would be looking for are in the notes to the financial statement, page number 144, which shows fees from regulatory services, but that includes more than just those fees; it is across the department.

Mr PAECH: So that is obviously a majority of other incoming streams not just ...

Mr PAPADAKIS: Not only for non-compliance.

Mr PAECH: And where in the annual report, Treasurer, would I be able to locate the number of non-compliance or breaches that the department found or have come into contact with? Or is that not reflected in the annual report?

Mr KIRKMAN: Can I just clarify the question? So specific breaches in relation to?

Mr PAECH: Lands and Planning.

Mr KIRKMAN: Lands and Planning.

Mr PAECH: The experience I use is that if the department knocks back a planning application or issues someone with a notice to cease, is that reflected?

Mr KIRKMAN: I will pass over to Leah. I do not think it is, but Leah will be able to answer that question for you.

Ms CLIFFORD: In Lands and Planning, in particular Development Assessment, we have an (inaudible) compliance.

I am not sure if it is specifically in the annual report in the Lands and Planning section in terms of recording notices to cease, but we do record on page 53 exactly what our performance indicators are for Planning. This is particularly around the number of Planning scheme amendments, projects undertaken and the number of applications we process, as well as processing times. But we have an enforcement and compliance officer within Development Assessment to ensure that is occurring in accordance with the development permits that have been issued, and follow up and investigate complaints.

Mr PAECH: Planning reform and planning for the vibrant future are currently up for consultation. I am curious about how the consultations have been going, and if you can provide an update on them. But while we are talking about consultation, I want to highlight the NT Planning Commission has a number of documents out for public consultation. I am curious about what all these documents are, particularly for the Planning Commission, and the relationship they have when they come back to you on looking at planning decisions in the future.

Ms MANISON: We have Dr David Ritchie here, the Planning Commissioner, and they will be appearing after the Department of Infrastructure, Planning and Logistics, where you can ask more questions.

We have a huge amount of work happening in the planning space. This is an area where we are doing a raft of work. The first one was following through on our election commitment of planning reform to ensure we have a planning system that delivers more certainty and transparency, gives the community a say and, most importantly, helps work through the complexities of the planning system.

I have said many times before that planning is a complex space. It is really important to make the right decisions for the long-term interests of the Territory. However, there is never—as far as I have seen so far—a win-win situation in planning decisions.

It is important to get those decisions as right as you can and understand what the community feels is acceptable and what is not. We are looking at ways to improve our planning system through the planning reform paper. Generally the feedback we get is that the Northern Territory's planning system is a good one. However, there is always room for improvement. The community feels it would like to see a more transparent system and more certainty, and to take the complexity out of it.

I have found that if you do not have an understanding of the planning system it can be overwhelming and daunting to have your say and navigate your way through it.

That body of work is out at the moment. The other body of work is a planning vision document so we could talk to Territorians about the type of development they see as acceptable and what they do not see as acceptable, the visions they have for their area and the purpose of those areas, and to get an understanding of their views on the priorities of where should be developed next and what they would like to see done.

We have extended feedback on the document to early next year. It is a very important document because it ensures the government has the latest information from people on the ground about what they feel is acceptable and do not. On top of that we have our Planning Commission under our new Commissioner, Dr Dave Ritchie, who is doing a fantastic job, progressing work that the Planning Commission is doing. Some of it overlaps and relates.

Nonetheless, it is important they push ahead with the work they are doing because it will be important with regard to the Darwin area periphery plan, work around Coolalinga—we were talking about the roads before—and finalising that, and Howard Springs.

Since we have been in government one thing we have tried to do better is to work with people on the ground, with the community, to ensure they feel like they have a genuine say in planning outcomes and some of the planning decisions the government makes. That takes time but we are doing that work now and I am very happy with how it has been progressing—from the feedback we have been getting. This will help shape some of the big planning decisions government makes going forward, based on what the community generally feels is acceptable and what is not, but also ensuring we have a better planning system in place.

Mr PAECH: I am not sure if any other members have any further question.

Mr MILLS: I have a question but it may not be appropriate. In the area of planning, an assessment of demographics—does that fall into planning and informing planning decisions?

Ms MANISON: Of demographics?

Mr MILLS: The profile of the Northern Territory population trends and so on.

Ms MANISON: Absolutely, we want to know where people are and who they are.

Mr MILLS: Firstly, the mechanisms you have within planning for an assessment of demographic issues and how the Territory is tracking, its population growth, seniors, the youth, the bush, urban et cetera.

Ms MANISON: It is a very good question and they are the important pieces of information a government needs to understand to make the very best, informed planning decisions into the future about where is your population and what are they doing—what you said about the age demographics; how do you best provide services around them and make sure, for example, if you have a young community that is growing, are you putting in a school? Are there going to be childcare facilities? Where are your health resources and so forth? They are all considerations that are put in place.

I might hand over to Ms Clifford to go into some of the points that are looked at. When planning decisions are having to be made about certain applications and so forth you get reports in from the planning bodies and, at the moment, it is the Planning Commission. The Planning Commission also factors in these types of areas in the works they have been doing around area plans and strategic planning.

Mr MILLS: Before doing so and so I can map it out a bit—an assessment of our population trends. I think historically it resides in Treasury in the economic unit but it has to then speak to planning, the Planning

Commission, and so on. How does that conversation work with the connection between those different agencies and that flow of information, given that you are the minister for both?

Ms MANISON: I will get Ms Clifford to go into the technical details about how planning engages with some of those other agencies but (inaudible) the Planning Commission because really since—under your previous government we established the Planning Commission and we have retained it where they can do a lot of that strategic work around the detail, demographics and so on to inform government.

I will pass on to Ms Clifford about how some of those conversations take place.

Ms CLIFFORD: As the minister mentioned, the Planning Commission in the hierarchy of strategic planning develops the area plans and the land use plans. As part of the work they do now—I am sure it is covered in their annual report—incorporates not only looking at what potential land uses there could be but combining it with infrastructure studies and studies regarding population and demographics. As required and when the Planning Commission do their bodies of work—Coolalinga was one we mentioned—they request the department to engage demographers who can give advice on that. Also, in preparing our area plans the Planning Commission consults widely with the community and government agencies to get their views.

Mr MILLS: Thank you. The more granular details such as what is happening in our seniors community at the moment and how the numbers are going in Palmerston, Darwin and Alice Springs—to me, that tells you something about the people's view of the future of the Territory. Is that information available or how do you access that, as a member?

Ms MANISON: As a member I would be more than happy to give you any briefings. We got feedback from seniors' groups as well as agencies that have a role in seniors—Territory Families, the Health Department—and looked at some of the demographics through DCM and Treasury. It has helped inform some of our decision-making about looking at feasibility studies into seniors' housing around Alice Springs, the rural area and Darwin because we see they are areas where there has been growth within those numbers, and there is more need as we have an ageing population.

Mr MILLS: This is a reflection of Independents not having a group of people to do research for us, so forgive me for asking a question that most probably would be able to lay their hand on this information. It is an observation. As a local member, I pick up from one of my schools that it has 15 significant families that have made a decision to leave because of their view of economic prospects. That is one school. I could do a rule of thumb and multiply that over the community and extrapolate even further.

Is that type of data aggregated in some place? Is it contemporary?

Ms MANISON: With regard to population data, that is regularly looked at through statistics that come in. We had a chat in the Treasury outputs about it. Clearly, you will see that there are reports that come through with regard to population growth and where we are heading that inform us. As you know, you often see a number on net interstate migration as well as overseas migration and natural births and deaths.

There is a range of work that always happens to inform you about what is happening in the Northern Territory. Clearly, we have some population challenges at the moment forecast in the mid-year report, particularly in the 2018–19 year. There will be an even greater focus on population growth. There always has been in the Northern Territory, but that is even more under the spotlight now that we have seen it—in the budget papers and the mid-year report—go into that negative territory.

Mr MILLS: Thank you.

Madam CHAIR: Are there any further questions regarding this report?

Mr PAECH: Yes. Treasurer, can you give us an update on the repairs and maintenance stimulus that the government issued?

Ms MANISON: Yes, Member for Namatjira. As part of Budget 2017–18 and our efforts to support local jobs and local business, we decided to invest in a record R and M budget. The reason behind that was because we know that with repairs and maintenance—I hate to say it, but the reality is there is never enough in any one year to fully go through the repairs and maintenance budgets of all agencies. There is always great need out there, whether it be housing, schools, roads or government buildings.

We felt it was a smart investment to get the money into the R and M budget, because we know in R and M there is a much shorter lead-in time and it often supports more jobs on the ground than the capital works programs in getting that money out the door sooner, quicker, faster. It really flows through to support small- to medium-size local businesses.

I will hand over to Mr Brogan to talk about the big ask. It has been a huge ask of the department to get this money out the door—working with the agencies in the financial year. They have been working extremely hard. The last time I was in Alice Springs having a chat to the staff, they told me how busy they were with the level of activity there. I will let Mr Brogan talk us through those changes and how things are going.

Mr BROGAN: Member for Namatjira, it is a record program. I concur with the minister that the Alice Springs office is leading the way, in percentage terms, for us at the moment. I am visiting there tomorrow to see.

So far this year, we have committed—this data is a month old now—\$85.5m with repairs and maintenance contracts this year.

Mr PAECH: That was \$85.5m?

Mr BROGAN: Yes, and spent \$55.5m this year so far. We expect that would probably quadruple before the end of the year is out. We are hoping to get pretty close to spending \$200m as part of the stimulus project that brought forward the R and M works.

Mr PAECH: I just wanted to ask the Treasurer, are you the person responsible for the National Partnership Agreement on Remote Indigenous Housing?

Ms MANISON: That is a discussion that government is having with the Commonwealth at a range of different levels. Our colleague, the Member for Barkly, as the Housing minister, is having that conversation directly with the Minister for Indigenous Affairs, Senator Scullion. But I will say that, from my part, I have been advocating very strongly with the Commonwealth too in my discussions, particularly with the Treasurer, and continue to make it clear that the Northern Territory is very serious about remote Indigenous housing.

By all means the National Partnership Agreement on Remote Indigenous Housing has helped that journey in going through, repairing homes—whether that be to a refurb or a rebuild standard—and also addressing extra housing supply. We are so serious about the remote housing situation that we have put a record 10-year investment, the largest ever investment by a Northern Territory Government into remote Indigenous housing—of \$1.1bn over 10 years.

If you were to look at the Northern Territory Government contribution under the former SIHIP NPARIH program, I think it was in the vicinity of about \$300m of a \$1.7bn program.

We are urging the Commonwealth to come to the table to invest in remote Indigenous housing beyond NPARIH. It is absolutely vital that they contribute. We think putting \$1.1bn of Northern Territory money on the table will help show how serious we are about the commitment, and we will continue to lobby the government for that funding.

Mr PAECH: Thank you, Treasurer. I wanted to ask a further question and note that the Member for Araluen asked a question on the Palmerston hospital. So while we are talking things Palmerston, I wanted to ask if I could get an update on the Palmerston police station project and if that was on schedule.

Ms MANISON: Thank you, Member for Namatjira. The Palmerston police station is a very important project. It was one we brought forward to deliver sooner and acknowledged that it should not be done in two stages, that it should be done in one.

That is why we brought that forward with the \$26m. There has been a great deal of work done in design and with regard to securing the best possible location for the police station. With regard to the further details on the project, its delivery and where we are going with our construction tenders and time frames, I will hand over to Mr Brogan to go through where everything is at.

Mr BROGAN: Thank you. We are working very closely with our design team and the Northern Territory Police to make sure the design is perfect to meet their business requirements. We are probably at about 75% design and are hoping to be past 90% in the coming weeks.

We anticipate going to construction tender on or around 18 December and having that in the market for about two months, so closing tenders sometime in early February and awarding a construction contract in March. The project budget is \$26m so we would anticipate that project will take something between 15 and 16 months to deliver, so we anticipate opening the facility in mid-2019.

Answer to Question on Notice No 2.1

Ms MANISON: Madam Chair, could I place a question taken on notice on the record for the Member for Nhulunbuy?

Madam CHAIR: Yes.

Ms MANISON: This is in relation to question number 2.1, which was about the Nhulunbuy public hospital advice to what local businesses have been given contracts in relation to this building and to advise whether or not the requirements of Indigenous employments are in those tenders.

The answer is, the following contractors and suppliers have been engaged by Probuild NT in the delivery of the works of the Nhulunbuy Hospital emergency department redevelopment. The subcontracts are, Telecom Tim; B.I.G. Carpentry; Manfield Colair; East Arnhem Plumbing Service; John Bidwell Management; DJ Fabrications; FFPINT, Fire Extinguishers and Services; Yolngu Business Enterprises; Gove various services and suppliers; BP; Sea Swift Barge Freight; Nighthawk Road Freight; GIS; Datjala Work Camp Indigenous Labor Hire; Gumatj Aboriginal Corporation Concrete Supply; Gove Warehouse; Nhulunbuy Corporation; (inaudible).

