

The Estimates Committee convened at 8.30 am.

**Madam CHAIR:** Good morning everyone, this is estimates 2015. Welcome to everyone tuning in at home or at work. Thank you very much for taking the time to listen to this year's estimates.

As Chair of the committee I formally declare this public hearing of the Estimates Committee of the Legislative Assembly of the Northern Territory open and extend a welcome to everybody present. This is the 14<sup>th</sup> year of the Estimates Committee process. Many procedures adopted throughout previous sittings have become accepted practice and will be continued this year.

I will now outline how the committee will operate. The role of the committee is to examine and report on the estimates of proposed expenditure contained in the Appropriation Bill 2015-16. As in previous years, membership of the Estimates Committee is the same as the Public Accounts Committee. However, other members of the Assembly may participate in the public hearings, provided that the composition of the committee never exceeds three government members, two opposition members and one Independent member, and a quorum of three committee members is maintained. To assist Hansard, I will advise of the membership of the committee at the commencement of every session, and will also acknowledge, for the record, when there is a change of membership on the committee throughout the hearings.

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

The matter of relevance of questions has been raised a number of times throughout previous estimates public hearings. I intend to follow the lead of the Senate, which adopted a report of their Procedure Committee in 1999 in which the following test of relevance was determined: any questions going to the operations or financial positions of the departments and agencies which seek funds in the estimates are relevant questions for the purpose of estimates hearings.

Whilst this general relevance test is very broad, questions also need to be relevant to the outputs under consideration.

For each agency I will first invite members to ask questions on the minister's opening statement. I will then invite questions on agency-related whole-of-government questions on budget and fiscal strategies. I will then call on questions on each budget output as outlined in the committee's schedule. Finally, I will invite non-output specific budget-related questions. Once an agency or an output has been passed it will not be revisited. Members may wish to clarify with ministers at the beginning of the hearings the most appropriate output in which to raise an issue.

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

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

The previously accepted method of allocating questions throughout public hearings has worked well in the past and the same process will be adopted during these hearings. I propose to invite shadow ministers to ask their questions first, followed by committee members. Finally, other participating members may ask questions.

Subject to the Chair's discretion within that order, the committee has agreed to the flexible approach introduced previously, allowing other members to join in with a line of questioning pursued by a shadow minister rather than waiting for the end of the shadow's questioning on the output.

Procedures for dealing with questions taken on notice are contained in the Estimates Committee Information Manual 2015. When a question is taken on notice it is vital that its terms are clear for the record. When a minister or speaker 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 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 during the public hearing process or at a later stage.

Answers to questions on notice must be provided to the committee by 17 June 2015. The Assembly has given the last date for the publication of answers of 18 June and the committee cannot receive answers after this time.

The start and finish times of each minister's appearance is inflexible and will be adhered to. However, there is no time fixed for the duration of each agency's appearance. When questioning of an agency has concluded, the committee will move on to the next agency within the minister's portfolio immediately. If a minister's time is exhausted before an agency is reached, that agency will not be questioned. Members will need to manage their questions to allow time for agencies they wish to question. Changes 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. However, I would also like to remind witnesses that giving false or misleading evidence to the committee may constitute a contempt of the Legislative Assembly. Officers should also be aware that when they are requested by their minister to provide answers to questions, they are not required to comment on matters of policy.

I note that all microphones on the tables are normally on, although they have an off switch if required. The Speaker has approved accredited media filming of the hearings, and the cameras on the ceiling are providing a video feed that is being webcast and is available for broadcast. The rules for broadcasting are in the Estimates Information Manual 2015, copies of which are available at the back of the room.

Hearings will commence at 8.30 am. Lunch is scheduled from 12.30 pm to 1 pm each day, and dinner is scheduled from 7 pm to 7.30 pm. Other breaks will be determined at the Chair's discretion. For all breaks I will indicate what time the committee will resume and ask for members and witnesses to strictly adhere to those times. Recommencement times will also be notified on Twitter. For the purposes of the efficient recording of the *Hansard*, I request that ministers introduce officials who are accompanying them at these hearings. As well, when a minister refers a question to an officer, that officer needs to clearly identify himself or herself each time for the *Hansard* record.

## MADAM SPEAKER'S PORTFOLIOS

### DEPARTMENT OF THE LEGISLATIVE ASSEMBLY

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

I note that while the Administrative Arrangements Order puts responsibility for the Department of the Legislative Assembly with the Chief Minister, by convention Madam Speaker administers the Department of the Legislative Assembly and she will answer questions relating to that department's outputs today.

Madam Speaker, I welcome you and I invite you to introduce the officers accompanying you today.

**Madam SPEAKER:** Thank you, Madam Chair. On my left is the Clerk, Michael Tatham. On his left is the Deputy Clerk, Marianne Conaty, and on my right is the Chief Financial Officer, Diem Tang.

**Madam CHAIR:** Thank you, Madam Speaker. I will invite you to make an opening statement of no more than five minutes. I will then call for questions relating to the statement. The committee will then consider any whole-of-government budget and fiscal strategy related questions before moving on to output specific questions and, finally, non-output specific budget related questions. I will invite the shadow minister to ask their questions first, followed by committee members. Finally, other participating members may ask questions. The committee has agreed that other members may join in on a line of questioning pursued by a shadow minister, rather than waiting for the end of the shadow's questioning of the output.

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

**Madam SPEAKER:** Yes, thank you, Madam Chair and committee members. I am pleased to take this opportunity to make an opening statement as the first witness before the Estimates Committee for 2015.

The committee has forwarded a number of questions to agencies which I understand you will be following up at this hearing; however, if you wish me to table them I have a copy here with the answers.

As you will understand, a number of these questions are not relevant to the Legislative Assembly as they relate specifically to government matters, but I will be pleased to answer them as far as possible, remembering that some government ministers will have agency responsibility for things like shared services, such as information technology and infrastructure where the Assembly is a client.

The specific question you have provided to me in the context of member travel is anticipated, and when I am asked to provide an answer today about the travel entitlements provided to the Members of the Legislative Assembly, pursuant to the RTD No 1 of 2013, which applies to member travel, I will have some detailed information.

It is important to remember that no member may travel outside of the entitlement provided by the independent tribunal. As the Speaker I do not have any discretion to authorise travel outside of the available entitlements which are contained in the determination tabled in the Assembly 2013 and subject to a disallowance period.

The broad nature of the question that has been asked of me will mean the answers provided will include member travel for sittings of the Legislative Assembly, meetings of political parties and for official business of the Assembly. Perhaps if the aim was to single out and highlight specific members' travel it could have been a little more forensic. However, I do not think any member should ever be embarrassed or unwilling to travel when relevant and required to do so.

Member travel is provided for both necessity and as an entitlement to advance knowledge and understanding, and professional development of that person, and nothing more. There is no secret about it, and nor should there be. The Remuneration Tribunal requires that I table clause 4 travel after the conclusion of each year, which is done accordingly. The 2014 clause 4 basic allowance travel was tabled in the Assembly during the March 2015 sittings. Because that is already on the public record, I will leave it for the committee to avail themselves of that information separately.

Today when I am asked about travel I will only address clause 3 travel. While I am sure members know the difference between the clauses, I will happily explain them if required. In my role as Speaker, in addition to accountability for administering the entitlements under the RTD No 1 of 2013 and the *Public Sector Employment and Management Act*, where I have the role as the employment commissioner for employees of the department, the Assembly entrusts me also with the role of custodian of this building and its precincts under the *Powers and Privileges Act*. I look forward to any questions on these matters, because inevitably they impact on all members as well as the listening public and people employed in the building. I welcome positive feedback and suggestions about how to better do the job we are all here to do.

Works at Parliament House are always of interest. Since appearing before this committee last year there have been some minor new works which have impacted upon members and staff. You will be aware a new footpath was constructed adjacent to Parliament House to enable officers parking at the rear of the building easy, all-weather access to the security screening point at the front. This work was completed as a direct consequence of the reduction of access to the rear gates to ensure more screening after the Australian government raised the security threat level of our country from medium to high. My department learnt some valuable lessons through this project, which was managed by the Department of Infrastructure. There are some final aspects to settle about the payments which came in at more than 60% above the submitted estimate.

Other works were undertaken to replace tiles and woodwork, and some curtains as well, which were the subject of 20 years of wear and tear.

Parliament House is a focus for democratic celebrations and events. Last year the Assembly celebrated its 40<sup>th</sup> anniversary, and the 20<sup>th</sup> of the opening of this building. We held a successful open day to mark the occasion, which was attended by the Chief Minister, the Leader of the Opposition and many former members of this parliament.

This year we are planning two significant hosting responsibilities. The Northern Territory is the host jurisdiction for the Commonwealth Youth Parliament, the seventh international convention of its type, attracting up to 70 young people from Commonwealth countries to participate in a week of activities and debate. Notably, the Secretary-General of the CPA will be attending this conference in Darwin. I know

there are members of this committee committed to assisting, and I trust all members of the Assembly will be able to contribute in some way to the event.

Later, in the same month of November, we will be hosting the Commonwealth Parliamentary Association Australia and Pacific Region Conference. Once again, I expect to see many members participate in these events.

Last year I commenced a series of sitting night dinners hosted in the Speaker's suite. To date I have held dinners for media representatives, business leaders and educational professionals. I intend to host dinners for the community sector and others during this year. The aim of this is to promote the Assembly as an institution, separate from government, in an informal gathering of up to 10 guests, including Mr Clerk. It allows guests the opportunity to learn about the Assembly and discuss how the institution works for Territorians.

This year I have also announced a competition, open to all young Territorians. My challenge is to produce a three-minute video clip on the topic Freedom of Speech in Modern Democracy. This will encourage students to consider the principle of freedom of speech and its place in our democracy, including institutions of represented democracies such as the Legislative Assembly. The challenge is open to secondary and tertiary students, with entries closing on 14 August.

I seek leave to table a copy of the media release, Madam Chair.

While I encourage young people to engage with the Assembly, once again this year I look forward to hosting a successful Portrait of a Senior Territorian Award day event. I note that we are awaiting co-payment from our partners in the relevant departments of Arts and Seniors for last year's event, but I am sure that money will be sorted out very shortly and will be forthcoming.

The Northern Territory is an active member of the Commonwealth Parliamentary Association. As members are aware, I have taken on the role of Australian Regional Representative for the CPA. This role rotates between the Australian Region branches, and there are three branch representatives in the role at one time. I will have the role for the next three years, subject to being re-elected at the 2016 general election. The role is attached to the member on behalf of the branch, not to the Office of the Speaker. In the role I attend meetings of the Commonwealth Parliamentary Association Executive Committee. The most recent was in Malaysia. The next one is in Pakistan in October.

The Northern Territory is a Westminster jurisdiction, and being a member of the Commonwealth Parliamentary Association is vital for a small, isolated Assembly such as ours. We benefit enormously from our relationship with other Commonwealth parliaments by way of information-sharing, access to material they have been able to resource which we cannot, and innovations and improvements which will see our Assembly function better. I am utterly unembarrassed by the requirement to travel to fulfil my obligations. I will always be available to explain the role and its benefits to the Assembly and to the people of the Northern Territory. I will be reporting to the Northern Territory branch of the CPA on my role and travel at the AGM later this year.

The department remains subject to saving measures required by successive governments over many years. I am pleased the department continues to make an effort to find savings. As I advised last year, my department pays the bills to run Parliament House, including electricity and water for the library occupied by the Department of Arts and Museums, the Office of Parliamentary Council, which is now a division of the Attorney General's department, and the ministerial offices occupied on behalf of the Department of the Chief Minister.

My department is also responsible for administering the entitlements to members such as paying leases on the electorate offices, paying the salaries for your electorate staff and, of course, all members' salaries. While at this stage we do not charge rent to our government tenants as they do in the New South Wales parliament, I am always open to approaching the government to pursue such a policy in the future.

One difference members may observe in this year's budget is a decision by government that my department will, as of the 1 July, have absolutely no responsibility for administering the multifunction devices located in electorate offices. This will become the responsibility of the Department of Corporate and Information Services. The reason for this appears to arise from a question I submitted to the government after the disallowance of the Remuneration Tribunal Determination about the ongoing administration of a device which was not an entitlement but was proposed as an entitlement under the now disallowed RTD. Given that multifunction devices are not an entitlement of a member, the government has

decided to administer them separately. I have written to members advising of these new arrangements and I am sure the Minister for Corporate and Information Services and the Treasurer are putting in place the required support for all members of the Assembly.

Each year this committee is interested in the public and private use of the building. A total of 435 functions were held at Parliament House between July last year and March this year, compared to 448 the previous year. These consistent figures show that we remain a heavily-used venue for a range of events. As I advised last year, I will continue to ensure the department applies commercial hire rates where appropriate in order to ensure the building is not competing as an inexpensive venue with the private sector. I have waived fees where there is a compelling reason to do so; otherwise my policy is user pays, and that includes the government.

I always promote the building for further understanding of the parliament by the public. During May last year the department commenced a series of seminars called Know Your Assembly. These seminars are designed to give approximately 30 attendees at a time an improved understanding of the role and functions of the Assembly of the Northern Territory, with a focus on interactions between the executive government and the parliament. I am pleased to report their success. These seminars are a sell-out. The seminars have been made available to many public servants, legal practitioners, media professionals and professionals engaging with government, including industry groups, business leaders, small business owners, community sector professionals and lobbyists. Community groups have participated and so have Territorian students. We have also had a Know Your Assembly in Alice Springs, which was well attended, as well. Please continue to promote them with me and participate in them as requested. You may learn as much as you teach if you do.

My department exists primarily to support the sittings of the Assembly. For the past two years I have issued detailed bulletins after each sitting period. I trust these are useful to members and their senior staff. They contain precedents, rulings and an explanation of procedures that have taken place during the sitting. As I advised last year, the Clerk is also working with the Standing Orders Committee on a complete review, which appears to have reached its final stages. We all have been asked for further and final feedback on the review of standing orders by the end of next week. Last year I said I hoped to be in a position to say at these hearings that we had agreed on and put in place comprehensive improvements to assist the running of the sittings. It has been an important and deliberate process, so perhaps this time next year is my modest goal.

As members will be aware, the Office of the Clerk administers the register of members' interests. Recently the procedure has been tightened to ensure that those examining the publicly available register abide by the conditions of its inspection. The conditions are set by the Committee of Members' Interests.

I would like to conclude my opening statement by commenting on two matters. The first is the Build Up Ball and the second is last year's survey of members. This year, in conjunction with the Parliament House press gallery, I will be hosting a charity event at Parliament House. It is loosely modelled on the well-known and very successful Midwinter Ball put on by the press gallery at Parliament House in Canberra. To borrow a contemporary budget term, we have decided here in the Territory to 'have a go'. We are going to see if we can raise money for charity, promote the parliament and have some fun all at the same time. The ball will take place on Saturday 19 September and you will hopefully be there to support the charities.

Turning now to the member's survey, members were surveyed again last year against questions relating to Budget Paper No 3 and the performance measures reported against annually. In 2013, 19 responses were received from a possible 25, and last year just 12 were received. Last year I said that I assumed members who did not complete the survey were 100% satisfied across all categories, and I advised that this assumption will be applied to non-responders for the 2014 survey. I intend to apply the same principle this year. I trust all members of the Estimates Committee took the time to answer the survey, noting that the cumulative results are before you in Budget Paper No 3. I thank the committee for this opportunity to make an opening statement and I welcome questions.

**Madam CHAIR:** Thank you, Madam Speaker. For the benefit of Hansard, on the Estimates Committee we have Nicole Manison, member for Wanguri; Michael Gunner, Leader of the Opposition; me, the member for Drysdale as Chair; Nathan Barrett, member for Blain; and Matt Conlan, member for Grotter. Are there any questions on Madam Speaker's statement?

**Mr GUNNER:** Good morning, Madam Speaker. You mentioned at the start that you are happy to table the answers to the written questions. We provided two sets of written questions to you. Are all the answers in there?

**Madam SPEAKER:** Yes.

**Mr GUNNER:** Excellent. Madam Chair, I will have follow-up questions to whatever is tabled. While that is being tabled I have some questions I can ask to the statement while we wait for that?

**Madam SPEAKER:** Yes.

**Mr GUNNER:** You mentioned that the Commonwealth Youth Parliament is coming to Darwin.

**Madam SPEAKER:** Yes.

**Mr GUNNER:** Have you thought about how you might involve NT youth with the youth parliament? Is there a capacity to involve NT youth or have fringe events?

**Madam SPEAKER:** We can have Northern Territory observers, and we also have delegates as a Northern Territory branch. We are writing to all high schools and colleges in the Top End, if not elsewhere across the Territory, to encourage them to participate. We also have budget cover to enable us to promote it as far and wide as possible because we have a Treasurer's Advance that was signed off last year by the Treasurer.

**Mr GUNNER:** How much is that for?

**Madam SPEAKER:** It is a commitment. We need to know the amount for what we need to do to put on the conference.

**Mr GUNNER:** A blank cheque.

**Madam SPEAKER:** We are not 100% sure at this time, but we can give you a guide. We need to accommodate the 70 delegates, move them around and feed them. We need to set up the Chamber. We need to have presentation satchels for them and those types of expenses. If we have a function away from Parliament House, that will be included. We are talking about a conference for about 70 delegates, plus perhaps some – the CPA Secretary-General is coming. We can get a guest list. I can take that on notice.

**Mr GUNNER:** We have about two weeks to get questions in. If you do not know the number by then I am happy to sort it out later.

**Madam SPEAKER:** We can sort it out. I can find some information for you.

**Mr GUNNER:** You mentioned the register of interests and that you have tightened the implementation of the current rules?

**Madam SPEAKER:** Yes.

**Mr GUNNER:** How are our rules compared to other parliaments in regard to accessing the register of interests?

**Madam SPEAKER:** They are probably pretty much the same. We have ours as a paper copy. Some parliaments have them online, like Queensland parliament, for example. Personally I have no issue with the register being online; however, we do not have the technology at this stage to enable us to do that. I think some of the other states have them online. If we were to put the register of interests online then the committee that looks after it and supervises it would have to make that decision. The people who view the documentation are usually in the Clerk's office. There is usually someone there to supervise, whether that is the Clerk, the deputy or other staff. They cannot take photographs. There is a register kept of who looks at the document and all members can see who has been looking at the register. People are not allowed to take electronic devices into the room when they are looking at the register.

**Mr GUNNER:** Do you know the last time our rules were looked at? Or is that a question for the committee that looks at it?

**Madam SPEAKER:** In 2008 the legislation came in and that is when the rules were set. The committee amended the rules recently. The rules can be looked at again by the committee if it wants to.

**Mr GUNNER:** While we are waiting for the answers to the written questions, you mentioned in your opening statement that there is some travel you are happy to talk about and some you are not? Could you explain the clauses and which ones you are happy to talk about or take questions on?

**Madam SPEAKER:** Are you talking about clause 3 versus clause 4?

**Mr GUNNER:** Yes.

**Madam SPEAKER:** Clause 4 is the basic allowance where the member spends the ...

**Mr GUNNER:** For the purposes of the Estimates Committee where people may be listening who do not know our different clauses, could we have an explanation of the clauses.

**Madam SPEAKER:** Clause 3 travel is where the member comes to parliamentary sittings, committee meetings, representing an officeholder, representing government and things of that nature – spouse nominee accompanying the member.

Clause 4 travel is where the member spends their \$15 000 to travel outside their electorate, to go interstate or overseas for whatever reason, and those reports are tabled in the parliament. Members can accumulate up to \$45 000. They still must report to the parliament. First they must submit a request through the Speaker's office with a proposed itinerary. That is approved and within 90 days they must report. As members should know, if the report does not come into my office within 90 days that member cannot travel anymore until they submit the report. That report is tabled in the parliament on an annual basis, and was tabled recently in the March sittings.

Clause 3 travel is party business, sittings, committee meetings and things of that nature.

That document I tabled is the clause 3 document. Each individual member gets a copy of their travel for the year, but that is not a public document as such.

**Mr GUNNER:** What you are flagging today is that you will not take questions on clause 4 travel, which is the interstate and overseas travel.

**Madam SPEAKER:** That is the document I tabled. I can try to answer questions, but that was tabled in the March sittings.

**Mr GUNNER:** I have other questions not relating to the opening statement or whole-of-agency we could possibly ask while we are waiting for the documents.

**Madam CHAIR:** The committee will now proceed to consider the estimates and proposed expenditure contained in the Appropriation Bill 2015.

**Mr GUNNER:** Sorry. I am not ready to move on.

**Madam CHAIR:** Do you want to go to whole-of-government questions on budget and fiscal strategies?

**Mr GUNNER:** I have questions further down the outputs which I can ask while we are waiting for the tabled answers to the written questions going to whole-of-agency. I do not want to skip down to Output 1.3 and not be able to go back to whole-of-agency.

**Madam CHAIR:** Madam Speaker, it is up to you.

**Madam SPEAKER:** I do not mind.

**Madam CHAIR:** It is obviously not standard practice, but if Madam Speaker is happy there is no problem.

**Mr GUNNER:** I recognise it is not standard.

The 2014-15 estimates showed \$28.718m compared with the 2015-16 budget of \$28.324m for Building Management Services, an overall decrease of approximately \$394 000 within Parliamentary Services, but in particular, an \$863 000 loss within Building Management Services. What impact will this have on Building Management Services?

**Madam SPEAKER:** I will get Mr Clerk to provide some information on that.

**Mr TATHAM:** Leader of the Opposition, there has been a reduction in the allocation for repairs and maintenance and minor new works in the building budget. That is based on the fact we have had underspends in previous years and the amount was considered by the government not to be required, so it was reduced in that area.

**Mr GUNNER:** Referring to the amount of \$1.6m for the control-of-entrance project, can you give a summary of what was involved in providing all-weather access from external car parks, including which car parks this project refers to?

**Mr TATHAM:** This refers to the footpath that goes from the 90-bay car park at the rear of the building through to the front of the building. That was as a result of the increase in the security threat levels announced by the Commonwealth government in the first quarter of this financial year.

The footpath construction was commenced and completed in January this year, and the cost of it was just over \$100 000. Some works were also done on the creation of a monitoring room, a specific room for CCTV, to allow for additional surveillance of Parliament House on a daily basis. Some works are also being undertaken to look at how we redesign the architectural scheme at the front of the building as to whether there is a requirement there for security; work is continuing on that.

**Madam SPEAKER:** Leader of the Opposition, following on from what Mr Clerk said, it was a direct response to the change of the security alert around the country. All houses of parliament were required to have their security reviewed. We undertook that, and as a result there were changes, apart from physical changes, like a stop to foot access at the back gate, because we were advised there was a little vulnerability there. There were some other issues we changed within the building which members would not have noticed, such as the number of security officers per the size of a function. More security officers were required for a larger function than we had previously. So there was a combination of changes in regard to security, some physical and some that would not have been quite so noticeable to members.

**Mr TATHAM:** As a consequence more people are screened when they come into the building. Workers in the building who were not screened who came through the rear gates are now screened because they come through the front.

**Mr GUNNER:** I understand that is why you were not allowed in through the back gate. As a matter of curiosity, we are not allowed out through the back gate now.

**Madam SPEAKER:** You should not be allowed in ...

**Mr TATHAM:** It creates a vulnerability because the gate is opened.

**Madam SPEAKER:** Yes, and it is slow to close. Members and senior staff with key toggles can still drive in. We have allowed that for a trial period. Also the monitoring and management of all the contractors has been changed and improved, such that only a certain level of contractor has unhindered access. Most of the contractors who come into this building have to have someone with them.

**Mr GUNNER:** Did you just say that the entry through the back gates by car with a toggle is on trial? Did I hear that correctly?

**Madam SPEAKER:** We are not taking that away from members.

**Mr TATHAM:** Staff who enter through the back gate generally now have to stop and scan a pass. Most staff do not have a buzzer. They have to stop again at the stop sign if that is required by security. It is a double-up of the entrance process.

**Mr GUNNER:** You are flagging that members may in the future need to show ID or something when they drive through?

**Madam SPEAKER:** Possibly, but at this stage the security level is satisfactory, from the advice of our security experts.

**Mr GUNNER:** Regarding that back footpath and the cover, have we been concerned at all about staff, especially at night, walking to or from that car park and going around rather than through the gates?