The department's contract with Probuild includes the requirement for an Indigenous development plan and the height of the sight activity saw over 50 Aboriginal workers employed on the project. To date, \$811 000 in Aboriginal wages have been claimed on the project.

Madam CHAIR: Thank you very much. We will table that document.

Ms MANISON: I am happy to.

Mr MILLS: I have a question. These are more or less local member issues but I want to thank you, minister, for the early days in your time as minister when you assisted with what is, I think, quite a delicate matter in Bellamack. The Territory government is in partnership with owners of houses, and together you are part owners of a house or a number of houses that are not suitable.

Can you advise how we are going with that challenging issue? I ask on behalf of those who are dwelling in those homes and have invested them, and with a Wet Season coming.

Ms MANISON: Thank you, Member for Blain. I met with one of your constituents in regard to their concerns. I was very firm with the agency that I wanted to make sure the responsible builders and company were worked with, and we made it very clear we expected them to meet their obligations to upgrade those houses.

I will hand over to Mr Kirkman to inform us of where we are at. Needless to say, by the time I had spoken to them and you had sent me there to meet with the residents ...

Mr MILLS: I invited you to attend.

Ms MANISON: And it was fantastic. I am glad you did.

Mr MILLS: I appreciate that.

Ms MANISON: They are the direct contacts you need to make to understand an issue and go okay—you need someone to push through it. With that I had conversations with Mr Kirkman and he has gone through and been working with those companies.

Needless to say, by the time we were at that Wet Season they had already gone through a few Wet Seasons with these issues. I am determined to continue pushing through this matter to get these repairs, but they have not gone as quickly as I would have liked to have seen. I will certainly let Mr Kirkman update on this situation and there are some complexities here as we know, given the company involved.

Mr KIRKMAN: It is a very difficult situation with these houses. I also went and had a look for myself. In one of them, where we had requested Brierty as the developer to strip out and have a look at—they have given us a commitment to rectify any problems with these houses. The complexity of course is Brierty is now in administration. We have met with the administrators who have also given us their commitment that as a priority these houses will be dealt with. They will not be left.

Unfortunately, given the timing as you have mentioned, the Wet Season is upon us. We would have loved to have had that work done in the last Dry Season but given the issues with Brierty, that did not take place. The administrators have given us their commitment that they will continue to work on those houses and rectify those.

Mr MILLS: Okay. I thought the issue had been largely resolved but, no, I have had representation ...

Ms MANISON: I think the complexity of the administration of Brierty has just added to those (inaudible), but Member for Blain, I will continue to pursue this from my end.

Mr MILLS: Thank you, I will pass it on.

Ms MANISON: I appreciate you asking the questions because it makes sure everybody continues to be held to account to take actions for these residents because they deserve nothing less.

Mr MILLS: Thank you. Another is a Bellamack issue but it is not Brierty, but the management of waste water at the back of Bellamack.

I thank officers who attended a community meeting there and identified what is quite a complex problem also that requires a significant commitment to deal with. That was a design to have waste water dealt with at the back of Bellamack. Residents are quite concerned about it, and I think the matter will require a fair amount of effort.

If a design decision was made to deal with waste water, that was the wrong decision. It has to be undone, from what I understand. I would like to know where we are at with that.

Ms MANISON: Thank you, Member for Blain. I am going to pass this through to Mr Brogan to let you know where this is at. This might be one we need to get back to you with some further details as well.

Mr BROGAN: Member for Blain, are you talking about the stormwater systems?

Mr MILLS: Yes, it has some funny acronyms.

Mr BROGAN: Detention basins and storm water retention columns.

Mr MILLS: Yeah, that is right.

Mr BROGAN: Certainly, we have been down there and investigated. The detention basins do not seem to be performing as they were anticipated by Brierty and the hydraulic engineers. So we are doing some redesign work around that and intend to be having discussion with the administrators about who ultimately is responsible for rectification of the works. Because detention basins, their purpose is to slow water down and drop sedimentation out so that we do not impact on down water streams.

As you are probably aware, those areas flow into what is left of Mitchell Creek before it transitions to a very saline environment. So we are very cognisant. We do not want sedimentation building up through the mangroves there, because that would not be a good environmental outcome. We can do some immediate works around pulling out the sedimentation that is there now, but we need a longer term strategy because it will keep happening, we believe.

Mr MILLS: I understand it needs cooperation between Palmerston City Council—we are waiting for the election to get some direction there—Brierty and the Territory government. How is that dialogue planned to be managed between the three different agencies who are overlapping on this issue?

Mr BROGAN: We maintain a very good relationship with the offices at Palmerston Council. Obviously, we will keep watching what happens with the elections next year. We will probably lead the discussions to make sure all parties are working together on an outcome. We have some in-house resource design that we are

using now to figure out what we think is the appropriate outcome, but absolutely we have to discuss those outcomes with Brierty and Palmerston.

Mr MILLS: Just an aside, perhaps in February/March we will have a public meeting down there. The objective is to get people to understand the complexity of it, that the agencies are working and trying to find a way through it.

Ms MANISON: Member for Blain, any information you need from the agency, any discussions you would like to have with me further to this—you are more than welcome, just to make sure that we do have that cross agency working with local government and developers.

Mr MILLS: Sure, okay.

Madam CHAIR: Are there any further questions?

Mr PAECH: I have just got a question. On page 18 of the annual report there is a beautiful picture of a driverless bus. So I just wanted to ask what lessons the government has learned from the driverless bus, and can we expect any more driverless buses?

Ms MANISON: Thank you, Member for Namatjira. I would also to thank the Waterfront Corporation for their work around the driverless bus trial. Like most jurisdictions in this country, we are all having a look at the potential of autonomous vehicles and what they may mean to our road networks, our rules, our regulations and laws on Australian roads. So you have to start somewhere, and this was a nice trial in a controlled area where there were needs for those transport services.

I think it is a fabulous experience being on a driverless bus, but it is an emerging technology. It could be a bit slow for some people out there when you do get on the bus service and have a ride.

But with regard to some of the outcomes and where to next, we intend to pursue more trials, as a government, to look at other areas where we can further test and proof up the technology as these vehicles become more proven and eventually become a real part of our road network. That is just a fact. So we are going to continue with trials. We will announce those details in the future of what we will be looking to do, so that we can further proof up the technology.

With regard to lessons learned, I will hand over to Mr Kirkman.

Mr KIRKMAN: There was quite a bit of fun had. There was about 3000 people, as the annual report has probably stated, that have jumped on the bus, and along with the Waterfront Corporation we managed that trial.

Behind the scenes there were a lot of sort of analytics going on working out how to fully automate these types of buses. This trial was actually a first in the nation and it was on a public road. We did have some traffic management, but it was pretty minimal. By and large it went very well, and then we took it inside the Waterfront precinct for people to use on the public paths, and it was probably even more successful in terms of people jumping on.

It is clear right now that we are still a few years away from what would be classed as a fully autonomous vehicle. You still need someone to make sure you can override the system and explain to users what the bus is doing at any point in time. We are compiling all that data we got during the trial and then working out how best to move forward. We will advise government on that.

We are also working at a national level. A number of governments in Australia and around the world are interested in this technology. Something we are doing with our counterparts in other jurisdictions is looking at how you would regulate these vehicles in a real traffic sense, that is, who is responsible if it runs into someone. There is very detailed work that needs to occur in order to work out the regulation. It is almost as difficult as the technology itself. That work is going on nationally, which we are very much tuned into.

Mr PAECH: If I turn to page 20—ride sharing. I want an indication of when Territorians can enjoy ride sharing in Darwin and the rest of the Northern Territory.

Ms MANISON: We will be introducing ride sharing. There has been a significant body of work in consultation with commercial passenger vehicle operators—at the time it was the ride sharing company Uber—to look at how to best introduce ride sharing into the Northern Territory.

It would be fair to say there were some concerns from the taxi industry; however, all other jurisdictions have now introduced ride sharing. We were the last jurisdiction to do so. We believe we placed the right regulations in place in the right environment to ensure we could still have a developing taxi industry, but also accommodate ride sharing being a choice for Territorians.

After we announced those changes, Uber said it believed the bar was a bit too high, so it would not establish itself in the Northern Territory at this time. I have continued discussions with them, however, and so has the agency. I did not feel the fee was too high or that a criminal history check or medical check was out of the question. Nonetheless, we will continue those discussions.

In the meantime, other ride sharing operators have expressed interest in the Northern Territory. One is a Western Australian company called hi oscar. I have met with them and they are looking to set up their ride sharing operation in the Northern Territory in February. The good news is that it is not only Darwin they are looking to set up in. They have also expressed an interest in Alice Springs.

Ms NELSON: What about Katherine?

Ms MANISON: I am sorry, I have not heard of interest there as yet, but we will continue those discussions. It is about more choice for people in whether they take a taxi or engage in a ride sharing service; hi oscar is an Australian company. Its technology is quite impressive. It has started up in Bunbury and Perth.

We will continue discussions with Uber, but we have had other companies express interest and will be looking to set up here. If all things go to plan, we hope to have ride sharing here from February next year.

Mr MILLS: Because of the pressure from the Member for Namatjira, I am compelled to ask—I cannot understand this driverless bus business. It seems to me we will end up going to driverless taxis.

Ms MANISON: That is a concern of the taxi industry, if you ask them.

Mr MILLS: What Mr Kirkman described was the amount of work going on to assess how this will operate. I saw it driving down the Esplanade, and there seemed to be a battalion of people around it, trying to assess whether it will be safe and work properly. Then we had the same issue described down there.

I just came back from Dili, where there was a girl in the lift pressing the button so someone else does not have to. The purpose of that is to give her a job, so where are we going with this? Can you explain, so that I can explain to average Territorians, the sense of having a driverless bus when there are people under employed? What is the attraction?

Ms MANISON: The sense of having a driverless bus is the fact that there will be driverless technology that continues to grow, not just in the Northern Territory but right across the world, and we need to be prepared. It is a reality that technology is changing. I believe there will be more demand for driverless autonomous type vehicles in the future for a whole range of different purposes. It is important that you start having a look at your road networks, rules, regulations and preparing for what will be a change in the future.

Mr MILLS: How much money is being spent on this assessment, which was (inaudible) first?

Ms MANISON: I want to get you the exact figures and I do not think we have them at hand at the moment. I have \$260°000 here, but I would still like to take it on notice, Member for Blain, so I can get you all the exact costs around it. I think it is important that we look at new technology and innovation, and we make sure that as autonomous vehicles take off around this country that the Northern Territory is not left behind, and that we have done the preparation work for when this becomes a real technology in the future.

Personally, I prefer to drive my own car.

Mr MILLS: I would like government to spend its efforts on trying to find ways for people to have jobs. Maybe I am just too old but to me that sounds ridiculous, having a bus that does not have a driver, and you have people that do not have jobs.

Ms MANISON: I like having drivers too but there is going to be driverless technology in the future and we have an obligation to the future to prepare for it, Member for Blain. I like drivers as well.

Mr MILLS: I have not had anyone come and ask me, 'When is that coming?' I just felt a bit unsafe when I saw it driving down the road.

Ms MANISON: What was it about 12 kilometres an hour, what pace does it go at an hour?

Mr MILLS: With half the department walking along side of it so no one has an accident.

Ms MANISON: I reckon you could run faster than some of those vehicles, Terry.

Madam CHAIR: Member for Blain, would you like to place that question on notice?

Mr MILLS: I may as well. I was not intending to but I would like to know how much money this has cost and then, as a community, we will work out where we are going with this driverless bus.

Ms MANISON: The figures I have here for the 2016–17 expenses was \$260 000 and the costs included vehicle rental cost, transport, training, deployment, staffing, storage, insurance and advertising and promotion, Member for Blain.

Mr MILLS: What about all the people that had to walk along side of it?

Ms MANISON: I have staffing here.

Mr MILLS: Staffing?

Ms MANISON: That is for 2016–17, that is the figure that I have there.

Mr MILLS: Over a quarter-of-a-million dollars.

Ms MANISON: I think it is important that you prepare for innovation and changing technology and emerging technology. It will happen, Member for Blain.

Mr MILLS: I will tell that dear girl in the lift in Dili that you should move aside, I can press the button myself and you are out of a job.

Ms MANISON: I think we are talking about two very different things here. We will just have to agree to disagree on this one.

Madam CHAIR: Are there further questions in regard to this report?

Mr PAECH: I want to paint a very different picture because I want to take us out of the metropolitan centres to the bush. I want to ask, being a bush member, what the department is doing around improving access for people to get to the bush and people from the bush to get in to our metropolitan areas?

Ms MANISON: Are we talking about remote bus options?

Mr PAECH: Yes, remote bus transport options.