**Madam SPEAKER:** That was raised when the footpath was under construction. The lighting, during sittings, is left on later. The other thing, member for Fannie Bay, is we have encouraged everyone in this building to be accompanied to their car by a security officer. They should never feel that they are being too much trouble. That is the security officer's job. If someone feels a little vulnerable they must ask for someone to accompany them because that is the security officer's role.

**Mr TATHAM:** That is routinely offered on a sitting night, but it is available any time.

**Mr GUNNER:** Excellent. The 2013-14 annual report shows three employees attended the Bombing of Darwin professional training. Why was this required and what were the details?

**Mr TATHAM:** That was our education staff providing information to people coming to Darwin. They did some training on what they were going to ...

**Mr GUNNER:** It is not meant to be a hostile question; it is meant to be a question of curiosity.

**Madam SPEAKER:** The education personnel, given that we have displays and a lot of people come through, had some training as to their knowledge about all the events surrounding the Bombing of Darwin and World War II, because this is a site of national significance.

**Mr GUNNER:** This is a Gerry Wood question, so I apologise if I get this wrong. Can you provide the costs of the trip to the island nation of Niue, who attended and what were the benefits of the visit?

**Madam SPEAKER:** In the Commonwealth Parliamentary Association around Australia, all the states and territories have what they call a 'twin' in the Pacific region. This is to foster relationships with a country that perhaps is not as advanced as the Australian states and country. We were allocated – I do not know how we got it – Niue, which is just south of Samoa. It is a protectorate of New Zealand. Other countries have Bougainville ...

**Mr TATHAM:** Western Australia has the Cook Islands, Tasmania has some Samoa. Each jurisdiction has a twinned arrangement under the auspices of the Commonwealth Parliamentary Association of Presiding Officers and Clerks Conference.

**Madam SPEAKER:** The trip involved me, Mr Clerk, Mr Keith and the Serjeant-at-Arms, Ben Harris. We travelled to Niue via New Zealand. Mr Keith and Mr Harris were funded by the Commonwealth CPA. We met with the parliament there. I sat in on their parliament next to their Speaker. We also had Ben Harris, the Serjeant-at-Arms and the overall manager of the education unit. We conducted educational outreach for the main school in Niue. Niue has about 1800 people in Niue and in Auckland there are 20 000 Niueans. It is an interesting country. It is very small. The benefits are us understanding their small jurisdiction, how they work and their relationship with New Zealand. The benefits to them are greater because we are taking professionalism to them.

We explained about standing orders. They have a small parliament with about 20 members. They have a very similar system to New Zealand where they have elected members and listed members. It was standing orders also the register of members' interests they were very interested in, for various reasons because it is basically a tribal nation.

**Mr TATHAM:** As part of this relationship we are an advocate on behalf of Niue with the Commonwealth Parliamentary Association and we have just succeeded in securing them £15 000 for a new recording system for their Hansard, which will be provided by the Commonwealth Parliamentary Association in the UK, the headquarters. We have been the broker on their behalf, not as a donor but as an assistant to them getting some benefit. That is part of the twinned relationship we provide.

The visit was a few days for the Speaker and me. The Clerk Assistant and the Serjeant-at-Arms, Director of Procedural Support and Education Services, went for a week and were funded by the Australian parliament.

**Madam SPEAKER:** This trip cost for myself – it was clause 4 travel?

**Mr TATHAM:** No, it was clause 3, but it included your trip to Samoa for the presiding officers and clerks and your trip to New Zealand.

**Madam SPEAKER:** It was Sydney, Wellington, Niue, Auckland, Apia – which is in Samoa – Brisbane, and back to Darwin. It was \$22 121.38.

**Mr GUNNER:** There is new cabling in the member for Nelson's electorate office. What was that upgrade for, as he has not been told? Why are there now three boxes full of wires and cables for just two computers and how much have these upgrades cost?

**Madam SPEAKER:** We will have to take that on notice. I suspect it is related to the upgrades in all members' electorate offices in Darwin to do with NBN and all that technical business.

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#### Question on Notice 1.1

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

**Mr GUNNER:** There is new cabling in the member for Nelson's electorate office. What is the upgrade for, as he has not been told, and why are there now three boxes for of wires and cables for just two computers? How much did these upgrades cost?

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

**Madam SPEAKER:** Yes.

**Madam CHAIR:** The question asked by the Opposition Leader to Madam Speaker is Question No 1.1.

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**Mr GUNNER:** As we all know, the member for Nelson – he has been very public about it – is in Canada visiting parliaments to see how they run cooperative government. He asks what options has the Assembly made available to make more effective use of parliamentary committees and how have you increased public understanding of and accessibility to parliamentary committees?

**Madam SPEAKER:** The Department of the Legislative Assembly has prepared an extensive briefing paper that has gone to the government and other members. It has not gone to the opposition.

**Mr GUNNER:** I was just thinking I have an in-tray I need to clear; I have not seen it.

**Madam SPEAKER:** It has gone to the member for Nelson. In regard to the possibility of changes or reforms to the committee system, it is with government now if they wish to make amendments. We will find out in due course.

In regard to making the committees more open and accessible – for example, this committee – I would expect all members to try to work towards promoting the work of committees in the parliament through the course of their work, plus through their use of social media to say Estimates Committee is on and encourage people to come in.

We have our main standing committees and our sessional committees. When we undertake the select committee work, as we have done in the last 12 months with the Committee on Foetal Alcohol Spectrum Disorder, the ice (drug) committee, the port committee, the energy committee – they are all committees of the parliament and the members on those committees have a responsibility to assist in promoting the work of those committees and the final report that comes out.

If the member for Nelson comes back with recommendations or suggestions as to how we might improve the performance and work of the parliament, as the Speaker I am more than happy to talk with him. I am sure he will take upon himself to talk about it in the parliament and perhaps even send it on to government and opposition.

**Mr GUNNER:** Knowing the member for Nelson I anticipate a debate in the parliament around ...

**Madam SPEAKER:** I anticipate, possibly, a motion.

**Mr GUNNER:** ... the potential implementation of cooperative government in the Northern Territory, which will be an interesting debate. I am interested to hear how they do it there because it does not, in theory,

seem to – it is hard to see how it would be implemented in Australia, but I am fascinated to see what the member for Nelson comes back with.

**Madam SPEAKER:** Member for Fannie Bay, I have the copy of the clause 4 travel which was tabled, if you would like me to ...

**Mr GUNNER:** Thanks.

The final question from the member for Nelson, which I believe you touched upon in your opening statement, is: could a summary be given following the member satisfaction survey? Did anything substantial come out of the survey, and what things were put in place as a result of the survey?

**Madam SPEAKER:** In the two surveys I have been involved with, the concern is usually to do with IT, whether it is Telstra-type issues, NBN issues, ADSL or speed of computers, particularly in electorate offices. ICT scored an average of 78% in 2013, and based on 12 returns in 2014 the satisfaction was again 78%. It is good but not as good as it should be. I would obviously like to see it much higher than that, but I know that is where the most angst is from my contact with various members.

Members travel has improved, and parliamentary services scores very high.

Member for Fannie Bay, every year we provide the information about IT and the particular issues to DCIS and make suggestions as to how they could assist my department in improving services to members, bearing in mind that ICT services are housed in DCIS.

**Mr GUNNER:** Madam Speaker, do you mind providing the costs incurred by those members of parliament who have fuel cards?

**Madam SPEAKER:** I do not mind; we have them. We table it every quarter, but I think we have it here. I will hunt it out if you want to go to another question.

**Mr GUNNER:** For the year.

Going to the answers you provided to the questions on notice – question 16, I want to confirm that only one member used Latitude Travel?

**Madam SPEAKER:** That is correct.

**Mr GUNNER:** That was the member for Stuart.

**Madam SPEAKER:** Correct, Minister Price.

**Mr GUNNER:** Do you know which trip that was?

**Madam SPEAKER:** That was clause 4 travel, and I believe that was a trip within Australia in August 2014. The member would have tabled a report as a result of that trip.

**Mr GUNNER:** Could you provide advice on costs around any electorate office work that has been done? For example, I know the member for Blain has had some issues with the refit and getting his electorate office ready. In regard to the 25 members ...

**Madam SPEAKER:** When the lease expired the owner of either the complex or the office was reluctant to renew it. The member for Blain is temporarily located at another location. It is my understanding that once it is all finalised we will go back to the Oasis Shopping Centre. That is the member for Blain's preference, to stay at the Oasis Shopping Centre, I believe.

Sanderson electorate office has a new air conditioning plant - \$36 000. The Daly electorate office had a new fit-out at Berry Springs. Blain temporary office, and Blain permanent office fit-out at Oasis. Nightcliff electorate office had an installation of new handrail. Namatjira electorate office had reception alterations. Brainting electorate office had reception security alterations. Nhulunbuy had tenancy modifications. Drysdale electorate office had installation of new joinery over the last reporting period. The majority of the expenditure will be the permanent fit-out at the Blain office, which is expected to occur between April and June this year.

**Mr GUNNER:** Are there any members of parliament who have more than one office?

**Madam SPEAKER:** The member for Stuart has the liaison office in Katherine under the entitlement. Other members have an extra person, but they do not have an office; that does not come out of the RTD. There is nothing beyond the entitlements.

**Mr GUNNER:** I am done.

**Madam CHAIR:** Is that for whole-of-agency or all outputs? I will go through the outputs for the benefit of other members in case there are other questions. That concludes consideration of agency-related whole-of-government questions on budget and fiscal strategies.

**OUTPUT 1.0 – PARLIAMENTARY SERVICES**  
**Output 1.1 – Assembly Services**

**Madam CHAIR:** We will now proceed to Output 1.1, Assembly Services. Are there any questions?

That concludes consideration of Output 1.1.

**Output 1.2 – Members and Client Services**

**Madam CHAIR:** The committee will now consider Output 1.2, Members and Client Services. Are there any questions?

That concludes considerations of Output 1.2.

**Output 1.3 – Building Management Services**

**Madam CHAIR:** The committee will now consider the Output 1.3, Building Management Services. Are there any questions? That concludes consideration of Output 1.3 and Output Group 1.0.

**OUTPUT GROUP 2.0 – CORPORATE AND GOVERNANCE**  
**Output 2.1 – Corporate and Governance**

**Madam CHAIR:** We will move onto Output Group 2.0, Corporate and Governance. Are there any questions for Output 2.1, Corporate and Governance?

That concludes considerations of Output 2.1 and Output Group 2.0.

Are there any non-output specific budget related questions? That concludes considerations of all outputs relating to the Department of the Legislative Assembly. On behalf of the committee I thank Madam Speaker for attending, and I also thank the departmental officers who provided her advice today.

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

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The committee suspended.

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**MINISTER TOLLNER'S PORTFOLIOS**

**DEPARTMENT OF TREASURY AND FINANCE**

**Madam CHAIR:** Treasurer, thank you for appearing before the committee today. I welcome you and invite you to introduce the officials accompanying you this morning.

**Mr TOLLNER:** Thank you, Madam Chair. I have with me the Under Treasurer, Mrs Jodie Ryan, sitting to my left, and Deputy Under Treasurers Tony Stubbin, to my right, and David Braines-Mead to my far left. I have other senior Treasury officials available to join us if you require.

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

questions and finally non-output specific budget-related questions. I will invite the shadow Treasurer to ask questions first, followed by committee members. Finally, other participating members may ask questions. The committee has agreed that other members may join in on a line of questioning pursued by a shadow minister rather than waiting for the end of the shadow's questioning on the output. Treasurer, would you like to make an opening statement?

**Mr TOLLNER:** Thank you, Madam Chair. At the outset I put on the record my thanks and regard to the Northern Territory Treasury department. They have, again, done a stellar job in pulling the budget together, and I would like my thanks to Mrs Ryan and her team at Treasury publicly recorded.

As Treasurer I will address financial and economic issues from a whole-of-government perspective related to the 2015-16 budget including: the Territory's consolidated financial statements and the fiscal strategy; whole-of-government debt management; Territory revenue, including taxes, royalties and GST; the Northern Territory economy; and the overall cash and program position of the infrastructure budget. Details on individual agency budgetary matters, including specific infrastructure projects, will be addressed by ministers responsible for those portfolios.

In addition to whole-of-government issues I will answer questions relating to Treasury, the Central Holding Authority in the Northern Territory Treasury Corporation. As shareholding minister for Power and Water, Territory Generation and Jacana Energy, I will also address issues in the budget that affect these government owned corporations, including dividends and tax equivalent payments. If it is the desire of the committee to drag me into the government Owned Corporations Scrutiny Committee I am more than happy to do that, just ask me.

I will also answer questions in relation to the utility regulatory reform. Operational or other policy questions relating to the corporation should be discussed at the government Owned Corporations Scrutiny Committee session at the end of next week.

As part of my opening remarks I want to remind those present today of the progress we continue to make in reducing the debt burden left by the Labor Party. The scale of the problem we faced coming to government was immense. After years of financial mismanagement the Territory government was left facing a debt mountain of \$5.5bn. Spending was out of control with no regard shown for the future generations who would have to pick up the bill for Labor's financial incompetence.

Turning around the Territory's financial position has been no easy task and the job is still far from finished. I know the opposition is not especially interested in concepts like debt and deficit; the words never seem to pass their lips or cross their minds. Spending, especially unfunded spending, is their chief concern. However, Territorians who understand and appreciate responsible financial management will be encouraged by this year's budget.

I am very pleased to report that the Territory government is set to return to surplus by 2017-18. We are on track to deliver a fiscal surplus of \$9m in 2017-18, growing to \$35m in 2018-19; net debt of \$2.6bn by 2018-19, less than half of Labor's projected \$5.5bn; and a net debt to revenue ratio of 39% in 2018-19, slashed from the 98% projected by the Labor government. The fiscal surplus in 2017-18 is on top of this government already achieving a general government operating surplus in 2013-14, a full three years ahead of schedule.

The government's plan to grow the economy by promoting private sector enterprise has seen increases in revenues that have contributed to the improved outcome in this budget. The improved fiscal position over the last two budgets and the effect of bringing the Motor Accidents Compensation scheme into general government has resulted in significantly reduced net debt levels. At the same time we have been able to keep investing in our schools, hospital and other public services. We have protected the jobs of public servants while making our government more efficient and effective. Our financial discipline has ensured we can now invest in the infrastructure our economy will need to grow into the future.

Budget 2015-16 proves that governments can lower the burden of debt on Territory families and our future generations whilst protecting and improving public services. It demonstrates the gulf that exists between the responsible and measured approach of this CLP government and the waste and incompetent handling of economic and financial issues by the previous, and current, Labor mob.

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

**Madam CHAIR:** Thank you, Treasurer. For the benefit of Hansard, on the Estimates Committee we have Nicole Manison, the member for Wanguri; Opposition Leader Michael Gunner; me, the member for Drysdale; Francis Kurupuwu, the member for Arafura; and Matt Conlan, the member for Grotorex. Are there any questions relating to the statement?

**Mr GUNNER:** Yes, thank you, Madam Chair.

Treasurer, we started with this question last year; I think it remains a good starting point for our conversation this year. What is driving the Territory economy?

**Mr TOLLNER:** Jobs, fundamentally. We have very low unemployment. The Territory government has worked hard to put in place pro-employment policies. We now have the lowest unemployment rate in Australia. Fundamentally, it is Territorians getting out there and working that is driving our economy.

**Mr GUNNER:** As I am sure you are, Treasurer, I am optimistic about the Territory's future. We have some challenges, but my optimism, and, I am sure, your optimism, for the Territory is based on three things: a growing population; strong infrastructure spend, primarily driven by the private sector with support from government; and strongly growing employment. Would that be what you base your optimism on?

Would you agree that those are the three things that usually underpin our optimism in the Territory?

**Mr TOLLNER:** My optimism in the Territory comes from the place. It is a large part of Australia with a small population, and we are blessed with enormous natural resources, clear blue skies and clean water. In my view it is the best place to live and, geographically, we are strategically placed between the rest of Australia and the world's fastest-growing economic region. All of those things make the environment to have a strong economy much easier.

**Mr GUNNER:** We believe the main driving force behind those three things – population, infrastructure and employment – at the moment is the INPEX project. In terms of what is driving the Territory economy and driving the three things which underpin optimism in the Northern Territory, you would look at INPEX and what is happening with Ichthys. You have not touched on that yet. Would you give any credit to what is happening at Ichthys for what is underpinning Territory optimism?

**Mr TOLLNER:** Clearly what is happening at Ichthys is a great thing, but people know that construction project is coming to an end. I would not suggest that it drives confidence in the Territory economy. What is driving confidence in the Territory economy is the government's plans for future growth, the federal government's north Australia development plans and our proximity to Asia. All of those things feed into confidence and business growth, but there is no denying that the construction of the INPEX plant has delivered huge growth to the Northern Territory.

**Mr GUNNER:** We would now be shifting from the construction phase to a gas production phase?

**Mr TOLLNER:** I imagine that is what will happen somewhere down the track when the construction phase is completed. It seems to me the difference between this government and the previous government is that this government has a whole-of-economy focus. The previous government seemed to focus on one business to the detriment of the rest of the economy. It was the previous government's view to lock up all the land in the Northern Territory, not allow people access to water or even allow people to make proposals for development in the Northern Territory.

This government has taken a vastly different tack, inasmuch that we want to see a diversified economy. We want to see people farming, an expansion of the beef industry, more mining and more tourism. All of those things the former government seemed to have some bent against, this government is actively supporting, because it is our strong view that we need a diversified economy, not an economy that is focused around one business.

**Mr GUNNER:** So you are not chasing a big project?

**Mr TOLLNER:** We are chasing a heap of big projects, but we are not doing them in isolation to the detriment of everything else like the previous mob did.

**Mr GUNNER:** Do you expect the Territory to have a hard landing in the post-INPEX phase?

**Mr TOLLNER:** No, I do not. I say that because this government has put in place measures to make sure we do not go over a massive cliff when the INPEX project finishes. We have done everything we can to rein in government recurrent spending. We are focused on balancing the budget by 2017-18. It is in that period that we expect the construction phase for that project will be winding up, just when government needs to be in a position to support industry.

Similarly, on the private sector front, as I said, we have worked very hard to diversify the economy to make sure there are jobs outside the INPEX project. Whilst our estimates, or projections, in the future show a slowing of growth in the Northern Territory, we are certainly staying ahead of the rest of the country as far as growing our economy.

**Mr GUNNER:** Construction remains a major generator of jobs in the Territory, especially in Darwin and Palmerston. As we transition from the construction phase at INPEX to gas production, that is transitioning to a more export-based economy. That might be good for our gross state product, but it is not a very employment-focused form of growth. I am curious that your budget papers are predicting gross state product levelling at 4.5% growth, then moderating down to 3%. Can you explain why?

**Mr TOLLNER:** You have explained it. We expect that massive project will start to wind down. That will certainly have implications on growth. But you do not see growth falling to below 3%, which is still strong, healthy growth. We are predicting strong and healthy growth because we have done a big job to diversify our economy and make sure we are not just one-project focused.

**Mr GUNNER:** I was talking about the gross state product, Treasurer, levelling from 4.5% to 3%. I would have thought as INPEX started exporting gas that the gross state product would go in the other direction. That was my question, not around growth of the Territory, but the gross state product. Budget Paper No 2 shows a levelling from 4.5% down to 3%.

**Mr TOLLNER:** It is a rather an obvious point. You actually had me a bit stumped there, member for Fannie Bay, because you are dead right. There is a big boom in exports following it going to a production phase, but as my good friend, Mr Stubbin, just informed me, we import that gas from Western Australia. What we take in as an import we also claim as an export, so it negates itself.

There is a value add, of course, which we are very grateful for. When the facility is operating we will see a slight increase in GSP from that.

**Mr GUNNER:** Going to resident civilian employment for 2014-15, we are showing little growth. Could take us through why that is not growing strongly and why it will be slow going over the next few years.

**Mr TOLLNER:** The obvious answer is because that construction phase is winding down and will show a levelling out of employment. I recognise getting workers to the Northern Territory is one of the biggest challenges that business faces. We have a very low unemployment rate, and the pressure on business to find workers at this point is somewhat difficult. The government has been very focused on getting interstate, trying to find other Australians to move to the Northern Territory, looking at ways to get more skilled migrants here, and taking our case to the federal government to see if we can have our refugee quota increased, because population growth and finding workers is one of the real challenges we have.

**Mr GUNNER:** If jobs growth is predicted to be small and unemployment starts trending up ...

**Mr TOLLNER:** Yes, very slowly, member for Fannie Bay.

**Mr GUNNER:** The economic overview, page 10, has employment coming down and unemployment going up, those are the predictions. What level of infrastructure do you think you would have to put into the Territory economy to change those numbers?

**Mr TOLLNER:** We are putting enormous amounts of money into infrastructure to make sure the Territory has the tools to grow its private sector economy. This budget has seen \$1.4bn invested in infrastructure projects to make sure industry has what it needs to continue to invest in the Territory and create the jobs required.

**Mr GUNNER:** So to put that level of infrastructure funding into this year's budget you had to sell TIO?

**Mr TOLLNER:** No.

**Mr GUNNER:** So you would have put the same amount of infrastructure spending into this year's budget even if you had not sold TIO?

**Mr TOLLNER:** A big portion of that TIO money went into infrastructure that would not have been there had the sale not occurred. All of the \$200m that came from the sale of TIO has gone into infrastructure over the next two years. The point I make is that by having a strong and focused discipline when it comes to spending and, in particular, reducing that recurrent expenditure, which we have done by fundamentally cutting waste and finding efficiencies, we have been able to make available money for one-off projects that would not have been there had we not changed the way that government manages finances.

That money is there now and every day we are saving \$300 000 in interest repayments, and a couple of million bucks a week adds up. We can certainly afford to fund infrastructure projects because we have cut back on recurrent expenditure.

**Mr GUNNER:** So we can accept that a portion of the TIO sale went into infrastructure?

**Mr TOLLNER:** Absolutely. We make no apologies for the TIO sale. Government is very keen to claim credit for saving TIO. You might giggle and laugh, but even the previous government knew the financially precarious position TIO found itself in. Thirty years ago it had 100% of the market, now it has around 40% of the market. As the market reduces the risk profile stays the same and reinsurance costs were continuing to rise. Reinsurance costs for TIO were somewhere around 30% of premiums, in comparison to all their other competitors, which were paying around 10% of premiums in reinsurance. Allowing TIO to be liberated from the grips of government allowed it to diversify its risk, that is, dilute its product, into a much bigger pool, thereby bringing its reinsurance costs in line with its competitors. Fundamentally we have allowed TIO to be financially sustainable into the future. The overriding goal in the government's decision to liberate TIO from government ownership was to see that TIO remained in the Northern Territory and did not continue to rely on government handouts to stay in the marketplace.

**Mr GUNNER:** As a part of liberating TIO you also liberated MAC and brought it onto the books. In the budget papers you advised that the ABS advised on it being treated this way. Can you provide a copy of that advice?

**Mr TOLLNER:** We can probably get it in the next couple of hours. I could take it on notice and get the advice if you want or we could have it ...

**Mr GUNNER:** I am happy to take it on notice and keep moving on.

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#### Question on Notice No 2.1

**Madam CHAIR:** Opposition Leader, please restate the question for the record.

**Mr GUNNER:** Can the Treasurer provide a copy of the ABS advice on the accounting treatment of MAC?

**Madam CHAIR:** Do you accept the question, Treasurer?

**Mr TOLLNER:** Yes, I certainly do.

**Madam CHAIR:** That question will be number 2.1.

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**Mr GUNNER:** I have several other questions regarding the advice. I assume you know the advice. Is there an alternative way of treating MAC?

**Mr TOLLNER:** No, it is now owned and controlled by general government. It has to be accounted for on our books.

**Mr GUNNER:** The effect of liberating TIO and moving MAC across to your books is to make the bottom line look much better.

**Mr TOLLNER:** It reduced our net debt position by around \$500m. In that regard it may well be seen as a secondary benefit of liberating TIO from government ownership.



**Mr GUNNER:** It is a very clever accounting treatment. Obviously we will get that written advice when it comes through.

The sale of TIO underpins your infrastructure budget. When we left office we had about \$1.35bn in 2011-12 and \$1.28bn in 2012-13. You cut expenditure down to \$1.15bn then \$1.14bn before you sold TIO. Essentially you are restoring infrastructure spending levels to where they were, but you had to sell an asset to do that. You can only sell TIO once, Treasurer. How do you expect to maintain those levels of infrastructure spending?