Ms MANISON: Thank you, Member for Namatjira. It is a very important question. Remote transport strategies, particularly in the Northern Territory, is something that has been an area that we have identified as needing to continually work on and making sure that people in the bush get access to those services, because what I do not want to see, as the transport minister, is overcrowded vehicles driving on our roads with too many people on them. We see some of the tragic situations that can occur when there are accidents.

It is also about ensuring that people get access in to those urban centres, regional centres when they need to go in and do some shopping, get some medical treatment, see some family, socialise and so forth. Remote transport strategies and bus strategies are important.

I will hand over to Mr Kirkman to talk about some of the work there.

Mr KIRKMAN: Yes, we have been subsidising remote bush services for a couple of years now and are very keen to continue to do so and expand where we can. Bodhi Bus is our main operator. He has been doing a lot of work for us recently on the Tiwi Islands, but for quite a time operating out of Katherine, Tennant Creek and Alice Springs and going into some of the more remote communities.

In the last financial year we spent about \$760 000 with the bush bus subsidy. From our perspective, it is more than just the buses. We are very keen to get people out of crowded vehicles and buses are an alternative to

that. We would like to see improvements there, but it is also about aviation and potential movement by water. Obviously, we have a ferry service now which we subsidise that goes from Cullen Bay to the Tiwi Islands. We would love to see that go further.

We know on Groote Eylandt there are ferry services for people going between Umbakumba, Bickerton and a couple of other spots. It would be great to see those extend. We have to look at that network of services to give people access in and out of those communities.

Mr PAECH: For my purposes, I am very far from any source of water in Central Australia. How does a community that is not currently getting the services of a bush bus go about getting the provision of services to it? What is the process for a community to get this bus service going to them?

Mr KIRKMAN: They should come and have a chat to us first. Simon Saunders, who heads up the transport services, will be more than happy to have a chat with them. Obviously, subsidies can only go so far. Clearly, customers still need to pay for a service. There is a level of commerciality that needs to be work with these type of services.

Mr PAECH: Sure. I am mindful that there is always a contribution by residents to do that. I am asking if there is a particular formula the department has adopted that they go through to work out whether a community warrants having a bus service?

Mr KIRKMAN: I will get Simon Saunders to come up and have a chat about that because he has the detail of it.

Mr SAUNDERS: Yes, there are two major operators in the Territory, Bodhi Bush Bus and Centre Bush Bus, which you will be aware of, in Alice Springs. We take applications on a case-by-case basis, working with operators. Often the applications come via the operator. There is quite an extensive service in place already. Depending on where those services go—they are all a case-by-case assessment. You may be a link in communities, so you may add something on to an additional route to link communities.

As you know, we are currently looking at applications for around Finke for an extra service through there. They are on a case-by-case basis in consultation with the operator and, obviously, within the amount of funding requirements we have.

Mr PAECH: Could I confirm—did you say they are looking at putting a service on to Finke?

Mr SAUNDERS: We are considering an application at the moment, which has been around for a little while, looking at extending services through to Finke, yes.

Mr PAECH: On that, does the department have a minimal population number that needs to be at a community to warrant the service?

Mr SAUNDERS: No, there is no specific minimum number of population. It is driven around the transport need, needing to get to services in larger communities and towns for health and other services like that. All those factors are put into play and are considered on a case-by-case basis.

Mr PAECH: When you are looking at the financial contribution the Northern Territory Government makes to the organisations to run the services, is the cost for the community member to get on the bus taken into account?

Mr SAUNDERS: The fees for travelling on the bus and the fares are set by the operators. There are some routes operating currently in the bush that are commercial routes, operating without any government assistance. They would set those figures themselves.

Mr PAECH: I only ask because I am mindful that some people living in the bush are not the richest people in the world.

Madam CHAIR: Are there any further questions in relation to this report?

Mr PAECH: I want to ask about the Motor Vehicle Registry. I understand there are some processes in place to streamline processes. Contrary to that, what provisions are in place in remote communities for residents to renew their licence or registration or to obtain a permit to come in to a municipal service to do so?

Ms MANISON: I will hand that to Simon Saunders to go through some of the detail of the MVR. MVR services remotely are so important. We do not want people to get into trouble because they are unlicensed. There has been considerable work on DriveSafe NT Remote, which is an award-winning program for road safety. Work has been done out bush with people in communities to help them obtain documentation to get a licence as well as all the road safety training that comes out of it.

With regard to streamlining and ongoing works at the MVR, I will hand over to Mr Saunders.

Mr SAUNDERS: There is a range of options available in the bush. Police deliver a range of MVR services in the bush, which is fantastic and we appreciate it. As the minister said, DriveSafe NT Remote visits about 47 communities in the Territory and delivers licensing services as well as some MVR services whilst they are there.

We continue to expand our operations with Australia Post. There are a number of those outlets across the Territory that can process applications, registration and licensing renewals. There is a lot of work going on.

There is a range of services available online, which are quite extensive and you can do via the app or the Internet. Our face-to-face transactions are becoming fewer than our online transactions. The number is crossing over.

Mr PAECH: The NT Police are able to administer licence renewals and registration in the remote setting.

Mr SAUNDERS: Yes they are. They do a lot of work in remote areas. They process those applications and gather the paperwork and funds and send it through to MVR, where they are processed, in Alice Springs or Katherine.

Madam CHAIR: That concludes consideration of report number six.

Madam CHAIR: The committee will now move on to report number seven, NT Planning Commission.

Ms MANISON: Madam Chair, I want to thank the Department of Infrastructure, Planning and Logistics for all its hard work.

Can I revisit something from the Treasury section, for the Member for Araluen, in relation to the NTIDF and the \$300m versus the \$200m. I have been trying to search for the commitment from the Chief Minister when he was Opposition Leader regarding \$300m versus \$200m, and I have not been able to find it.

I am keen to get the press release, but also—going back to his budget speech at the time, he said that rather than investing the \$100m which the government committed at the time to the NTIDF, that they would fund \$100m into more stimulus infrastructure programs.

I just wanted to clarify that for my records, because I have been looking for it.

Madam CHAIR: Member for Araluen, were there any outstanding questions from the Member for Nelson we can table and put on notice?

Mrs LAMBLEY: I am sure there is, but can we leave them?

Madam CHAIR: We can do that after.

Ms MANISON: Can we table them all on the record so I can make sure the Member for Nelson gets answers through this process?

Madam CHAIR: Yes.

Mr MILLS: We will just table them or read them out?

Ms MANISON: I think for efficiency we table them and we can ask the Member for Nelson to give us a printed copy for stamps when he comes back in, if you would like a clean copy?

Madam CHAIR: Happy to do that.

Report No 7 – NT Planning Commission 2017 Report

Madam CHAIR: Thank you very much. We will now move onto report number seven, NT Planning Commission

Ms MANISON: Thank you, Madam Chair. I have an opening statement regarding the extensive work of the Planning Commission and what we have got happening here. But of course we have Dr David Ritchie, who is our NT Planning Commissioner, and we have Michael Holmes, who is our Director of Lands, Planning and the NT Planning Commission. With regard to the Planning Commission, the Planning Commission has several members who provide planning and leadership, and deliver professional and independent advice.

The Planning Commission strengthens links between the Northern Territory Environment Protection Authority, the Development Consent Authority, the Northern Territory Heritage Council and Local Government. The Planning Commission is comprised of a Chair, the Chair of the Development Consent Authority, the NT Heritage Council, the NT Environment Protection Authority, representative of the Local Government Association of the Northern Territory and up to five additional members. who are appointed by the minister.

The current membership of the NT Planning Commission comprises of Dr David Ritchie as the Chairman; Dr Paul Vogel, chair of the NT EPA; Mr Wayne Kraft; Mrs Suzanne Phillip, Chair of the Development Consent Authority; Mr Robert Jennings from LGANT as their representative; Mr Brendan Dowd, who is a member by ministerial appointment; Ms Dorte Ekelund, who is a ministerial appointment; as too is Fran Kilgariff.

Strategic Lands Planning is the foundation to ensuring we have certainty in our planning system. The Planning Commission plans and provides a framework of controls for the orderly use and development of land, and this is to be achieved by:

- strategically planning land use and development for sustainable use of resources
- strategically planning transport corridors and other planning infrastructure
- effective controls and guidelines for appropriate use of land having regard to its capabilities and limitations
- controlling development to protect natural environment including by sustainably using land and water resources
- minimising adverse development impacts on existing amenities and, wherever possible, ensuring amenity is enhanced as a result of development
- ensuring as far as possible that planning reflects the wishes and needs of the community through appropriate public consultation and input to formulate and implement planning schemes
- fair and open decision making and appeals processes and, under section 81E of the act, the chief executive of the Department of Infrastructure, Planning and Logistics provides the Planning Commission with staff and facilities to enable it to properly exercise its powers and properly perform its functions.

Professional and Technical support is provided by the department under the Planning Commission's direction, and the Planning Commission exercises expertise throughout the department in areas such as strategic planning, demography, spatial information, commercial analysis, infrastructure planning and public engagement. The department also supports the Planning Commission's secretariat, the managers and the daily operations of the Planning Commission.

The past year has been another productive year of the Planning Commission, with substantial work completed across the Northern Territory. Of particular note is the collaborative partnership with the Community Advisory Group established to progress the Howard Springs rural activity centre area plan. The Planning Commission team successfully progressed studies and meticulously worked through various options to develop a final area plan.

The results have paved way for other rural activity centre plans for Coolalinga/Freds Pass, being the next to adopt this approach and work with the community on local issues. There has been a strong focus on the central business districts with the next, more detailed level of planning continuing after the introduction of the regional land use plans, providing a tangible demonstration of the top down best practice land use planning.

Background researchers feature strongly on the work program with areas of the central Alice Springs, central Darwin and central Palmerston guided by the key objectives established in the regional land use plans.

The Planning Commission has been busy compiling the foundation information to create a solid basis to begin talking with the community about preparing draft area plans for central areas. The Planning Commission continue to prepare and integrate strategic plans and consultation with the community in 2016–17 to guide the Northern Territory's long-term growth and provide certainty for the community and industry on future land uses.

The following work items that were of focus in the 2016–17 year were the Howard Springs rural activity centre area plan, the Coolalinga/Freds Pass rural activity centre area plan, the Tennant Creek land use plan, the central Darwin area plan, central Palmerston area plan, central Alice Springs area plan and the NT Planning Scheme performance criteria review.

The NT Planning Commission will focus on the following priorities during the 2017–18 financial year:

- progressing and finalising the draft area plan for the Coolalinga/Freds Pass Rural Activity Centre
- consulting with the community on draft area plans for the central Darwin, central Palmerston and central Alice Springs and Humpty Doo activity centres
- consulting with the community in Tennant Creek on a draft land use plan for their town
- working with stakeholders to achieve better assessment criteria for buildings in commercial areas and high density residential areas.

There is certainly a raft of work that has taken place. The Northern Territory Planning Commission annual report for 2016–17 was tabled into the parliament in accordance with the requirements. We had a different Chair at that time for that activity but we welcomed our new Chair, Dr David Ritchie, and the team at the Planning Commission.

We welcome questions into their very important work, and I think I will leave Dr David Ritchie to take the lead as the Planning Commissioner for these very important questions.

Madam CHAIR: Thank you, minister. Does the committee have any questions in regard to report number seven, NT Planning Commission?

Mr PAECH: Yes. I asked the question earlier around that the NT Planning Commission has a number of documents out for public consultation currently. Just wondering if you could talk about what these documents are and how they are progressing? If we may, have an opportunity to highlight the difference between the Planning Commission and that of the Development Consent Authority, understanding there are people who might be tuning in who are not sure of what the difference is.

Mr RITCHIE: Thank you very much for that, Member for Namatjira. I suppose I had better start with clarifying what our role is. The commission was established because in the Northern Territory we know that growth is inevitable and the best way of handling growth is to shape it in the way that is best for the developing community. The best way of doing that is by involving the community.

Our role is to be able to assess from historical data and the best predictions you can develop, what the growth trends are and then to engage the community about what the best way of handling that growth is. The Planning Scheme is established under the act in a cascade of plans from a very broad scale, strategic plans that deal with the really big things like maintaining the corridors that connect our communities, the areas put aside for major capital works like the provision of water supplies and the heavy industry areas and ports et cetera, all the way around to neighbourhood plans.

There are several different interweaved planning instruments that go from the high level, 25-year outlook, all the way down to the detail that says how a street will look and using the controls we have in planning to influence outcomes the community wants. That is everything from building heights to what can and cannot happen in areas.

Onto the second part of the question, which is what we have at the moment. I think we have—I will get Michael to add anything I miss—the Howard Springs Rural Activity Centre in stage two; the Palmerston city centre is on hold while we wait for the council; the Darwin central district plan; the Alice Springs central district

plan; Tennant Creek area plan; and the performance criteria, which I will decode for you. That is about getting a better way—we have several major, potential, development sites in the Northern Territory, and most of them are brownfield developments, one of which is the Power and Water site.