**Mr TOLLNER:** That is a good question. When you look at last year our economy grew by 6.5%. There was little need for government to prime the economy in any way, shape or form because of that strong growth in private sector development. But we realise need to plan for the future and we need infrastructure for future growth, which is why this budget focuses a heavy amount of money towards infrastructure development.

You asked how we intend to fund infrastructure development in the future. The Northern Territory government is small. This year's budget was \$6.3bn. It is a lot of money, I am not backing away from that, but in comparison to other jurisdictions around the country we be deemed a small economy. Whilst we do very well with GST revenue and the like, thanks to horizontal fiscal equalisation we still have to be very careful with how we spend our money and we must recognise that some large infrastructure projects will require more than government on its own can afford to provide.

In that regard, half of the TIO money is being invested into an infrastructure investment fund. I expect that the \$200m we put into that infrastructure investment fund - we should be able to leverage significant funds from private institutional investors in Australia and overseas, and we should be able to create a sizable fund for future development of infrastructure in the Northern Territory. When that is coupled with what was announced in the most recent federal budget, the debt facility scheme Joe Hockey is proposing, that will provide an enormous boost to the private development of infrastructure in the Northern Territory.

Yes, we are spending quite a significant amount of money on infrastructure now, but we also have our eye on the future and are investing for that. Half the TIO money was used to fund infrastructure and provide for the immediate needs of the Northern Territory economy, and half of it is being put away for the future growth and development of the Northern Territory. We are being responsible; we are not selling the farm. We are investing some money for immediate needs and some for future needs.

**Mr GUNNER:** Our economy grew, but our net state migration went through the floor. Whatever we were doing was not necessarily keeping Territorians here.

**Mr TOLLNER:** I do not think we had a big drop. We have had a change, with some Territorians moving interstate and a number coming from overseas. I do not think you can suggest there was a mass walkout from the Northern Territory over the last year or so.

**Mr GUNNER:** We will get more into population later, but to keep that infrastructure expenditure going, will need to keep selling assets the way you planned?

**Mr TOLLNER:** No, what we need to do is maintain fiscal rigour. This is something those on the other side do not understand, that you actually have to count your pennies and make sure you are doing things as efficiently and cost effectively as possible. That is what we have done over the last three years. That is how all of this infrastructure largesse from this budget has come about, because we have watched our pennies. We have exerted the discipline on ourselves to ensure we are not just spending money for the desire to spend money, like the previous government did.

When the global financial crisis hit it was like Christmas for every Labor politician around the country. It was their excuse to throw money around left, right and centre. That is not our style. We are keen to make sure every dollar which comes from government is well targeted and that we are getting the maximum bang for our buck from it. By finding the savings we have found, and by the outer parts of our projections, we are looking at savings of recurrent expenditure of around \$440m. That is \$440m that we are saving every year. We are still delivering the same services, and in many cases better services, but we have \$440m less in recurrent expenditure. That is what makes it possible to invest in infrastructure.

When you are running massive deficits and have a whole lot of debt, there is not much you can do apart from going into more debt, which the previous government showed. I remember the former member for Casuarina saying in parliament, 'Yes, of course we borrowed money; we had to. How could we pay for

teachers, nurses and doctors if we did not?' That all sounds fine on the surface, but it is one of the big no-noes in managing a budget. You do not borrow money to pay recurrent expenses, which the previous government was very good at.

**Mr GUNNER:** Can you detail that \$440m, Treasurer? Have you that broken down?

**Mr TOLLNER:** We have broken it down throughout the budget papers. It has been very well broken down, but in a lot of regards it is rats-and-mice stuff. It is a bit here, a bit there, a bit here, a bit there. It actually takes a lot of hard work and discipline to find those sorts of savings. Whilst those savings can only be a little here and there, they all add up to a significant amount over a period of time.

**Mr GUNNER:** So you will be tabling that breakdown?

**Mr TOLLNER:** It is broken down in all the budget papers. The global figure if \$440m by 2018-19.

**Mr GUNNER:** Treasurer, you are saying it is internal rigour that is driving the budget books, not INPEX, selling TIO or transferring MAC across to make the bottom line look better, yet the only thing that has taken this year's infrastructure spend up, compared to your previous infrastructure spend as a government, has been the sale of TIO. What has bumped this year's infrastructure budget up has been the sale of TIO, not the internal rigour.

**Mr TOLLNER:** With your limited understanding of finances I can imagine how you jumped to that wild conclusion. It is completely wild and wrong. The fact is government has done an enormous job in reducing our spending. As I have said time and time again, when we came to government we found ourselves in this unholy position with debt approaching \$5.5bn and a \$1.1bn budget deficit. We had to make some tough decisions. The decisions we made were pretty simple when you think about it.

One decision was, let us reduce government spending and find efficiencies where we can, but the other plan we had was to grow the private sector. That meant things like not necessarily spending money but cutting red tape, drumming up ...

**Mr GUNNER:** Cutting teacher numbers.

**Mr TOLLNER:** ... new business, trying to find investors, looking for ways to say yes rather than no, and encouraging creative thinking. All the things the previous government admonished, we supported. Nightcliff island, for instance, was something the Labor Party suggested we should not look at. Our view and our principle was very simple: people with good ideas should at least be heard. The previous government's view was, 'Let's just kill them'. What they did was kill innovation and creativity at the same time. People were never game to bring a big idea to government because they knew government would kill it instantly if it did not like it.

We are much more of the view that there are processes in place and all ideas should be tested. That is what we have allowed. We have allowed that creativity and given business a bit of a head in some ways to let them find their own way. We have a view that the best thing government can do for business is get out of the way. We have allowed business to flourish.

You can make the cheap political comment that this is all just smoke and mirrors, and nothing would be there if we did not sell TIO, but that defies the reality that the government had a plan. The plan was simple: reduce government recurrent expenditure and drive private investment growth. We have stuck to that plan. It has not been easy at times but we have had the discipline and rigour to stick to the plan. The result is now we can see that we are turning the debt corner. We are getting our spending under control. Clearly on the horizon we can see our way to a balanced budget and we are setting ourselves up for the future. If there are shocks in the future, which, touch wood, I hope does not occur, government will be in a much better position to deal with those shocks because we do not have that overriding debt burden and deficit legacy the previous government committed us to.

**Mr GUNNER:** Treasurer, you are telling us you have made \$440m in internal savings, but you are not telling us how you have made those savings, where the big cuts are.

**Mr TOLLNER:** I have told you. There is a range of ways that we have made savings. First we cut the waste in areas where money was fundamentally wasted. Second we found efficiencies in a range of ways – restructures. I will give you an example. The Health and Education departments have been through major restructures; both of those departments were very top heavy as far as bureaucracy was concerned.

We have a view in government that the best decisions are often made by those closest to the ground, the grassroots people, and we have attempted to devolve decision-making to the coal face, out to those remote clinics, schools and the like. This has reduced the need to have a massive back office. We have found savings in this and at the same time, interestingly enough, we are delivering a better service because things are happening a lot more quickly, people are being treated more quickly in remote health clinics and schools are having a greater say in how children are educated; you can better tailor a school curriculum if the school council has a greater say in it. All these things are driving savings and delivering better services.

There is a range of services where we have found savings. Gone are the days when from May to June you would see government departments running around furiously trying to expend their annual budget because the following year they were concerned about losing parts of it. We have seen pretty well every CE of every government department and said, 'Hang on, you are not going to blow your budget just because you want to protect next year's budget. We are not going to penalise you but we are going to reward you if you can save some of those monies you have been budgeted for the previous year.' That has worked a treat. The first year we found something like \$130m in savings just there. I asked the former Under Treasurer if he reckoned we would save anything. He said, 'It has all been worthwhile if you save \$5m or \$10m'. 'I suppose you have a point', I said. It was a lot of work knocking on doors of CEs and their CFOs, but at the end of that period we saved around \$130m. We have not stopped that program. Ms Ryan and her staff have been constantly in the offices of CEs and CFOs keeping an eye on exactly where money is going in government departments. It has not been nice. No one likes doing the job but, ultimately, that is how you bring a budget back into control.

**Mr GUNNER:** When you look at the non-financial public sector fiscal balance data from BP2, can you explain why we going to be much higher in 2015-16 than was predicted?

**Mr TOLLNER:** Yes, we have net capital payments of \$289m; this is page 12 of BP2.

**Mr GUNNER:** I have page 11 but the same figure.

**Mr TOLLNER:** If you flip over to page 12 you can see the detail. Half of the \$289m was Building the Territory money – the TIO money you can see there. You can also see there has been an increase in revenue of \$262m.

**Mr GUNNER:** Can you explain 16 and 17 as well?

**Mr TOLLNER:** That is the rest of the TIO money and a little extra infrastructure money.

**Mr GUNNER:** Has the federal budget changed any of your numbers regarding the future deficit and surpluses you are predicting?

**Mr TOLLNER:** No.

**Mr GUNNER:** Not at all?

**Mr TOLLNER:** No.

**Mr GUNNER:** You are predicting two deficits and an ongoing surplus. Obviously one of your key targets is the 2017-18 surplus. What will be your major factors in delivering a surplus in 2017-18?

**Mr TOLLNER:** We will stay the course. We started out with a simple plan to reduce government expenditure and continue to grow the economy, and we are sticking to our guns.

**Mr GUNNER:** Given that the GST underpins at least half of our revenue, how vulnerable are our predictions around increasing GST payments in the forward estimates?

**Mr TOLLNER:** In some regards it is a crystal ball gazing exercise. We base our projections, our estimates, on how we perceive things will happen based on what we know today. What we do not know is what we do not know today, if that makes sense. We do not know if Darwin will be hit by a cyclone next year. Obviously an event like that will throw our figures out completely. We do not know if there will be another global financial crisis next year. If that occurs clearly there will be problems with the federal budget and its projections. There are many unknowns, but both the Territory and federal Treasury departments work on known ...

**Mr GUNNER:** Known knowns.

**Mr TOLLNER:** Known knowns, that is exactly right. Whatever we know about, whatever projects are in the pipeline that we know about, are used. Whatever projections or how economists believe the global economy will change is factored in. We have slight differences from time to time with Territory Treasury and federal Treasury. I like to think our mob is much closer to the action and has a better handle on how the Territory economy is operating than the federal economy. That could probably be proven over time but is probably a semantic argument that is not worth getting into at this point.

The way budgets are put together is the same across the country. We factor in what we know about. We do not factor in things we do not know about.

**Mr GUNNER:** This is important to explore because it underpins the predictions. You are predicting an increase of \$94m in 2015-16, \$137m in 2016-17, \$135m in 2017-18 and \$142m in 2018-19. Budget Paper No 2, page 7, shows a population slow down and a softness in the national economy, WA losing millions in mineral royalties, the national economy being patchy and the likely threat of the federation white paper. Do you not think your figures are optimistic?

**Mr TOLLNER:** No.

**Mr GUNNER:** Does Treasury provide a range of GST projections – possible outcomes from optimistic to moderate to pessimistic? Do you have a range you look at?

**Mr TOLLNER:** Opposition Leader, on Budget Paper No 2, pages 23 and 24, there is a bit of an explanation about how Treasury determines the risk to the estimates. Generally there is a 1% point variation that the Treasury uses - plus or minus 1% - which can have a bit of an impact on a large amount of money if everything goes in the same direction. They outline their methodology and how they calculate those projections.

**Mr GUNNER:** Do you think our GST is under threat with state pressure?

**Mr TOLLNER:** My personal view is no. This is not necessarily the view of government, but I would like to see a good debate on tax. The tax white paper offers that opportunity, but in my real world experience I do not think we will see a change to the way GST is allocated or carved up. The nature of politics in Australia would not allow that to happen. Whilst there is a lot of talk around tax reform, and many of us are encouraging a good debate on tax reform, I do not know whether we will see it any time soon.

**Mr GUNNER:** Obviously we are talking about the Territory budget, not the Commonwealth budget, but the Commonwealth budget provides information on Territory GST relativities. Page 80 of Budget Paper No 3 lists the Territory's GST relativities. It has us, in 2017-18, at 4.9, and in 2018-19 at 4.7. You are saying the Territory budget books, and our predictions and projections, have not been affected by the federal budget books, but their GST relativities are listed in 2017-18 and 2018-19 at 4.9 and 4.7.