Others are areas of old public housing where we are trying to get the best possible, mixed use, in the area. We are looking at situations where we have multistorey residential and we want to combine it with other land uses like retail and do it in a way that has yet to be—we have not yet found the best way of doing that in the Territory, so that is what that particular plan is about.

Mr PAECH: Does that plan take into account—is that looking at public and private investments? Is that looking at public housing being a contributing factor to that?

Mr RITCHIE: That is something the housing agencies will have a particular view on but by and large, the understanding is that the land—if we are doing a place that currently has public housing on it, historically we would not want a net loss of public housing. The idea would be to create an area that included the public housing in with other mixed uses. The general trend in public housing is to try to get away from ghettos of public housing and integrate it into the wider community.

Mr PAECH: Mr Ritchie, on average, how much does an area plan cost?

Mr RITCHIE: It depends on the area plan but I will consult with my colleague and see if we can get a rough figure that is useful for you.

We have numbers for all of these plans but by and large it seems that where we have to do work on infrastructure, the cost of doing a plan is about \$400 000, and where we do not it is about \$150 000.

Mr PAECH: The reason I ask is that in your annual report on page 34, 'The Northern Territory Government allocated \$522 000 to the Department of Infrastructure, Planning and Logistics to fund the Planning Commission to develop strategic plans and planning policy, and to advise on significant development proposals. From 1 July 2016 to 30 July 2017, the Planning Commission expended \$293 000 or 56% of the budget'.

That expenditure of only 56%, do you anticipate that will not be the case moving forward as there will be more plans being done? I am just trying to work out why there was such an underspend of the budget allocated, because I am assuming it was allocated on an estimate basis of a number of works that had to be completed.

That might be a question—I apologise—for the minister.

Ms MANISON: I will say, Member for Namatjira, there was a period of transition between those years with changes to the makeup of the Planning Commission. Also, I think one thing that is really important to note when it comes to planning is that you have to take the community along for the journey as well and make sure they feel like they have an opportunity to have a say, and sometimes that takes a bit more time.

When you think about the fact that once an area is developed it is pretty much developed forever, it is important that you get those decisions right.

Mr RITCHIE: One of the reasons the budget—it is more of an artefact of the way accounting is done rather than just a direct loss. So there is, as the minister has said, there has been a transition period and we have made some savings in the way the costs of the committee are running at the moment.

In addition to that, there was around about six staff which were actually on the books of the commission and are now on the books of the department. It is the same number of staff doing the same job, but just the way they are accounted for.

Madam CHAIR: Are there any further questions?

Mr RITCHIE: One clarification. The other thing that Michael has just brought to my attention, the consultancy budget was with the commission and is now with the department.

Mr PAECH: That is great, thank you very much.

Madam CHAIR: Does the committee have any further questions in relation to report number seven for NT Planning Commission?

That concludes consideration of report number seven. Thank you for your attendance today.

**Report No 8 – Utilities Commission NT
– Material Instance of Non-Compliance – Darwin Port 2016 Report**

Madam CHAIR: The committee will now consider report number eight: Utilities Commission NT, Material Instance of Non-Compliance, Darwin Port 2016. Are there any questions? There are no questions.

**LAND DEVELOPMENT CORPORATION
Report No 9 – Land Development Corporation 2017 Report**

Madam CHAIR: The committee will now consider report number nine, the final report on Land Development Corporation. Member for Araluen, we will get you to kick off your question, thank you.

Mr PAECH: Is it a good question?

Mrs LAMBLEY: I think it is.

Madam CHAIR: Minister, for the sake of time, could I get you to give a brief introduction to your guests joining you today?

Ms MANISON: Thank you, Madam Chair. I will not have an opening statement because I believe there is 15 minutes left and Land Development Corporation does some very important.

At the table we have Mr Tony Stubbin, who is the Chief Executive Officer of Land Development Corporation; Mr Andrew Williams, our General Manager of the Land Development Corporation; and Carly Beh, who is our Acting Senior Finance Manager of the Land Development Corporation.

I will open up for questions from the committee.

Mrs LAMBLEY: Thank you. I have some questions about the Kilgariff subdivision that I have been wanting to know for a long time. As of the end of the 2016–17 financial year, what was the total gross expenditure on Kilgariff by the Land Development Corporation?

Ms MANISON: I will get Mr Stubbin to answer that question, Member for Araluen.

Mr STUBBIN: The cumulative expenditure?

Mrs LAMBLEY: Yes, the cumulative expenditure. When did it start? If you could refresh my memory.

Mr STUBBIN: We do not have the start. I can tell you that in 2015–16, \$4.6m was spent and in 2016–17, \$1.57m was spent. In the 2017–18, the current year, we are proposing to spend a further \$800 000. Most of the construction of that stage is complete, it is just some final work on a park.

Mrs LAMBLEY: You do not have the total cumulative expenditure from day one? I would be very interested to know that.

Mr STUBBIN: We can get that.

Mrs LAMBLEY: It would be of great interest to Alice Springs generally. And to offset it with revenue the subdivision has generated through the sale of blocks.

Mr STUBBIN: It would be worth noting that not all expenditure would be from the Land Development Corporation.

Mrs LAMBLEY: When did the LDC take over?

Mr STUBBIN: Some of the headworks were done by the previous department of Lands, and we have done the subdivision work only.

Questions on Notice No 2.2 and 2.3

Madam CHAIR: Member for Araluen, can you restate those questions so we can put them on file and get them back to you.

Mrs LAMBLEY: What is the cumulative total gross expenditure from the Kilgariff subdivision since the LDC took over management of that? When was that, 2015, 2014, 2013?

Mr STUBBIN: More like 2014.

Madam CHAIR: Minister, are you happy to accept that question on notice?

Mrs LAMBLEY: Also the revenue generated from the sale of blocks in the Kilgariff subdivision.

Madam CHAIR: We will allocate those questions from the Member for Araluen to the minister numbers 2.2 and 2.3.

Question on Notice No 2.4

Mrs LAMBLEY: If we wanted to find out the expenditure on the headworks, are you able to get that or would you have to go through Lands and Planning?

Mr STUBBIN: We could source them and put them back through the same minister, I am sure.

Ms MANISON: That would not be a problem. I am happy to take that on notice and get you that information on headworks that have been done. I believe that happened some time ago.

Mrs LAMBLEY: It started under Chief Minister Henderson.

Ms MANISON: Yes. We can get that—also the amount of land release that will support. A very small proportion of what they will support has been released in Kilgariff so far.

Mr PAECH: That is stages 1A and 1B, isn't it?

Mr STUBBIN: Correct.

Madam CHAIR: That third question will be taken on notice in regard to headworks cost for Kilgariff subdivision as number 2.4.

Mrs LAMBLEY: I would also like to know how many blocks have been sold as of 30 June 2017.

Mr STUBBIN: As of that date, 34 lots of 80 lots produced had been sold. Very encouragingly, since we had an open day on 15 July a further seven have been settled and three are under contract.

Mrs LAMBLEY: I do not have any more questions.

Madam CHAIR: Are there any further questions?

Mr PAECH: You just highlighted when talking to the Member for Araluen that there was \$800 000 earmarked in the budget for works to be carried out. Of that, what work has been carried out in that subdivision?

Mr STUBBIN: By far the largest component is the park. It is at the stage where we are awaiting final advice from Alice Springs Town Council about handback provisions. The park would be constructed by the corporation then handed to Alice Springs Town Council on completion and successful implementation. We are waiting for that before we go to tender.

We are hopeful construction will start when the new year resumes and we can get some good growing in before it gets too cold after it has been too hot.

Mr PAECH: This might be a question for the telecommunications minister, but part of the new subdivision at Kilgariff will now entail NBN connections, is that correct?

Mr STUBBIN: We have yet to achieve NBN status for Kilgariff. We are still actively working on that with NBN. NBN has given some encouragement that we can, subject to the numbers of potential customers being secured—they can foreshadow that it happens because it is a commercial proposition somewhat for them, as a business owned by the federal government. There is some encouragement and we are actively working with them.

Mrs LAMBLEY: I have a question on the Tiwi leasing arrangements. The Land Development Corporation was involved in the payment of \$1m on 27 August 2013 to secure land for development, I understand. Could you update us on what is happening on the Tiwi Islands? There was some controversy about this leasing arrangement and questions asked. Could you clarify what the current state of play is?

Ms MANISON: Member for Araluen, former work done by the previous government, where it went out to look for business investment opportunities and development on the Tiwi Islands—the Land Development Corporation briefed me in the early days as an incoming minister that there had been extensive search and call-out done to look at what prospective investment might be feasible on the Tiwi Islands as a result of that previous work by the former CLP government.

I will hand over the Mr Stubbin to go into the details of that. There have been no projects that have gotten off the ground at this point, but there has been a lot of discussion about that.

Mr STUBBIN: As the minister outlined, the process the previous government established to seek to achieve economic development on the Tiwi lands has progressed and continued. There has been some small success, very small. As recently as last month, we signed two leases, albeit with another government agency, being Indigenous Essential Services—a subsidiary of Power and Water Corporation—to develop two solar farms on the Tiwi Islands as part of a three-solar-farm network and enhancement to electricity services on the Tiwi Islands.

Whilst the sums of money are quite small in that case, being in the tens of thousands of dollars, the important thing is it demonstrated that the process that was established under the agreement works. The leases and subleases were signed and are now in place, whereas until that time we had not actually gone through that process. Whilst it was a very soft start to the process, it was one that demonstrated the process occurred. In fact, the Tiwi were insistent that we use the agreement they had with the Land Development Corporation rather than a conventional government leasing arrangement to achieve that. They wanted to prove the system could work.

As recently as last week, the corporation attended the North Australia Investment Forum in Cairns, along with the Chief Minister and the minister for Resources. We established a stand at that exposition for the Tiwi Island project and took a traditional owner along with us. That was quite successful in demonstrating considerable interest at that event. We are hopeful that promotion of the work that has been done to investigate possibilities will reap some rewards.

One area we looked at in the last few months is tourism opportunities. We have released on our website and at that conference a number of documents about tourism opportunities on the Tiwi Islands. We think that is possibly where the scope for some early success might occur.

So, it is a slow, challenging process, but we are progressing in that regard.

Mrs LAMBLEY: What was the \$1m spent on? What did you pay for?

Mr STUBBIN: The \$1m was a pre-payment to the Tiwi. It was directed to Tiwi resources, I believe, for supporting their plantation.

Mrs LAMBLEY: And what did you get back?

Mr STUBBIN: What we got back was some goodwill in progressing the agreement. That stands now as a debt against the agreement, so, that revenue now being received, and hopefully being received in the future,

will count against that debt. It was an advance payment as a sign of goodwill when the agreement was originally being struck to progress the agreement.

Mrs LAMBLEY: And the agreement was?

Mr STUBBIN: The leasing agreement. The previous government struck up an agreement with the Tiwi Islanders that 10 040 hectares of land would be made available for economic development on the islands.

Mrs LAMBLEY: Thank you.

Madam CHAIR: Does the committee have any further questions?

Ms MANISON: Madam Chair, prior to us finishing, I have spoken to the Member for Araluen about, and she may disagree with my view, the discussion at the beginning about the NTIDF and the \$300m versus \$200m of original investment.

The Member for Araluen read from a press release from 25 August and took a quote which said, 'We will achieve this by bringing on to the budget an additional \$100m of funds from the Northern Territory Infrastructure Fund while not impacting this year's deficit and debt'.

That was in relation to Labor's costing for our election commitments at election time. Then, when you go back and look at the commitments we made in the budget—basically, the former Chief Minister from the CLP government delivered his budget in 2016, and then in the budget reply speech the then Leader of the Opposition, who is now our Chief Minister, the Member for Fannie Bay said, 'To do this, Labor will fund an additional \$100m in infrastructure spending to create and support jobs. We will fund this stimulus by not proceeding with the government's intention to place \$100m of additional port money into the Northern Territory Infrastructure Development Fund'.

Basically, he was saying at that point in time that a Labor government would not proceed with putting an extra \$100m into the NTIDF as that CLP government at that time had committed to in that budget. That is where that was from, to clarify that point.

When you read this sentence alone, I could see how the Member for Araluen, in isolation, would interpret it.

Mrs LAMBLEY: It says exactly the same thing. They both say the same thing. Either way, there was no intention of putting that \$100m in.

Ms MANISON: Yes, there was none.

Mrs LAMBLEY: Before the election and after the election.

Ms MANISON: Yes. Thank you.

Madam CHAIR: Thank you, minister. I will have somebody table those documents so we can keep them on file with these hearings, thank you.

If there are no further questions for the Land Development Corporation report, that concludes consideration of all reports relating to the Minister for Infrastructure, Planning and Logistics.

On behalf of the committee, I thank the minister for appearing today, and all the officials who provided who provided assistance.

The committee will now take a short break and then move on to consider the Power and Water Corporation at 5 pm. Thank you all for attending.

Ms MANISON: Thank you.

The committee suspended.

**POWER AND WATER CORPORATION
Annual Report 2017**

Madam CHAIR: I welcome you, Mr Langoulant, Chair of the Power and Water Corporation Board, and invite you introduce the officials accompanying you this afternoon.

Mr LANGOULANT: Thank you, Chair. On my left is Michael Thomson, Chief Executive, and on my right is Neil Siford, who is the Chief Financial Officer. Sitting behind me are some other officers and when they are called I will introduce them at that time.

Madam CHAIR: Thank you very much for joining us this afternoon. Mr Langoulant, would you like to make an opening statement on behalf of the Power and Water Corporation?

Mr LANGOULANT: Yes I would. Thank you very much for the opportunity. It has been another busy year for the corporation. 2016–17, I am very pleased to say, was the year in which we gained unqualified accounts again, after two years of having qualifications put into our accounts. From the Board and the management's perspective, that was a major objective, and a lot of hard work was put in to achieving it so we are very pleased at that status.

In terms of that financial performance, it was pretty solid. We had an underlying (inaudible) interest in tax of \$103m, which was brought in line with our budget. Profit after tax was \$40.1m, which again was close to the budgeted targets. We finished the year with a net debt position of just over \$1bn, which was \$100m lower than the budget as recorded in our statement of corporate intent.

In terms of our equity position, we strengthened by \$235m largely as a result of (inaudible) evaluations of water assets, and the corporation remained comfortably within all of our gas covenant requirements.

In terms of financial performance, we have been pleased with the progress we have made. We still have further work to do but it has been a good development through the course of the year.

In terms of other matters, the board and management have been increasing our focus on health and safety across our workforce. It is our number one objective. We have a target recording zero lost time injury across the organisation. I am pleased to say we are tracking towards that but we still have some work to do.

In 2016–17 we had five lost time injuries recorded, which was down from nine in 2015–16, and so far this year we are at two. If we can hold it to two we will be delighted, but we are certainly wanting to target something much better than we recorded in 2016–17.

Across at both our power systems and water systems we have been doing a lot of work to ensure a quality of service delivery to the community of the Northern Territory. As of today, I am pleased to say our system control has recorded an unprecedented 816 consecutive days without an under frequency load shared on the Darwin Katherine network. We are aware of the difficulties which have occurred in Alice Springs in recent times, obviously on both 9 and 13 November, and we are looking very closely at the causes of those incidents.

You would be familiar with the incidents of PFAS out at Katherine in terms of the impact on its drinking water. A lot of work was done by Power and Water Corporation to address those issues. We installed the new defence treatment plant ahead of schedule and we are now working on longer term alternatives.

Across the remote communities improving water quality is one of our major objectives. We have a new water treatment plant at Borroloola. We have upgraded the chlorine disinfection systems at Robinson River, (inaudible) reticulation systems installed at (inaudible) and the first biological iron removal system in Australia at Adelaide River.

In terms of renewable energy, the first trench of the 10 solar set up communities have been completed. Work started on next 17, plus we commissioned the first solar battery hybrid system in the Daly River.

We responded during the course of the year to the odour issues at Leanyer. We regarded that incident as being unacceptable, and I am pleased to say from a corporation point of view and, particularly from a board point of view, I think the response of the corporation to those issues was very good. We are on top of those issues and we are taking other measures to ensure that they are managed well in to the future.

A major objective and challenge we have is transitioning the power side of our business in to the Australian economic regulation system. That is involving a substantial amount of work. We are heavily engaged with

the Australian Economic Regulatory Authority, and I am pleased to say that the level of cooperation which is occurring between Power and Water Corporation staff and the AER is at a high level. As part of that process of transitioning to the AER we are undertaking an unprecedented level of consultation with our customers, primarily to understand the issues they are facing and also for customers to have a clear understanding of some of the matters we have to deal with as we transition in to the new regulatory arrangements.

Finally, I am delighted to be able to say we are the first Northern Territory Government agency to launch a reconciliation action plan, which focused on cultural learning programs, Aboriginal and Torres Strait Islander employment and supply and diversity, and is designed to improve the understanding of the culture amongst our staff and across the community.

That is the snapshot of the issues I wanted to put on the record to let the committee know of the range of things we are addressing at Power and Water Corporation and we would be delighted to take your questions.

Madam CHAIR: With the indulgence of committee members, I will now open up questions on the Power and Water Corporation's annual report. Does the committee have any questions?

Mr MILLS: Yes, I have some questions. We do not have a lot of time but one thing of particular interest to me and the Independent members is the gas issue, the gas covenant. As I read and endeavour to understand, you are contracted to purchase gas. Could you please explain how this is working as a contract to buy? It appears that is resulting in an impairment. Ultimately, I would like an understanding of where we are at and what the future looks like in regard to this covenant.

Mr LANGOULANT: Mr Mills, I ask the chief executive to provide you with the details.

Mr THOMSON: Yes, we are contracted to buy gas through Eni through to 2034. We are also selling that gas to the extent that our sales are not matching our commitments to buy the gas. It is booked on our balance sheet and becomes an impairment. As we move forward and we sell that gas in future years that impairment then drops through to the profit and loss account and therefore we make it up going forward in future years.

Mr MILLS: How does the current price for gas affect this arrangement going forward?

Mr THOMSON: The current price for gas impacts on our future sales, so we are very much active in the market in selling some of that gas. When the Northern Gas Pipeline comes through there will be further opportunities, but we are currently in negotiations with a number of parties now. The price at which we make those future sales is relevant to the current price and the gas pricing they can get from other sources.

Mr MILLS: So the contracted price for purchase, how close is that to the current market price for gas?

Mr THOMSON: Depending on where the gas is going and the sales we are doing through the impairments we are just under. But going forward we see that if we can get some of the deals away where we think we can get them, we can see that will be dropping through into positive earnings for the Territory.

Mr MILLS: Going forward then, if there is onshore gas exploration and in time there is gas brought to surface, does that threaten the margin?

Mr THOMSON: We do not see that; we see for the gas we have with the pipeline coming through and the parties we are currently talking to, we will be able to find a place for most or all of our gas.

Mr MILLS: I assume there is some urgency for them to bring this to land now before other gas supplies are secured?

Mr THOMSON: No, we do not see that. We see that for the contracted gas we have, we have markets we can place that into. To the extent we are successful in placing that gas we can potentially secure further offshore gas supplies as well.

Mr MILLS: My last question is I think for Mr Siford. It is in your report so I just need clarification. I am sure it makes sense but I just need someone to help me understand this part of it. I will read the last paragraph. It says, 'As a corporation recorded a broadly breakeven statutory net profit after tax for the year ending 30 June 2017, for the year no dividend has been declared in relation to the financial year, 2016–17'.

It goes on and says, 'The higher cash balance then budgeted does, however, present an opportunity to return cash to our shareholder through a lower draw down of new borrowings'. What does that mean?

Mr SIFORD: We ended up with \$95m of cash holdings at the end of the year but we would normally look to hold around \$50m to \$60m so we have an excess of cash. We agreed with the Northern Territory Government—through our SCI process—on an amount we will borrow in the next financial year, and that was based on a forecast, to the point in time and around, March of this year.

The closing cash holdings were higher than the forecast; therefore, in terms of the borrowings we require we have about—at the time we did it was probably \$30m. We did not need to borrow if we had been able to do that forecast at 30 June rather than 31 March. It is a forecasting issue at a point in time and how that has affected the year end position.

Mr MILLS: I understand that; no problem. I do not have any further questions because there will be questions from other members.

Ms NELSON: Madam Chair, I have a couple of questions. The first question I am going to ask you about is PFAS. First of all I am going to say that Power and Water has done an amazing job in Katherine in regard to testing the water and communicating with myself and the constituents of Katherine; I want to acknowledge that. Does Power and Water have a contingency plan in place to address the PFAS issues moving forward?

Mr THOMSON: As you would be aware, we have undertaken significant demand management issues in Katherine and we have our leak checkers there. Traditionally, we run a 70/30% blend of water from bores and the Katherine River. With the Defence plant coming in, that is reducing our overall need for that 30% that we have to blend, back to 20%. The demand management has been successful to the extent that we are about where we need to be in terms of balancing and being able to source most of our water from non-PFAS water and not having to blend the bore water and Katherine River water.

Ms NELSON: There has been talk about sourcing another aquifer to drill into to put up a new water plant. Has Power and Water looked into a contingency plan for that and factored in cost?

Mr THOMSON: Yes, we have. We have used Coffey consultants, who are looking at some of the ground water mapping and other potential sources. At this stage we have not secured or shored up any future water suppliers. I am happy to call up our head of water if you would like some more details on that.

Ms NELSON: That would be great. My other question to do with that is, what communications have you had with the Defence force or the federal government in regard to doing this work, the cost and who is going to pay?

Mr THOMSON: I will refer this to Rob.

Mr BRITO: My name is Rob Brito. I am the Executive General Manager of the Water Services business in Power and Water. We have been spending an awful lot of time ...

Ms NELSON: You love Katherine.

Mr BRITO: I love Katherine and I would like to take this opportunity to commend the community of Katherine for all the efforts on the demand management side. Achieving a 20% reduction in demand in a very short period of time is a fantastic achievement.

In terms of the long term solutions, Michael was correct in saying we have engaged the Coffey study, which is quite a detailed preliminary study (inaudible) exercise and now we are going into phase two, which will involve more exploratory drilling, water quality testing, thinking of long term and short term water quality issues and the necessary yield.

We are looking at wanting to fast track land tenure related matters so we can deliver a long term solution. If that is a new groundwater source then that would be a good position to be in, but we are not excluding treatment options as well. We are still looking at other options.

In terms of the costs, we are part of the NTG-wide approach and are working very closely across the whole-of-government in terms of recovery payment for the necessary investment and the costs we have incurred to date. That is being coordinated across a variety of agencies.

Ms NELSON: You are talking about the interagency working group you are a part of?

Mr BRITO: I am, yes. The working group and there is the steering group.

Ms NELSON: And the steering group. The federal government is represented in both the working group and the steering group?

Mr BRITO: The federal government is represented at the steering group level, and we are certainly wanting to continue through the Chair of that steering group to continue to receive federal government support going forward.

Ms NELSON: And there has been some misrepresentation in the local media in Katherine about the timeline in regard to a new water treatment plant or water source. I think there was something stated that it will take two years or longer. But I understand that it is going to take a bit of time to find a new water source. Can you just elaborate a bit on that?

Mr BRITO: It could be, subject to the options we land on, anything from two years or more. We would love to be able to fast-track, we would love to land on a new groundwater source and be able to fast-track the land tenure-related matters to be able to deliver that as a permanent solution going forward within the two-year time frame. If it is a new treatments works, that could potentially take more than two years.

Ms NELSON: There is regular testing of the water in Katherine happening already. Is there a projected time frame for that? Will it continue indefinitely with the PFAS?

Mr BRITO: That will continue. We are continuing to monitor the water in accordance with Australian Drinking Water Guidelines and in accordance with the Department of Health's endorsement.

Ms NELSON: Thank you. Madam Chair, I have one more question, but this has to do with solar setup. Thank you, Mr Brito.

This week we released the Northern Territory Government's Roadmap to Renewables. I am very curious about this particular subject. Can you please describe the solar setup program and what it entails? You mentioned it a bit in your annual report.

Mr THOMSON: Sure. In the remote communities, we completed our first tranche of 10 solar diesel hybrids. That relies on both diesel and solar. The solar displaces about 15% of the diesel at those sites. It gets trucks off the road. It also secures the communities for floods and when the sun comes out.

We have done the first 10 of those. One of those is where we have gone to 50% battery diesel. That is in commissioning at the moment. We are in final stages of agreeing with ARENA, the funding around the next 17 sites, which we are planning to have those diesel solar hybrids and potentially another one, which is more 50% batteries as well.

We are pretty close to finalising that. We have gone to market and selected service providers et cetera, so we are ready to hit the ground running as soon as we get the green light from ARENA, which I understand is very close.

Ms NELSON: That is great. Are you able to tell me what the 17 sites are?

Mr THOMSON: No, I might take that one on notice.

Ms NELSON: That will be great, thank you.

Question on Notice No 3.1

Madam CHAIR: Member for Katherine, can I get you to restate your question for the record, please?

Ms NELSON: If Power and Water can please provide the names of the 17 sites for the solar setup program.

Madam CHAIR: Thank you. The question from the Member for Katherine has been allocated the number 3.1 as a question on notice.

Ms NELSON: Thank you. I have one more question. I noted in your annual report that it highlights quite a bit about your focus on people, which is great. The percentage of female employees—the gender breakup. You have 50% almost female to male ratio. That is a huge increase from the previous year.