**Mr TOLLNER:** They are just estimates at the end of the day. The CGC makes a determination year by year. Ultimately we are in the same boat in the Northern Territory; we make estimates on what we believe the pool will look like and our relative share of that pool. Ultimately those decisions are made on an annual basis and that is what their Treasury is estimating will occur federally.

**Mr GUNNER:** Our GST projections are what we expect to collect from the GST based on our budget estimates around Territory GST relativity? The Commonwealth has different figures around the relativity, but you do not think that our GST expectations are optimistic, even though the Commonwealth is projecting a lower take on productivity.

**Mr TOLLNER:** Our estimates vary from the Commonwealth, of course. The Commonwealth is making an estimate and we are making an estimate.

**Mr GUNNER:** We are making an optimistic estimate, by the looks of it.

**Mr TOLLNER:** I disagree with that; if you go back historically and look at the calls Territory Treasury have made versus the calls Commonwealth Treasury have made, our Treasury is closer to the mark nearly every time. We are much closer to the ground. The Commonwealth is looking at a national carve up and we actually know what is going on in the Territory. These are estimates; it is actually the Commonwealth

Grants Commission which will do that calculation every year. We are guessing what the CGC will do, as is the Commonwealth Treasury. Obviously our guesstimates vary.

Looking through our GST allocations and estimates compared to what the Commonwealth estimates, we are sometimes more bullish and sometimes more bearish, depending on where we sit. As I said, in my limited experience, generally Territory Treasury is close to the mark.

**Mr GUNNER:** But the ability to predict a surplus for 2017-18 is based on Treasury's estimates.

**Mr TOLLNER:** Based on known facts.

**Mr GUNNER:** You do not think this is a known ...

**Mr TOLLNER:** No, I said that these are estimates, and we are on track to meet our commitment. That is what I am saying. Can I guarantee that?

**Mr GUNNER:** You can guarantee that you are on track.

**Mr TOLLNER:** Can I guarantee that there will not be a cyclone in Darwin? No, I cannot; that is a fact. But based on all of the known knowns we are on track to have a surplus in 2017-18.

**Mr GUNNER:** You can be a little more accountable for this than you can for a cyclone. The Commonwealth tabled GST relativities that are different to the Territory's GST relativities, the estimates. Your 2017-18 is an estimate and their 2017-18 is an estimate. You are predicting a surplus based on a guess and the Commonwealth has a different guess to you. Have you factored in at all the Commonwealth estimates and what that does to our budget?

**Mr TOLLNER:** Yes, but I will ask Jodie Ryan to give a bit more detail about that, if you would not mind.

**Ms RYAN:** Opposition Leader, yes, the Commonwealth budget came out after ours, but we have looked at relativities over many years. We had a major methodology review this year. The Commonwealth Grants Commission, every five years, has a major review of the methodology of calculating the relativity for each jurisdiction. That review has just been completed. Between now and the next five years, all they will do every year is update that based on new information.

We expect over the next five years that our relativity will decrease. As the effect of the iron ore prices and volume have their effect on WA's budget, at a minimum, their relativity will go up. Because it is a zero sum game, someone else has to come down. We have presumed that we will take the bigger hit of that, so our forward estimates project a decrease in relativity already. We project a lower pool growth rate than the Commonwealth, and lower population generally. So we believe our estimates are very conservative.

It was a bit of surprise that the Commonwealth, in its budget, has dropped the relativity substantially. That has not been seen before. The Commonwealth does not very often get into the space of predicting relativity because it is out of that. Treasury does not do that; the Commonwealth Grants Commission does it. Interestingly, the Commonwealth Treasury has contacted us to find out how we have worked out our relativity, so we can have those discussions.

**Mr GUNNER:** Treasurer, beyond politics, this must be a concern for both sides; either side could be in government in the next term. We are seeing from the Commonwealth a lower projection around GST. We are vulnerable on our GST take right now.

**Mr TOLLNER:** We have a goal of living within our means. The Commonwealth makes a prediction, we make a prediction, but at the end of the day our goal has not changed. Our goal is to live within our means. Drops in revenue anywhere can be seen as concerning, so can massive increases in expenditure. But as I said, future estimates are just that, future estimates. We work with what we have. It is important to do future estimates and put much hard work and diligence into that, because that will inform us on how we try to meet future needs. But as the years come closer, we obviously refine that. Next year, after the Commonwealth Grants Commission meets, we will have notice of that and will make changes accordingly to our budget to make sure we are on track to, somewhere at a future date, live within our means.

**Mr GUNNER:** So to live within our means essentially means we are flagging potentially big future big to try to cope with a reduced GST take?

**Mr TOLLNER:** Are you saying that the sky is falling in?

**Mr GUNNER:** I am saying we have a concern here, Treasurer ...

**Mr TOLLNER:** You are concerned that the sky is falling in. We can all run around and worry about the sky falling in.

**Mr GUNNER:** It is a bit more practical than that. It is in the Commonwealth budget books. It is more practical than Chicken Little.

**Mr TOLLNER:** That is right, it is more practical, and that is what we set our budget around. That is my point. We use these estimates ...

**Mr GUNNER:** You have set your budget around your relativities. I am saying the Commonwealth has a different estimate of relativities. I am exploring the difference between the two and the pressures that will put on our budget. Treasury was surprised. Treasury say that you were surprised. These are not your budget books, but they will impact on us.

**Mr TOLLNER:** We are more concerned than the Commonwealth. Next year we are predicting less GST revenue than the Commonwealth predicts giving us. We are taking a much more conservative approach than the Commonwealth. I do not know how you operate in the Labor Party. On one hand you run around and threaten the sky is falling in, on the other you throw money around left, right and centre like there is no problem whatsoever. Make up your mind. Is the sky falling in or is everything bright and rosy? What are you predicting?

**Mr GUNNER:** I am looking at the Commonwealth estimates for 2017-18 and 2018-19.

**Mr TOLLNER:** So you are looking way into the forward estimates?

**Mr GUNNER:** There are five estimates there ...

**Mr TOLLNER:** Well 2015-16 comes before that and then 2016-17 becomes more than that. So we are more conservative ...

**Mr GUNNER:** I am glad you can count, Treasurer.

**Mr TOLLNER:** ... in 2015-16 and 2016-17 than the Commonwealth, and we are probably a bit more bullish in 2017-18 and 2018-19 than the Commonwealth, but ...

**Mr GUNNER:** That includes your surplus year, Treasurer.

**Mr TOLLNER:** ... as we near those years we will be refining our approach to how we deliver budgets to make sure that in 2017-18 ...

**Mr GUNNER:** When the surplus is predicted.

**Mr TOLLNER:** ... we will see a surplus.

**Mr GUNNER:** And a significant difference in GST estimates between yourself and the feds.

**Mr TOLLNER:** That is our goal and that is what we committed to. Can we guarantee it? No, there could be a cyclone, but we are committed to doing that.

**Mr GUNNER:** But 4.9 is concerning when you look at the GST relativities now and what they are normally predicted to hanging around, the 5.5 mark. We are looking at 4.9 in the year you are predicting a surplus and 4.7 the year after that based on the Commonwealth figures. That is a massive difference. That is the year we are looking at a potential return to surplus. Essentially, what you are saying is you cannot guarantee a surplus.

**Mr TOLLNER:** There are a couple of things here, one is that the Commonwealth government Treasury does not determine the relativity. That is done by the Commonwealth Grants Commission.

**Mr GUNNER:** But we are looking at two different sets of estimates.

**Mr TOLLNER:** That is right. This is an estimate on their part.

**Mr GUNNER:** Your estimates predict a surplus. Their estimates predict difficult times.

**Mr TOLLNER:** You are looking at the outer years. You are trying to make a story out of the outer years in the forward estimates.

**Mr GUNNER:** You have talked about your return to surplus, Treasurer. You talked about it in your opening statement. So I think we can talk about the factors that lead you to predict a surplus in 2017-18. One of those is the estimate around GST relativity. The Commonwealth has a significantly different estimate around GST relativity that will mean that the 2017-18 Northern Territory budget would not be in surplus.

**Mr CONLAN:** A point of order, Madam Chair! I raise a point of order regarding tedious repetition. The Treasurer has outlined this *ad nauseam*, Leader of the Opposition. We have gone around in circles. As much as you would like to draw him to admit that maybe he cannot predict or guarantee a surplus, he has articulated that it is the best intention of the government to bring this budget into surplus by 2017-18. The Treasurer has done his best to articulate that. If you do not like the answer, I am sorry you do not like it, but I would like to call some tedious repetition on this, Madam Chair. I think the Treasurer has done his very best to answer the question.

**Mr TOLLNER:** Can I make one final point; I will try again. Next year we will do the 2016-17 budget. We will have a better estimate then. We will have a better understanding of what our actual GST relativities will be in 2016-17. When we know that we will refine our budget to make sure we are still in line to deliver a surplus by 2017-18. Then the following year when we do the 2017-18 budget, we will have even better-informed information ...

**Mr GUNNER:** There is additional prediction in there.

**Mr TOLLNER:** ... but to say, 'Will Darwin have a six star hotel by 2017-18', there are a lot of things you do not know about between now and 2017-18. Will the weather prevail to allow builders to construct it? Probably a year before you will have a much better idea of whether it will be built. It is similar with these budgets. We are working on a goal of balancing the budget by 2017-18, and as that year approaches we further refine our plans to make sure we deliver on that commitment. Can you set that commitment in stone? Can you give an iron-clad guarantee? No, of course not, but you can demonstrate all the way through, which we have been doing – in the second and third budget we can demonstrate clearly that we are on track to meet surplus by 2017-18.

**Mr GUNNER:** In terms of other fights we need to have around GST, not necessarily amongst ourselves, Treasurer, but with the Commonwealth or others, Budget Paper No 2, page 46 – the treatment of remote Indigenous housing and its assessment for GST purposes. This would be a serious blow to the Territory government, Treasurer.

**Mr TOLLNER:** Firstly, we are in discussions with the Commonwealth on that. Obviously as Treasurer I am interested in what happens with this money and how it is treated, but clearly there are people aside from me who are much closer to what is occurring, for instance, the Housing minister and the Chief Minister have both taken an interest in this. Discussions are ongoing with the Commonwealth as to how that money is treated, and last week when the Treasurer was in town the Chief Minister raised the matter with him directly.

**Mr GUNNER:** Obviously it is concerning, Treasurer, to the Territory as a whole if they treat payments to remote Indigenous housing as part of the overall payment to the Territory. It would reduce our GST take accordingly, and I am assuming – I do not know and if you can confirm this – that has been included in our forward estimates, or is this still an argument that ...

**Mr TOLLNER:** There is still an ongoing discussion about how that will be treated and whether the Northern Territory will accept the deal. I am not too sure where the Chief Minister is in those negotiations, but this has greater implications than just the budgetary context.

**Mr GUNNER:** It is in our estimates?

**Mr TOLLNER:** It has been factored in, yes.

**Mr GUNNER:** What capacity do you think we have to change this?

**Mr TOLLNER:** I do not want to comment on that. All the players involved are rational, sensible human beings and I think they will have rational and sensible discussions.

**Mr GUNNER:** With the other money that flows from the feds, we have reducing specific-purpose payments, some quite significantly over the forward years. Obviously some of those would be expiring agreements. Does this create an uncertainty that provides significant dangers to the proposed surplus?

**Mr TOLLNER:** No, these are tied grants so it is matched with expenditure; what comes in must go out on those grants. They have no real impact on whether we reach a fiscal balance by 2017-18.

**Mr GUNNER:** In exploring the projected surplus obviously I am concerned, I have a greater degree of concern than you do, Treasurer, about the Commonwealth estimates around the GST.

One thing you have mentioned frequently today is the infrastructure spend and that you will continue to put enormous amounts into infrastructure to deal with jobs, net possible population drift and other things, and the post-INPEX construction stage. What concerns me is that language does not quite match the budget papers where the ability to predict the surplus – I am happy to quote it Treasurer:

*The surplus reflects the improved operating balance and lower levels of infrastructure spending.*

You say you will keep putting money into infrastructure, but the budget basies its ability to predict a surplus on lower levels of infrastructure spending.

**Mr TOLLNER:** Yes, they are lower than 2015-16 and 2016-17, but they are higher amounts than have historically been spent on infrastructure.