Mr THOMSON: Yes, although I cannot recall the previous year's figure. Again, we are very conscious of diversity and social inclusion, and our Chair took you through some of our wrap thinking as well. That is very much at the forefront of our minds in terms of getting inclusion and diversity in the workforce. As well as that, we are rolling out a number of cultural programs, which is about encouraging an inclusive workforce.

Ms NELSON: Are you able to share a bit about your recruitment strategies and hiring more women for more diversity?

Mr THOMSON: We certainly are. Some of the initiatives in that space—we have some scholarships and support of formal education for those at the exec level that are allocated for females, and also at the emerging leader level. We are able to send them out for formal training.

As well as that, in terms of special measures, we have those in place in relation to Indigenous employment. We are encouraging those measures. As part of the wrap we are making sure on the recruitment selection process for Indigenous interviewing we have an Indigenous person on the selection committees. We are also working towards increasing understanding in the workplace and have a number of targeted cultural programs for gender, Indigenous and the cultural space.

Madam CHAIR: Does the committee have any further questions for the Power and Water Corporation?

That concludes consideration of the Power and Water Corporation's annual report. Thank you very much for your appearance this evening.

The committee suspended.

JACANA ENERGY Annual Report 2017

Madam CHAIR: I welcome you, Mr Faulkner, Chair of the Jacana Energy Board, and invite you to introduce the officials accompanying you this evening.

Mr FAULKNER: Thanks very much, Madam Chair, for the opportunity to appear before the committee today. I am looking forward to some questions. On my left I have Victor Browner, Chief Executive Officer. Victor is relatively new and has been with us since about May. On his left is Danny Moore, the Executive Manager, Sales and Strategy, and Sean Leong, the Acting Chief Financial Officer. Hiding at the back of the room is my Deputy Chair, Clare Milikins. Any tough questions we will flick straight back to Clare.

Madam CHAIR: Mr Faulkner, I will invite you to make a brief opening statement. I will then call for questions relating to the statement and open the committee to questions on Jacana Energy's annual report.

Mr FAULKNER: I am mindful we have about 30 minutes, so I will keep it fairly brief, if that is okay, to allow adequate time for questions.

2016–17 was a good year for us. We have been fortunate enough to have unqualified accounts since inception, which is a good result. Our profit before tax, or EBIT, for the 2016–17 year was \$9.5m. That compares to a budgeted position of \$200 000 only. So, we are pretty happy that we were able to achieve something significantly above our budgeted figure.

It has not been achieved at the expense of service levels, however, because we are equally as focused on service levels as we are on the financials. A couple of the key service performance or customer service measures we use are associated with our call centre, which is our main customer interface. We were able to achieve what we call a grade of service for 2016–17 of just under 70%. Grade of service is the percentage of calls that are answered within 30 seconds. That compares to a position of about 26% to 30% when we went live in 2014. So, it has improved from about 26% to 70%.

At the same time, the abandonment rate has dropped to less than 5%, I think. That measures the calls where people hang up before they get somebody on the line. That is a fairly good result.

I do not know what your experience is, but I have a couple of service providers, my Internet provider in particular, where it is 15 to 20 minutes before they answer the call. So, we are fairly happy with that performance.

I should mention that we took a decision early on to continue that service in-house, using Territory people located in the Territory, rather than outsource it. We see many organisations that outsource those customer-facing services these days. We believe that is not the way to go.

That is reflected also in our credit management team, which is located in Alice Springs. We have six or seven people in Alice Springs. We took a decision—not the best commercial decision—to open a small office in Alice Springs and locate those credit management people in Alice Springs, using local people with local knowledge.

The other pleasing thing in our customer service performance is the reduction in the people who are disconnected for debt over the last year. At the end of financial year 2016, there were about 6300 people disconnected for debt. At the end of 2017, that has dropped to 2554, which is less than half.

Danny and his people have done an absolutely fantastic job in that space—the credit management people in Alice Springs, in particular. Their focus is not on disconnecting people for debt, but on helping them pay their accounts and to enter into arrangements to enable them to keep ahead of it. Danny has introduced a hardship policy. I think it is called Stay Connected, which focuses on making sure the people who cannot pay are assisted to pay. There are those who cannot pay and those who will not pay. You have to take a difference approach to the ones who will not pay, but we assist the ones who cannot pay in every way we can to meet their commitments.

One of the other activities we have been involved in during financial year 2017 was to negotiate an alternative wholesale supply. We entered into a contract with EDL, which operates a gas-fired power station at Pine Creek. I think the capacity of that station is about 28 megawatts.

We have also recently gone out for expression of interest for renewable generation. That is in the melting pot at the moment, awaiting the outcome of the Roadmap to Renewables. I think that roadmap was released yesterday. I have not had an opportunity to look at it yet.

What we are proposing should fit nicely, we hope, with the government's policy in regard to the renewables position it has taken for 2030.

On the systems front, we have implemented a new financial management system, so you will probably recall that when we went live in 2014 most of the services were provided to us by Power and Water Corporation. As a matter of fact, when we kicked off the board had been appointed; we had an acting CEO and four people seconded from PWC. That was the staff of Jacana Energy. All the systems were run in PWC and it provided services to us under what is called a transitional services arrangement. We have been progressively taking over that work.

The call centre and the credit management functions are part of that, but also some of the computer systems. We have implanted a new financial management system and are in the process of implementing a retail operating system.

That system went live for the C&I customers during the year, and the mass market customers will go live during 2018. It has taken longer than we anticipated for the mass market customers, but part of this system is to generate bills, so we want to make certain we get that right before we kick the new system in and send bills out to 79 000 customers.

The one area where we did not meet our target is in an indicator we call cost to serve. We budgeted a figure of about \$165 and we came in at about \$182. I can talk about that if you like, but the cost to serve is a measure of our operating cost divided by the customer base. Our operating cost is only 3% of our total cost. Most of our costs are generation charges, network charges—only 3% of our total budget can we manage in any way.

It is not insignificant, but in terms of the overall scheme of things it is relatively small. We still focus on our cost to serve. One of the challenges we have is the relatively small size of our customer base. With 80 000 customers, it is the smallest retailer in Australia. The next smallest retailer has twice the number of customers we have. We could handle a significant increase in our customer base without increasing our costs much, which would dramatically reduce the cost to serve figure.

The other thing we are mindful of is that there has to be a trade-off between the cost to serve and the level of service provided. We are very much focused on making sure we get that balance right. We could reduce our cost to serve significantly, but that would impact the service we are providing to the customer base. The sort of thing I mentioned before—the greater service in the call centre. We got that to 70%, but there is a cost associated with that.

There are other things we do. We have entered into arrangements with Australia Post so people can pay their accounts at any outlet across the nation, Sean tells me. If anyone wants to try that, give us a heads up beforehand so we can make sure they have their process in place.

There are 25 Australia Post outlets where you can make a connection or disconnection. We do not do things that some retailers do, like charge credit card fees. Some retailers charge to send out a bill. Some of them charge \$2.50 to send out a paper bill. We do not do that. We have prepaid tokens for people who find it more convenient to pay up front. Just those pre-paid tokens—I am not aware of any other retailer who does that—costs us \$500 000 a year in commission. That is about \$6 added to the cost of serve for that one particular function, which is really just a customer service function.

Best practice cost of serve, depends who you listen to, probably around \$145 dollars, perhaps less for major retailers. It would be a struggle for us to get to \$145. I think we could eventually get down to the \$165 figure that we had in our 2017 SCI, but that is probably going to take a bit more work yet. There will be additional functions that flow from the retail operating system when that goes live with the most market. Then we can talk about, if people are interested, the online activity where people can go in and pay online and do a whole host of things online that they obviously cannot do now.

That concludes the (inaudible) side of it.

Madam CHAIR: Thank you very much, Mr Faulkner. I will now open up to committee members for questions on Jacana Energy's annual report. Member for Blain.

Mr MILLS: I just have a couple of questions. Thank you for that presentation, Mr Faulkner. Just a head's up, we will be in Perth in the northern suburbs during the Christmas period. I cannot tell you exactly what suburb we might be going to.

I also note the challenge you have issued us and that is that we need to grow the Territory, because you have got the machinery in place to service a greater population. I thought that was a good challenge and thank you for that.

I really only have one question. The obvious question, and we do not have sufficient time. Is I am interested in how the restructure has worked and what benefits have accrued from that. But that is really a story for another time. I just want to flag that.

My interest is, specifically in this case, the community service obligation. I note that it has gone from \$59m to \$77m, which is an increase of \$18m. Could you give me an understanding of the community service obligation and the increase?

Mr FAULKNER: Yes I can. Before I do, just in terms of the customer numbers and the challenges there for the Territory, one of the reasons our cost to serve was higher than budgeted was we budgeted for an increase in customer numbers of about 3.3%, but we actually saw a decline in customer numbers between 2016 and 2015. Only a slight decline but a decline nevertheless.

I am just looking for the figures on the CSOs. A big chunk of it was there was a 5% reduction in tariffs in January 2016, and that 5% reduction in tariffs in the mass market customers equated to \$23m. A big chunk of that increase was a result of the 5% reduction in tariff, and at the same time there was an increase in network cost and an increase in LGCs, the renewable certificates as well. Just going from \$59m to \$78m—just that increase as a result of the decrease in tariff explains it.

Mr MILLS: I do not quite understand that. If the tariff has decreased then how come the community service obligation has increased? I need to understand how that works.

Mr FAULKNER: The community service obligations is a difference between the costs and what we actually charge our customers. The cost of supplying our customers is more than we get in revenue from those particular customers, the mass market customers.

Mr MILLS: Okay, so that is the internal financial compensation to offset that?

Mr FAULKNER: Yes. It is an anomaly but the more we sell to mass market customers the more we lose. If the consumption of mass market customers is down and the CSO is fixed, we are better off financially as an organisation. We are doing a lot of work with Treasury to collectively determine what that CSO should be as there can be differences in assumptions. It is important to us but more important to the government to understand what the true cost of that CSO is.

Our thinking is pretty close to Treasury at the moment, but it is important for the government from a policy perspective when they are making decisions in terms of the price path going forward for mass market customers to understand the implications in that in terms of the level of CSOs associated with any reduction in price in particular.

Mr MILLS: A reduction in the tariff is a political decision, is it?

Mr FAULKNER: For the mass market customers, yes.

Mr MILLS: Right.

Mr FAULKNER: So we control about 23% of our revenue. Other than the mass market customers, only contribute 23% to the revenue of the corporation. The other 77%, or whatever it is, are mass market customers, and the price of that is controlled by the government.

Mr MILLS: I understand. Interesting.

Mr PAECH: Do you have a tariff for PBI organisations?

Mr MOORE: That is correct, it is a tariff that is set below the commercial tariff and is slightly higher than residential so it discounts for PBI registered not-for-profits to get a cheaper electricity rate.

Mr PAECH: Is that significantly lower than the market rate?

Mr MOORE: I have the tariffs here. I think last time you had them up when we were talking.

Mr PAECH: Power and Water, it was not the last time I was asking you but it was ...

Mr MOORE: I brought this just for you. The commercial tariff is 29.87 flat rate whereas the PBI is 26.45 and residential is 25.67, so it is much closer to the residential than to the commercial.

Mr PAECH: Danny, if I can ask you another question; I swear it is not on the tariffs. You have had a significant decrease in the number of people for disconnections and failure to pay. What do you put that down to as an organisation?

Mr FAULKNER: One of the great things Danny has done is there is a normal process you go through before you disconnect in terms of sending reminders and everything like that.

One of the great initiatives Danny has come up with is if they go through all that process and still have not paid, a couple of days before they will be physically disconnected we send them an SMS. I think that has been well received in particular. We have seen a marked decline in the disconnections as a result of that, but there are probably a whole host of other things I will let Danny explain.

Mr MOORE: The main driver is that SMS; it is what we almost called a last chance SMS. It is that last reminder the power is going to go off unless you make contact. That has driven the major change there. Also, just the way the teams work; they have done some innovation around their processes and looked at how they can work differently with customers.

We also work quite closely with five agencies that we provide \$35 000 funding to each year for customers' financial hardships. They come in and see a financial counsellor. These are St Vinnies, Salvos, Somerville ...

Ms NELSON: The community support services.

Mr MOORE: Yes, and they provide vouchers that we fund to go towards their electricity account that helps, particularly if someone has a once-off event and they just cannot pay that bill—there is some immediate funding available there that helps avoid some of these issues.

Ms NELSON: Is that part of your corporate social responsibility strategies?

Mr FAULKNER: Absolutely, yes. It is something we inherited from PWC so the Territory has always done it, I believe.

Mr PAECH: Through the Chair, if I may—sorry, Member for Katherine, I know you are busting to ask some more questions. Has there been a change in the structure around your fees for reconnections or disconnection, or have they remained the same for the financial year period?

Mr MOORE: The fees are largely driven by Power and Water and the costs that we pass through the customer. They generally reset on 1 July every year, so since we last met they have reset. The only fee we charge is an account establishment fee which has not changed for a number of years but there has been some movement in those reconnection fees every year as the price has reset.

Mr PAECH: Thank you.

Madam CHAIR: Any further questions?

Ms NELSON: Yes, Madam Chair, I have a couple of questions.

You talked briefly about the new financial management system you have in place and I wanted to ask a couple of questions about that. What was the cost of putting in that new financial management system?

Mr FAULKNER: Good question. I will flick that one to Sean.

Mr LEONG: That system is a general ledger system. It is really around the \$300 000 mark it cost to implement.

Ms NELSON: Is that the same as—you also put in some new customer service systems.

Mr LEONG: There are two separate things. One, the financial management system is purely around the books and records, and the other piece is the retail system that we are currently implementing and have already implemented for commercial and industrial customers.

Mr FAULKNER: The cost of that, off the top of my head—jump in Danny—I think is \$3.7 or \$3.8m.

Mr MOORE: Yes, that is correct. With some other areas, to cover the cost of operations, so when we run billing et cetera, that is built into that business case. The business case essentially pays for itself over a period of years because we will have online capability. Customers want email bills; they do not want paper bills, so there are savings there for us. There are a number of efficiency savings in terms of the time it takes ...

Ms NELSON: Yes, I was just about to ask about efficiency savings.

Mr MOORE: Yes, so the current systems are quite clunky. When you are trying to work through your query they have to go into numerous screens to get through the issue, whereas this is a brand new system, so it is very easy to use, flows them through the call, helps them manage the call when you ring up and say I need a request et cetera.

There are also some other products in there that are very customer led, such as our ReliaBill product, which again is going to help that segment in hardship potentially, or people just wanting to smooth their bill. So if your annual cost of electricity was say \$1200, we would smooth that on an equal monthly payment of \$100 per month and send you a bill so that you do not get that bill shock and then we true-up every six and 12 months to check that is the right amount.

That, in itself, will also deliver some efficiencies, because we will have less bad debt, less people getting cut off et cetera.

Ms NELSON: So all of that you have just talked about leads into more people being dropped off that cut off list. Because you are more efficient, providing much more efficient service. I think that is great.

Mr FAULKNER: It is another initiative that helps them understand their liability, when it is going to occur and gives them options in terms of how to deal with it.

Ms NELSON: It kind of all leads into it, yes.

I have a question about the pre-paid token. What is the criteria? Is it open to everybody? Can anybody get a pre-paid token?

Mr BROWNER: I understand it is. However, to install a pre-paid metre, there is a fee associated with that. Generally you tend to see pre-paid metres in areas where there is low socio-economic constituents and customers, and it is a mechanism for helping them manage their consumption and also their level of debt.

Technically, it is available to anyone; however, you generally do not find a lot of people necessarily wanting one because they will manage their bills. But for some customers it turns out to be a better mechanism.

Ms NELSON: How much does it cost to get a pre-paid metre installed?

Mr BROWNER: The current charge is \$531. There is, as Danny mentioned, bill smoothing—to a large degree, it is almost like a virtual pre-payment metre, where you are paying on a regular basis an amount of money that contributes to your forecast annual bill. It is not dissimilar to a pre-payment metre, although it does not quite have the benefit of a pre-payment metre where you get that immediate feedback. If there is no credit then there is no power.

One of the challenges is trying to link the Nexus between consumption and payment. But it certainly is a mechanism that people can use to help smooth their exposure to high bills.

Madam CHAIR: Are there any further questions?

Mr MILLS: Yes. Thank you for your explanation on the community service obligation, particularly around the decrease in the tariff. If I am not mistaken, I am starting to see that the level of tolerance is quite tight. As a business, the revenue you have to play with is quite limited. The comprehensive income for the year is \$6m. A significant factor I have just seen is a population drop. If tariffs drop—the margins are so fine.

Mr FAULKNER: In a retail business the margins are really fine; you do not have too much to play with at all, yes.

Mr MILLS: That is the message I have heard here. All of this is great. As a local member, I really appreciate the responsiveness to people who have come in with concerns. But I am looking at the global picture. This is a really finely-tuned business.

Mr FAULKNER: The margins we have, compared to other retailers in the country, are extremely slim as well. You are probably talking about maybe 8% or 10% for most retailers. Ours are much more than that.

Mr MILLS: With those margins and that tolerance to be able to absorb a tariff—either it stays the same and your costs increase—for population changes, how do you manage the communication with those who might make a decision—like to explain? Being a government-owned corporation your line of communication is directly to the Treasurer, or how does that work?

Mr FAULKNER: We have regular meetings with the—well, Victor has regular meetings and I meet fairly regularly with the Treasurer as well as the Essential Services minister. Victor, myself and Sean also meet on a regular basis with Treasury because at the end of the day that is probably the first port of call on policy and tariff issues between the shareholder and the Treasury.

Mr MILLS: It is finely tuned. I can see it.

Mr FAULKNER: Yes. As I said before, we spend a lot of time talking to the Under Treasurer staff on developing the model, which in turn leads to quantifying the CSO.

Mr MILLS: Your financial position in the statement here is cash and cash equivalence. What is that?

Mr LEONG: The bulk of it is literally cash in the bank for operations and working capital.

Mr FAULKNER: I should have mentioned that of that \$9.5m EBIT for the financial year 2017, between dividend and tax equivalence, I think about \$6.3m went back to government.

Mr MILLS: Does cash and cash equivalence count in what you are expecting to receive, or is that actually on hand, as in the bank?

Mr LEONG: That is in the bank. That is roughly an average cash in bank balance. Some of our monthly bills are obviously in the millions of dollars, both from a revenue and expense point of view.

Mr MILLS: Okay.

Mr FAULKNER: We get huge bills from T-Gen as the generator and PWC as the network provider.

Mr MILLS: They probably do not have the same type of system as you have in place, if you are having difficulty paying them.

Mr FAULKNER: I am not sure. I cannot comment.

Mr MILLS: They will send you an SMS?

Madam CHAIR: Are there any final questions?

Mr PAECH: Do you make substantial revenue from buy-backs, buying back the solar energy and then the price you on-sale it for?

Mr BROWNER: It is a one-for-one tariff. Essentially, no, we do not. I think our annual feed-in tariff cost to the organisation is in the order of \$6m per annum. In short, as you can imagine, if it is a one-for-one feed-in tariff, we do not make any money off it.

Mr PAECH: Because it is a flat tariff. Right.

Mr FAULKNER: There has been a significant increase in the roof top solar and what we are buying back over the last 12 months. I think we budgeted for an increase of 20% in buy-backs and it is well in excess of that.

Mr LEONG: Yes, it is a lot greater than what we had anticipated. Also the feed in tariff, I think, is one of the highest in the country as well, that we pay back.

Ms NELSON: That you pay back?

Mr LEONG: Yes.

Mr FAULKNER: The feed in tariff for the Territory is 25.7c per kilowatt hour. I have one at home. I get 14c. ACT is 17c, New South Wales is 17c, and Tasmania is only 8.9c. I think there was something in the media recently about \$1000 grants for solar efficiency.

Ms NELSON: Yes. It is part of the Roadmap to Renewables announcement. We have residential buy-backs. What is the tariff for the commercial buy-back—30c? I have a solar farm that is proposed for Katherine. It is privately owned.

Mr BROWNER: It depends on the size of the commercial customer. Below a certain size, it is essentially one for one, and above a certain size it becomes more of a negotiation that notionally it tends to be in a six to seven per kilowatt hour range. It can vary depending on the size and scale.

Ms NELSON: What strategies do you have in place, or what investments are you making into renewable energies in Jacana?

Mr BROWNER: As the Chair pointed out earlier we have run our expression of interest program, which has generated substantial interest in large scale solar projects, primarily in Darwin/Katherine region. We are looking at having a PPA, a power purchase agreement, with large scale solar. What that does for us is it gives us access to green and more affordable energy which we can blend in to our portfolio and on sell to customers. So that keeps us relevant with customers. At the moment customers can go out and do this on

their own either by putting it on their roof if they are a residential customer or putting it on their sheds if they are a commercial customer or they are pubs.

It is a mechanism that keeps us in the loop and like I said, we blend that with existing generation that we continue to source from T-Gen. So we are mindful that there are implications for our fellow GOCs in this new world that we operate within. Certainly from our perspective we see that there is a role for us to play with large scale solar projects.

Madam CHAIR: That concludes our session for Jacana Energy. On behalf of the committee, I would like to thank you all for appearing before us this evening.

TERRITORY GENERATION Annual Report 2017

Madam CHAIR: Welcome this evening, Jon. You are the current Chair of the Territory Generation Board?

Mr HUBBARD: No, I am standing in for David who, unfortunately, is interstate on business and sends his apologies. I am a Director and Chair of the Audit Risk Committee at Territory Generation.

Madam CHAIR: Fantastic. Jon, could I invite you to introduce the officials accompanying you today.

Mr HUBBARD: It would be my pleasure. To my immediate left is our Chief Executive Officer, Tim Duignan, and to his left is our Chief Financial Officer, Steve Bartlett.

Madam CHAIR: Thank you very much. Jon, I will invite you to make a brief opening statement and I will then open up to the committee to ask questions of Territory Generation's annual report.

Mr HUBBARD: Thank you, Madam Chair. Madam Chair and committee members, good evening. It gives me great pleasure to be here representing our organisation, to provide an overview of our annual report and to say a few short words of introduction.

I have been a member of this board since the birth of T-Gen in 2014 and have actively participated in the emergence of the Territory electricity market. Along with my fellow board members, we bring many years of experience within the energy and utility sectors in other jurisdictions and we all have a deep appreciation that this is a challenging time for the energy sector.

When my Chair appeared before this committee in June he made the observation that it had been a whirlwind 12 months on a local, national and international scale. At the time, we had just seen the release of the Finkel review report nationally and reported on our own submissions to the NT Government's renewables panel. I would not have thought the next six months would bring even greater change, particularly in generation. At the time, we had only just become aware of four key issues that in six months had a marked effect on our business, lead to our first reported loss and are having a direct impact on the viability of T-Gen going forward.

First of these four points is the loss of market share and impact of competition. More than 20 megawatts of additional rooftop solar has entered the NT electricity systems in the past 12 months. Once the significant and further loss of the Pine Creek Power Purchase Agreement is factored in, this represents approximately 10% of T-Gen's generation across 2016–17. This does not take into account the proposed, privately funded, 25 megawatt solar farm in Katherine, the recently announced 10 megawatt solar farm in Batchelor or the 12 megawatts being planned by the Department of Defence. This rise in renewables will only continue.

Second is our flat pricing structure. Soon after our establishment we undertook to hold our wholesale price constant for three years from 2015–18 without a CPI increase. Against this, not only have our costs increased but the environment in which we operate has significantly changed.

Third, we face inadequate ancillary services revenue. Ancillary services are a range of services we are required to provide over and above energy itself that provide reliability and stability of the power system. This is often called spinning reserve; however, it involves many more services that are currently bundled in the single price that was set in 2014. T-Gen has now modelled the expected unbundling of these ancillary services costs and we now know the price being recovered for these is manifestly inadequate.

Finally, to compound matters, we have seen continually increased requirements by the system controller to provide additional ancillary services. However, this represents a conservative safety net of reliability at a very

significant cost impact that no-one is paying for or even able to observe on a transparent basis. The only bottom line where the effect of this cost is felt is ours.

Each of these factors combined is having an impact on our finances that is of extreme concern to the board, the T-Gen executive and our employees. We have been working through many of these issues with key stakeholders for some time, and we will hopefully be in a position to have some answers and resolutions soon.

Importantly, amongst these challenges, we have remained acutely focused on continuing to positively evolve our business. There has been an enormous amount of investment over the past three years to see T-Gen at a point where it will soon be a highly efficient, business-as-usual performer.

Each of our key operational projects, as part of our overall transformation program, has been focused on long-term efficiencies, cost savings and operational improvements in safety and reliability. All relate directly to our core business and existing assets.

The culmination of these significant projects—such as the remote operations centre, the Alice Springs energy storage project and upgraded power stations in Tennant Creek and Alice Springs—means we are leaving behind an old-world operating model and actively moving to a more contemporary model. A significant part of this includes the inevitable transition to renewables.

Those of us in the energy game know the market as we knew it is in the process of revolution under this transition. We are keen to embrace this future and play a key role in it. Our detailed modelling tells us that renewables will have a major impact on the electricity system, and therefore we must work with the NT Government, other stakeholders and the wider community to ensure we have a managed transition to renewables.

My experience as Director of the Australian Energy Market Operator has allowed me to observe firsthand the adverse impacts on system security, generator reliability and generator finances that can occur in the absence of a managed transition. Such a transition will ensure our existing plant and new renewable generation, whoever may build it, can be co-optimised and that the lights stay on.