**Mr GUNNER:** But in dealing with the post-INPEX construction phase and having a plan, which you have talked about, you have said you will be spending enormous amounts on infrastructure, yet you are predicting that we will actually be reducing the infrastructure spend to deliver a surplus. Does that mean that to spend more on infrastructure, those enormous amounts you are predicting we will need to be able to deal with the post-INPEX phase and maintain a surplus, something has to happen that is not there? What is that?

**Mr TOLLNER:** That is private sector investment. This is what I think is lost on members of the Labor Party. As much as you might think it, the Communist Party of China is not running the Northern Territory; it is the Northern Territory government. We have a belief in the private sector and letting other people get on with the job. That is why we have put \$200m into an infrastructure fund. We support the federal government putting that debt facility out which allows private investors to borrow at near government rates because we expect the private sector will drive a lot of infrastructure development into the future.

Let me give you a couple of examples. I am hoping that with the creation of a utilities market and an electricity market we will see private investment into electricity generation in the Northern Territory. We want to see the private sector picking up a lot of that slack. There is a proposal, pending many discussions, to build a \$200m electricity generator at Weddell. Had the previous government remained and no changes were made to our utilities sector, that investment would never have been possible and government would have had to stump up \$200m of generation costs.

Similarly, you would be aware that the Chief Minister's department has been running a competitive expression of interest process around a gas pipeline connecting into the gas grid. That will be funded largely, if not entirely, by the private sector. That pipeline, if it goes between Tennant Creek and Mount Isa for instance, would open up a corridor and we could put a railway line there. My view is that the railway line would be funded by the private sector. We want to see a second port developed in Darwin to increase trade to and from the Territory. I would like to see that port developed by the private sector.

In all that economic infrastructure where a return can be made, we want to see the private sector step up to the mark, not government. We do not want to carry the can for a brand new port or railway line. We do not want to have to fund a gas pipeline or significant electricity infrastructure. We want to put our money into areas where the private sector will not step up: remote roads, bridges and all of those sorts of things that are vital for economic development but may not get a commercial return.



You are asking where the unknown money is coming from. It is coming from the private sector, and that is something we have said we encourage. We want to see more private sector investment in the Northern Territory. In my view, the private sector will drive a lot of infrastructure development into the future.

**Mr GUNNER:** I appreciate that answer, but it was to a question I had not asked. You say in your budget books that you will reduce spending on infrastructure. Earlier today you said you would be spending enormous amounts of money on infrastructure, so there is a difference between those two answers. The ability to get the money to go from a reduced level of spending on infrastructure in your budget books, that means you can deliver a surplus, to deliver enormous amounts of money on infrastructure that you said you would be doing - not you, the Northern Territory government, not private sector. To be able to deal with the post-INPEX construction stage, that money has to come from somewhere. You have already sold TIO. Where are you going to get the extra money that is missing from these budget books to deliver enormous amounts into infrastructure? If you start doing that you will walk away from the surplus.

**Mr TOLLNER:** Maybe you misheard me. There will be enormous money going into infrastructure development, but not necessarily government money. I know this is something that does not necessarily gel with the Labor Party because you believe that everything should be owned by the government. We are not of that view. There will be enormous amounts of money going into infrastructure. Where it is possible we will do everything we can to make sure that is private-sector money. In all of those gaps the private sector cannot fill are where government needs to step up. That is why we will continue to invest large amounts of money into infrastructure.

This is my point. We are not intending to massively cut our infrastructure budget simply because the private sector is stepping up. But there is not the great need to provide everything, as there was with previous governments, because we are encouraging the private sector to step up and get involved in building some of the vital infrastructure we need in the Northern Territory.

I hope I have clarified myself enough. I am not suggesting we are stepping away from developing infrastructure; we are not. We are continuing to focus on getting infrastructure right, particularly in remote areas that do not have a commercial case – remote roads, remote bridges – which is vital to opening a range of industries across the Northern Territory. Where we can get the private sector to inject money into infrastructure that is good for all Territorians, we will encourage that, not discourage it.

**Mr GUNNER:** It is good to have that confirmed, Treasurer. I was surprised when I read in the budget books that you are planning for lower levels of infrastructure spending post the INPEX construction stage ...

**Mr TOLLNER:** We are not planning for lower spending. Just so you are aware, half of the TIO money, \$200m, is being put away into future infrastructure needs and we are using it to leverage what I think will be significant private institution money.

**Mr GUNNER:** I look forward to seeing the detail, Treasurer. On our side we were surprised, as I am sure the wider business community will be, that you are predicting lower levels of infrastructure spending post-INPEX. We wish you the best with private sector work coming on board. We would be happy to work with the private sector to spend money on infrastructure. But it was a surprise to see that.

**Mr TOLLNER:** We wondered about that, because the Labor Party has opposed every measure we put in place to do that. You were not in favour of the structural separation of the Power and Water Corporation or the creation of an electricity market. It makes me wonder where you would think you would get the \$200m required for new generator plants and the like. You have opposed everything we have tried to do to get private sector infrastructure money into the Territory. I am curious to know what it is you are planning to do and how you intend to get infrastructure delivered to the Territory when you seem to oppose everything we put forward.

**Mr GUNNER:** We did the Marine Supply Base, Treasurer. I know you do not like talking about INPEX, but that was a fairly massive private-sector investment into infrastructure in the Northern Territory. The former Labor government has some runs on the boards with the ability to deal with the private sector and get private-sector investment ...

**Mr TOLLNER:** I do not know about the Marine Supply Base. It has really only got a go on since we came to government, but that is an issue for the Infrastructure minister to talk about.

**Mr GUNNER:** Given that throughout Budget Paper No 2 Treasury is warning about any additional expenditure resulting in either the surplus disappearing, the need for new revenue or the need for savings, have we factored the cost of running the Palmerston hospital into the forward estimates?

**Mr TOLLNER:** Yes, we have. It is in the 2018-19 outer years. It is obvious we are committed to that starting in the Dry Season in 2018, opening operations ...

**Mr GUNNER:** May 2018, so that means 2017-18; that is the commitment.

**Mr TOLLNER:** The third quarter of 2018 – sorry you must have misheard me. Not May, late August/September; it is in the third quarter of 2018.

**Mr GUNNER:** So around August/September 2018.

**Mr TOLLNER:** That is right; it is in the 2018-19 forward estimates and there is a figure of around \$25m, bearing in mind that initially when it starts up resources will go from RDH to that hospital to get it operating.

**Mr GUNNER:** How much, Treasurer?

**Mr TOLLNER:** That is probably a question for the Health minister.

**Mr GUNNER:** When can we expect the hospital doors to open because I thought it was going to be May?

**Mr TOLLNER:** The third quarter of 2018.

**Mr GUNNER:** All right, no worries.

We touched upon population earlier and I said we would get to it. I was quite shocked by the Treasury graph on page 7 of the economy overview. It shows net interstate migration, even at the height of the INPEX construction phase, falling negatively to the extent of 4000 people in 2014. That seems to be a major problem that we are losing people even during the INPEX construction stage. You talked about the need to change regional migration. There has been a debate about getting skilled workers in but we are seeing a net migration loss. That seems to be a problem.

**Mr TOLLNER:** Yes, it does seem to be a problem, particularly when our hotels are full and there are so many workers here. The reason for that is that FIFO workers are not counted in Territory population numbers.

**Mr GUNNER:** But we are still losing people, Treasurer. If they are not counted they were not counted. We lost 4000 people in 2014.

**Mr TOLLNER:** This is my point. I am very keen to see us make more effort in growing the population. I made that point when I delivered the budget and various budget lockups and the like, going through all the indicators the only soft area I could see into the future was our population and employment growth. We need people here and the government has been going to enormous lengths to drum up workers for the Northern Territory.

**Mr GUNNER:** Obviously population affects GST, so this seems to be a concern. Those figures end in 2014 so we cannot see where the graph continues to go after 2014. What do you see as the impact of the population loss, Treasurer?

**Mr TOLLNER:** This is Treasury being very conservative again. Our predictions are all much lower than Commonwealth predictions. It is still one of the challenges we are working on as a government, to grow our population. That is why we have done so many roadshows around the country trying to drum up interest in the Northern Territory and are working so hard with the Commonwealth on skilled migration schemes and increasing our refugee quota. We understand that we need stronger population growth.

**Mr GUNNER:** You say Treasury is being pessimistic or conservative, but considering the direction of the graph, where we are predicting 1% growth, we are going backwards at the moment, so do you not think 1% is optimistic?

**Mr TOLLNER:** We are predicting 1% growth but when you look at various comparisons – this year, for instance, we predicted 0.9% growth and Deloitte Access predicted 1.3% growth. Next year we predict

1.8% and Deloitte estimates 2.3%. These things are predictions, but I am aware that growing a population is one of our major challenges. It is something we are focused on turning around.

**Mr GUNNER:** Construction is a major generator of jobs and population. We are talking about spending less on infrastructure within the Territory government budget, what are your plans, beyond roadshows, to get people to the Territory and keep them here?

**Mr TOLLNER:** Obviously the plan to keep people here is to maintain the best lifestyle in the world. I do not think anybody in this room would disagree. That is fundamentally why we all live here. On day one when I lobbied in Darwin I thought, 'I can't see myself leaving for some period of time'. It is the sort of place where I want to be. We can harp on about population growth, but ultimately it is one of the things we are focused on. A range of projects are emerging into the future, a range of jobs and construction projects. The Territory will continue to grow and the population will grow. Nowhere is expecting a decline in population, and we are doing everything we can to grow our population and encourage people to stay.

**Mr GUNNER:** These are concerning figures. Obviously population growth drives economic growth, GST receipts and demand for services and products for the private sector and the government sector, so this seems critical to us. We are looking at the GST vulnerabilities. We have looked at the estimates before, we now have population vulnerabilities, and we have infrastructure concerns around the lower level of infrastructure spending. In regard to the three things that mean you should have optimism for the future, there are some concerns about them. Treasurer, can you say what the net interstate migration was in each quarter since December 2012? That might be something on notice?

**Mr TOLLNER:** Yes, we will have those numbers here. We will have them in half an hour. Do you want it taken on notice or do you want me to give them to you?

**Mr GUNNER:** If you can get it in half an hour I do not need to put it on notice.

**Mr TOLLNER:** Yes, we will have it for you in half an hour.

**Mr GUNNER:** My next question is similar. What was the year-on-year net interstate migration – how many people left the Territory versus how many people arrived in the Territory – for the years 2012, 2013 and 2014 and predictions for 2015?

**Mr TOLLNER:** Yes, we will get all that. When you start looking at interstate migration you do not take into account total growth. You are trying to pull a single figure out of a much bigger thing ...

**Mr GUNNER:** No, natural growth is in there as well, Treasurer. I am about to ask some questions around that.

**Mr TOLLNER:** ... natural growth is in there along with total growth and net overseas migration. We are expecting that population growth will continue to increase, but probably not as fast as we want it to.

**Mr GUNNER:** Total growth is going down in your graphs on page 7. The natural increase is going up slightly.

**Mr TOLLNER:** No, total growth – it is still growing.

**Mr GUNNER:** It is trending down.

**Mr TOLLNER:** Mate, it has been going up and down for years and years. I hate to break it to you.

**Mr GUNNER:** Treasurer, that is why I am asking these questions by year. I have more, but I will wait for Mr Stubbin to return.

**Mr TOLLNER:** He is getting the information for you.

**Mr GUNNER:** I have more questions in a similar vein that go to the things you were raising, Treasurer. What is the net natural increase in numbers for 2012, 2013, 2014, and predicted for 2015? What is the net international overseas migration number for 2012, 2013, 2014 and predicted for 2015?

**Mr TOLLNER:** We are getting all those components together for you.

**Mr GUNNER:** What is making up the overseas migration?

**Mr TOLLNER:** The Designated Area Migration Agreement, DAMA, we have with the Commonwealth is feeding into that. There is a range of businesses attracting people from overseas. I imagine that is a big chunk of what makes that up.

**Mr GUNNER:** Looking at the budget papers, there is a small blip upwards in population growth in 2015 at 1.8, then it goes down to 1. Do you know why for 2015 we go 1.9 to 0.9 to 1.8? Do we know why we have gone up to 1.8 in 2015?

**Mr TOLLNER:** It is a good question. In 2014-15 you have seen that smaller population growth. Fundamentally, that is the effect of the closure of the refinery at Nhulunbuy. That is what has led to the full effects of that drop in 2014-15. Because we are then starting from a lower base, we see a bigger jump in 2015-16 than is predicted outwards; that is why there is that blip. In a small jurisdiction like the Territory, 1000 people make a difference to population numbers.