In closing, I am very proud to represent an organisation totally engaged with its role in providing electricity generation to Territorians. Our employees, who are the passionate caretakers of \$550m of taxpayer assets, have worked tirelessly over the past 12 months to improve our safety, reliability and systems in order to lay the foundations for an efficient and dynamic business in the future which will benefit all Territorians.

This is the first time I have appeared before this committee. I would like to conclude by acknowledging the work of my Chair, David De Silva, who sends his apologies today, and my fellow board members, Leanne Bond and John Tourish. Thank you for the opportunity to provide these opening comments.

Madam CHAIR: I will now open up to the committee for questions on Territory Generation.

Mr MILLS: If I heard that correctly, the announcement made yesterday was about the increase in renewable targets having a significant and adverse effect on T-Gen—is that right?

Mr HUBBARD: It can have if there is not a managed transition, if there is not a coordinated introduction of renewables and working with the existing fossil generation and whatever other forms of energy might appear, like batteries et cetera.

Mr MILLS: You expect that that is going to occur?

Mr HUBBARD: Yes.

Mr MILLS: Has there been any indication to that effect yet?

Mr HUBBARD: That renewables are emerging rapidly?

Mr MILLS: No, the transition mechanisms.

Mr HUBBARD: We have not had a lot of time to review the report, but I understand there is reference in there to a body which would potentially oversee a coordinated introduction of renewable energy in the

Territory. What the scope of body would be, I am not sure, but I believe there is reference to that, which we see as very encouraging.

Mr MILLS: How timely must be respond to this?

Mr HUBBARD: Every time we have a conversation about renewables, as a community, we often underjudge the speed at which prices are coming down and these technologies are becoming more available and affordable. I suspect we do not have a huge amount of time.

Mr MILLS: If there is onshore gas exploration—say the moratorium is lifted—and there is exploration that brings gas to surface, what effect do you think that would have on T-Gen? This is over the horizon, obviously, but forward planning.

Mr HUBBARD: I might pass that question off to our Chief Executive Officer, if I may.

Mr DUIGNAN: Thank you for that question. We are currently in negotiations with Power and Water for a long-term gas supply agreement which will cover the majority, if not all of, our gas requirements potentially out to 2034. Any onshore gas explorations—our biggest threat out of that would be a much lower priced gas outcome that someone could come and build generation that would be able to undercut us by a long way.

I think our greatest threat of competition is now with the—to our existing thermal generation business as it is, is renewables and solar.

Mr MILLS: That is the present risk?

Mr DUIGNAN: It is the current present risk, yes, and the reason it is very important for us to maintain our sales dollars, our megawatt hours out through the gate if you like, through embracing the new technology and being part of it as we move forward.

Mr MILLS: I can see there is some pressure. One is to, in a very timely manner, to get the transitional mechanisms in place, so you can transit—manage that change. Also, the negotiations with Power and Water over the price of that gas, being mindful of the international gas market price of gas. Would that be the case?

Mr DUIGNAN: Gas into our current thermal electricity business is about 60% of our input cost. So to give you an idea of how important it is to the future of our business. But in saying that, the inevitable rise of renewables will see our generation come offline over a period of time, our thermal business, and the importance of the replacement of the sales, if you like, through us embracing new technologies, which we are very keen to do. But it also then builds into the flexibility we will require out of the contracting we do as Power and Water around what happens to the gas that is not burnt by us in the future.

Mr MILLS: To be continued. We will watch with interest. All the best.

Madam CHAIR: Thank you. Are there any further questions for Territory Generation?

Ms NELSON: Yes, Madam Chair, I have a few questions.

Just to pick up on what the Member for Blain was asking about in regard to gas and exploration, the current moratorium has not hurt you?

Mr HUBBARD: Thank you, Member for Katherine, I will pass that one again off to the CEO, if I may.

Mr DUIGNAN: All our gas requirements have been taken care of by Power and Water through the existing contracting they have with both E&I and Central Petroleum out of the dingo field down south, so it has no impact on any of our availability of gas supply to run our generation. So we are well and truly covered.

Ms NELSON: Thank you. I just have a few questions.

With regard to people and safety, I did note that on page 25 you talk about safety quite a bit in your annual report, which is really good narrative. I was looking for some numbers on how many lost days you have had in this financial year? Have you had any lost days due to accidents?

Mr HUBBARD: Thank you, Member for Katherine, I will pass that onto Tim, if I may.

Mr DUIGNAN: And thank you for that question. I am proud to say we went 1000 days without a lost time incident on Channel Island and Weddell sites, which is a great milestone. We celebrated that out at Channel Island with all the staff. We have had, this year, I think it is two lost time incidents—one lost time incident in that financial year. Safety is our number one priority.

Ms NELSON: What programs do you have in place to manage fatigue?

Mr DUIGNAN: We have a fatigue policy in place and monitor that with management keeping an eye on fatigue. We have some issues at times with the workload on our people and the number of staff we have available at different times. We monitor that closely to try to ensure we keep within our fatigue management policy, but at times we have breached it.

Ms NELSON: I imagine it is a bit hard to manage that when your resources might be a bit limited. But are you within standards with the fatigue management?

Mr DUIGNAN: Our fatigue management policy is in line with the standards for fatigue management.

Ms NELSON: You also talked about the operator/maintainer model as well in your annual report, which I took a lot of interest in. I am wondering if you are able to provide us with a comparison of costs of the old model versus the new model?

Mr DUIGNAN: We are still in the process of getting all the efficiencies out of the operator/maintainer model. We have not moved to that model in Alice Springs at the Owen Springs or Ron Goodin Power Stations. We have it across all our other sites.

We are currently going through a major training exercise with our people at Channel Island and Weddell and at our other sites to bring them up to a highly-skilled standard that is required from an OMT. The exact numbers of the costings of that I will take on notice, if you like, and come back with that.

Ms NELSON: Yes, please.

Question on Notice No 5.1

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

Ms NELSON: With regard to the new operator/maintainer model, are you able to provide us with a comparison of costs of the old model versus the new model?

Madam CHAIR: That question on notice has been given the number 5.1.

Madam CHAIR: Any further questions?

Ms NELSON: Yes, please. This is to do with the Owen Springs Power Station. I noted on page 33 of the annual report that you talked about coming online in September of this year. That has not happened?

Mr DUIGNAN: The Alice Springs power station was due to come online on 31 December this year, not September. The new part of the power station's commercial operation date was 31 December. We will not have the full capacity of the new power station until the end of January at this stage. The contractor is delayed by a month.

Ms NELSON: Okay. What is the update? I am sorry, can you repeat that?

Mr DUIGNAN: Sure. By the end of this year, there are 10 new machines to come online there. By the latest schedule from the principal contractor on-site, Clark Energy, we will have three machines available at the end of this year on 31 December, with the remaining seven coming online by the end of January.

Ms NELSON: When will the Ron Goodin Power Station going into standby mode?

Mr DUIGNAN: The Ron Goodin Power Station will commence standby mode—and there are various levels of standby—from 1 January. At that point we will be fully manned and the station will still be running a profile, which is largely unchanged from 31 December. Then, across the coming months, as we get all the machines

on, the running profile of Ron Goodin will reduce to the extent that by May/June of next year, we believe the station should be sitting idle.

Ms NELSON: What will you do with the workers who are there? What is the transition plan?

Mr DUIGNAN: We have been in negotiations with the ETU, as the workers' representatives there, for quite some time. We are working through the alternatives for the workers who are left at Ron Goodin Power Station. We are looking for redeployment opportunities and other opportunities through natural attrition across our business. In the future they will be put into the pool for the Northern Territory Government, which will offer them opportunities right across the Northern Territory Government.

Ms NELSON: So the opportunities will be there, but what happens if they do not want to relocate? A lot of them have been there for 10, 20 or 30 years.

Mr DUIGNAN: The options there are we will provide opportunities across our business, as I have said, and some of them may be in Alice Springs at the Alice Springs power station if we have natural attrition with the people that are currently there. There will be opportunities within the other government sectors in Alice Springs as well.

Failing to be able to get alternative employment in the future then they will be surplus to requirements under the Office of the Commissioner for Public Employment's arrangements in that area.

Mr PAECH: They will be redundant?

Mr DUIGNAN: They will go through the process of ...

Mr PAECH: The end result will be redundant?

Mr DUIGNAN: If we are unable to do anything across that process. It is a very well spelled out process within the EBA and the Commission for Public Employment's process.

Ms NELSON: I think we are all eager for the Owen Springs Power Station to be commissioned and up and running but we want to make sure the workers who are at the Ron Goodin Power Station are being considered and the transition is smooth and makes everybody feel comfortable and confident.

Are there opportunities in place for cross training?

Mr DUIGNAN: Yes, we are looking at all opportunities for training and there is allocation of funding for training of employees to give them other skills that may provide additional employment opportunities.

Ms NELSON: That is great, thank you. I have one more question about the Ron Goodin Power Station. This is in regard to the decommissioning. If you could just talk me through the process of ensuring that the hazardous materials are contained safely at the Ron Goodin Power Station?

Mr DUIGNAN: Thank you for that question. Hazardous materials you refer to as in asbestos on-site?

Ms NELSON: Yes.

Mr DUIGNAN: The decommissioning planning is currently just commencing; we are still six to eight months out from even looking at what we do with regard to the decommissioning and starting to demolish that site. The hazardous materials will all be handled and disposed of as per the Australian standards for such materials.

Ms NELSON: I am sure you are aware that in Katherine we have had a PFAS issue; we have some asbestos issues as well that have just emerged by the riverbank, so it is certainly an issue that I will be following closely.

My last question is, what will happen to that particular site once you have decommissioned it and everything is knocked down?

Mr HUBBARD: Thank you for that question, Member for Katherine. There are a number of options. One might even see the site being used for a museum, like a powerhouse museum as has been seen in other places around Australia when old power stations have been retired. Otherwise the plan would be to demolish and rehabilitate the site.

Tim, do you have any elaboration as to what is likely to happen to it then? Would it just revert back to Power and Water, who are in fact our landlord there?

Mr DUIGNAN: Yes, we lease the land off Power and Water Corporation—the land the power station sits on and all our infrastructure. As Jon has said, it is time for the community to start to discuss options around that power station. We are open to—we do not have to demolish that station. The hazardous material that you referred to is largely in that galbestos lining of the shed, so the shed could be relined and actually set up as a tourist attraction or a number of other things.

It is the point in time which would be useful for the community to start that discussion with government on what the future use is of that site, and we are open to rehabilitating it for whatever use the community and government decides is best.

Mr PAECH: What is your tenure over the Owen Springs station?

Mr DUIGNAN: As far as land tenure, we have a freehold land tenure on that facility, I understand, in the Brewer estate industrial park.

Mr PAECH: The infrastructure that is there, is it owned by T-Gen?

Mr DUIGNAN: That is 100% owned by T-Gen.

Mr MILLS: I have a question.

Madam CHAIR: We have three minutes, Member for Blain.

Mr MILLS: That is okay. I took great interest in the opening statement. Transition—we need that in a timely manner to prepare. Locking in the price and the threat of gas being significantly cheaper than a competitor over the horizon is a challenge.

What opportunities are there for other customers? Are there others over a border?

Mr HUBBARD: Who knows what technology will bring. Our network limits where we can transport our power at the moment. That is the Darwin/Katherine integrated system. Then there are the Alice Springs, Tennant Creek and Yulara systems.

Who knows what the future holds. There is a lot of talk about being able to ship hydrogen, which is basically liquefied electricity. That can be produced from renewable generation sources. That could be a potential growth industry for us. Participating in the emergence of more renewable and storage technology is a big part of our intended growth agenda.

Another one would be the way we have designed the remote operations centre. It can easily manage plant for other people. For example, if a new mine was to open in the Territory or a new power station was to be built on a mine, we could operate that efficiently for them.

Mr MILLS: Do you supply energy to McArthur River?

Mr HUBBARD: I do not know. I will hand that over to Tim.

Mr DUIGNAN: We do not supply McArthur River mining operation with power. That is done by EDL, the third party generator. We look at all those emerging mining opportunities as a potential expansion market for us. We could supply them with their future power requirements.

Mr MILLS: INPEX?

Mr DUIGNAN: INPEX self-generates. It has a central energy plant as part of that facility. It is very big in its generation.

As Jon has expressed, there is a big opportunity for the Northern Territory in exporting sunshine, as I like to say, in the form of either fertiliser or ammonia. There is an emerging market across the world for that. That could create a massive industry in Central Australia of hundreds of megawatts of solar.

Madam CHAIR: Thank you very much. As the time is 6.30 pm, that now concludes our session on Territory Generation's annual report. On behalf of the committee, I thank you for appearing this evening. That concludes our hearings for today.

The committee will recommence tomorrow morning at 8 am with questions of the Attorney-General and Minister for Justice.

The committee suspended.