**Mr GUNNER:** What are we predicting will be the number of people leaving the Territory versus the people arriving in the Territory, in interstate migration terms, in 2016, 2017 and 2018?

**Mr TOLLNER:** I might ask Tony Stubbin to outline that.

**Mr STUBBIN:** We do not have projections of the gross movements in and out for the forward years. In historical terms about 16 000 people move into the Territory each year, and 16 000 move out, for a net growth of zero. If you had minus 1000 in a year, it might be 16 000 in and 15 000 out. The relatively small movements of minus 1000, plus 1000 or zero net movements disguises that there are 16 000 people moving in and 16 000 people moving out. It is a great business to be in if you are a removalist or a real estate agent; there is a great deal of turnover in population for relatively small changes in net population.

**Mr GUNNER:** So we do not need to project into the future around that population change for our GST estimates because you think it will always be ...

**Mr STUBBIN:** No, we do not project at the gross movement level; we project at the net movement level to arrive at a total population growth figure rather than the individual components. The ABS and most demographers project in net terms rather than the gross movement terms.

**Mr GUNNER:** So you have a net prediction for population in those years?

**Mr STUBBIN:** Yes.

**Mr GUNNER:** Do you have those numbers?

**Mr STUBBIN:** They are the numbers that are coming.

**Mr GUNNER:** The numbers coming in do not include the population predictions?

**Mr STUBBIN:** Yes, they do.

**Mr GUNNER:** That would include natural increase?

**Mr STUBBIN:** Yes.

**Mr GUNNER:** It seems to me, Treasurer, there are some concerns around the population figures that we need some plans around. It seems we are losing a number of skilled and trained Territorians. We have a slight natural increase in babies, which will lead to a demand on services but not necessarily on jobs. Natural increases are very ...

**Mr TOLLNER:** I understand as a man it is hard to talk about pregnancy, Michael.

**Mr GUNNER:** And there is a reduction in overseas migration. It seems to be that we are losing the workers and those who spend money in the stores, and getting an increase in children in the Territory. That will have an impact on our ability to create money as an economy.

**Mr TOLLNER:** That would be your opinion if you thought the sky was falling in. As the Deputy Under Treasurer said, we have 16 000 people leaving ...

**Mr GUNNER:** Again I say, Treasurer, this is more specific than being Chicken Little. I am looking at a very scary graph ...

**Mr TOLLNER:** ... and 16 000 people arriving. Your view is that those 16 000 leaving are all the skilled people and the 16 000 arriving are all the deros, and it is all mud in the future.

**Mr GUNNER:** Not quite what I said, Treasurer.

**Madam CHAIR:** It might be a good time to have a three-minute refreshment break. We will recommence at approximately 11.03 am. Thank you.

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The committee suspended

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**Madam CHAIR:** Thank you. We will continue with the Treasurer. The composition ...

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#### **Answer to Question on Notice No 2.1**

**Mr TOLLNER:** Madam Chair, there was a question before about the advice in relation to the MAC scheme. Can I table that for the member for Fannie Bay? We said we would take that question on notice.

**Madam CHAIR:** That is the answer to question 2.1.

**Mr TOLLNER:** Yes.

**Madam CHAIR:** Thank you.

**Mr TOLLNER:** It is just an e-mail between Treasury and the ABS.

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**Madam CHAIR:** Before we recommence, Opposition Leader, for the benefit of Hansard, we have on the committee Ms Lauren Moss, the member for Casuarina; the Opposition Leader; me; Francis Kurrupuwu, the member for Arafura; and Nathan Barrett.

**Mr GUNNER:** Just before we went on the break, Treasurer, we were in a debate around skilled workers versus deros, I think.

**Mr TOLLNER:** Sorry, I was probably being a bit flippant there.

**Mr GUNNER:** I hope that was not divided down party lines, Treasurer

To go back to my concerns around losing skilled workers and the potentially changing face of the economy, looking at that graph, total population growth is still in the positive, but if you go below the line, for a number of years we have seen net interstate migration drift down. Maybe historically it was 16 000 in and 16 000 out, but for a number of years now ...

**Mr TOLLNER:** That is right. It all started in the Labor years. Actually, it was about the time when the former Opposition Leader got the job as Treasurer.

**Mr GUNNER:** We might have a different analysis of those figures, Treasurer. However, in terms of how we deal with this in future years, we are seeing a net interstate migration loss. It is not 16 000 in and 16 000 out. That may have been historically true, but we seem to be now on a trend.

**Mr TOLLNER:** I have just been informed that over the last 30 years we have averaged around 600 people moving interstate every year, net, from our population. That is a trend that has been occurring for a long time.

**Mr GUNNER:** In understanding the books and the economy going forward, we have to deal with the fact there seems to have been, over a number of years now – enough years to form a trend –

**Mr TOLLNER:** Absolutely.

**Mr GUNNER:** ... a net migration loss. Before the break we had been going on for a while so you were being flippant around skilled workers versus ...

**Mr TOLLNER:** I was being flippant around your view that the sky is falling in, but ...

**Mr GUNNER:** I like to believe I am basing things on more solid ground than Chicken Little. We have some concerning numbers here with implications around services and expenditure required, fewer taxpayers, more reliance on the feds and fewer arguments for that reliance because GST is partly population dependent. Treasurer, do you see implications from the net interstate migration loss and how the face of the economy is changing?

**Mr TOLLNER:** Net interstate migration is a trend that has been happening for a number of decades and is one of the things, as I said at the outset, that concerns this government. Having said that, the commonwealth expects that population growth in the Territory will go up and our relativities will change as a result of that growing population. The commonwealth is far more buoyant about how the population will grow. We are not so buoyant at Territory Treasury, and that feeds in to our view that we are much more conservative than the commonwealth when it comes to population projections.

**Mr GUNNER:** But for solid grounds based off that trend over the last few years around population loss.

**Mr TOLLNER:** Mr Stubbin has just informed me that the population growth that Deloitte Access Economics predicted in the March quarter this year was 2.1%, which is in the strongest population growth of any jurisdiction in the nation and ranks alongside Western Australia at 2.1%. To give you an idea, Tasmania is expected to grow at just 0.5%. On a national level, Deloitte Access Economics predicts that we will have the strongest population growth, notwithstanding interstate migration. Economic growth is also predicted to remain the strongest in the country.

**Mr GUNNER:** It is important that we appreciate the implications. We have seen the economy grow but the population decline in regard to interstate migration.

**Mr TOLLNER:** The implications are that our population is expected to grow notwithstanding that we see declines in net interstate migration. We are predicting much slower growth in population than the commonwealth or Deloitte Access Economics. Treasury in the Territory is being very conservative with its numbers. From a net interstate migration situation, of course we are concerned about that. It has occurred for decades and is something we want to arrest and change. We want to see that interstate migration number turn around completely, which is why we have been trying to drum up interest in the Northern Territory and get people to move here from interstate.

**Mr GUNNER:** We had positive net interstate migration ...

**Mr TOLLNER:** Yes, but over a 30-year period we average around 600 fewer people. You are looking at a graph that shows 10 years, which goes slightly above zero in a couple of years, and in the majority of years it remains below zero.

**Mr GUNNER:** The 2014 figure is quite alarming when you consider we were at the height of the INPEX construction phase and we lost 4000 workers in 2014. The total growth of our population at the moment is in many ways driven by the natural birth rate. We are seeing an increase in demand on the Territory taxpayer to deliver services that is not necessarily matched by jobs or growth in population ...

**Mr TOLLNER:** It is matched by jobs. You are separating out interstate migration and suggesting that is representative of the whole, but it is not. Population is expected to increase over the forward estimates. At no time do we expect a decline in population numbers ...

**Mr GUNNER:** The total population.

**Mr TOLLNER:** The total population, that is right.

**Mr GUNNER:** That includes babies being born.

**Mr TOLLNER:** It includes babies being born, people coming here and people leaving; it is the total net growth in population, and at no time do we predict that the population will decline.

**Mr GUNNER:** It is important that, to be able to plan for the next few years, we properly understand those population figures.

**Mr TOLLNER:** It should have been our plan for the last 30 years, and it is something we as a government are working on. In net migration, generally we have lost 600 people a year over the last 30 years. That is a concern. Total growth in population is expected to increase.

**Mr GUNNER:** Understanding the breakup of that so we can plan for it ...

**Mr TOLLNER:** That is right. Looking at interstate migration, we saw a big loss as a result of the closure of the refinery in Gove. We are seeing people who came to the Territory to live and work on the INPEX project move back as certain construction phases close down and others start. Our net overseas migration has always been quite positive. At the moment we are going through a decline, but things go up and down in relation to population numbers.

**Mr GUNNER:** Looking at the Economy Overview – Treasury has obviously had a good look at these figures – it shows that retail and wholesale trade are predicted to be constrained by slow population growth, as well as slow employment and wages growth. Given that this is a very important industry sector, would you not agree that we need to address population concerns?

On page 17 it says:

*Over the medium term, growth in retail and wholesale trade is expected to be constrained by slow growth in population, employment and wages.*

We can see those sectors impacted ...

**Mr TOLLNER:** The growth will be constrained, but it is still growth. That is the point. We are predicting that population will grow slowly and the result of that is retail and wholesale trade will also grow slowly.

**Mr GUNNER:** In the last overview from Treasury we were the only place that went backwards in retail turnover. More importantly, Treasury is predicting that those industries will be restrained by slow growth in population, employment and wages. Essentially we have an issue that we need to address about our population.

**Mr TOLLNER:** Look at the chart above the one you just quoted.

**Mr GUNNER:** I have looked at the brief.

**Mr TOLLNER:** It shows, still, quite strong growth.

**Mr GUNNER:** Treasury is predicting that these sectors will be constrained by slow population, employment and wages growth, and we are now seeing a blip in the sector. These are things we need to plan for. There are concerns about our GST and our population vulnerability. We need to understand the concerns about population that exist in the Territory so we can plan for them. If we do not acknowledge them they will be difficult to plan for.

**Mr TOLLNER:** No one is suggesting we have not acknowledged slow population growth. I said right from the outset that is one of those areas that is a little concerning. When you go through all of the economic indicators the one that stands out the most is our slow population growth. Having said that, we predict stronger population growth than the rest of the country. I fail to understand your point.

**Mr GUNNER:** I am concerned that we are losing the workers, Treasurer ...

**Mr TOLLNER:** We are not losing the workers.

**Mr GUNNER:** ... skilled and trained Territorians, because there is a natural increase in the number of babies born in the Territory but we have seen, over a number of years, a net interstate migration loss. That is shifting the focus onto services and the need to provide services to Territorians. We are losing the people who spend money in the economy.

**Mr TOLLNER:** No, let me explain who we lose. The people who leave the Territory are generally senior Territorians moving interstate for retirement and students moving interstate for study. That is compensated for generally by people who move here to work. It is important to understand some of those flows. When you put it in those contexts most people understand that many people will retire interstate when they get into their senior years and leave employment, and many students will move interstate to study.

**Mr GUNNER:** Over recent years the growth in employment has been driven primarily by construction. As INPEX winds down, what do you think will be the employment driver in the Territory?

**Mr TOLLNER:** We have looked to diversify the economy. We are looking to grow our beef industry and get more farming happening in the Northern Territory. We have seen a huge investment in a number of sectors in farming – sandalwood, for instance. We have investments coming online in prawn farming in relation to the Seafarmer's proposal. There is a range of areas where we are trying to broaden and diversify the economy in relation to primary industries.

We are also looking at expanding mining by trying to make it easier for miners to access the country, and encouraging people to look at developing new mines in the Northern Territory. Similarly, we are looking at what opportunities onshore gas can present. I am sure there will be some questions later today in relation to the Mines and Energy portfolio.

We are making big efforts in relation to tourism and growing the economy there. We have seen a massive increase of around 8% in international visitors to the Northern Territory in the last 12 months. Those areas we are trying to see grow are growing.

There are some pressures obviously around the mining industry in relation to a couple of commodities, but there is a range of mineral commodities that have not seen the sort of price shocks we have witnessed with iron ore and energy.

In my view the future is very bright for the Northern Territory. We are very keen to continue to build on our trade links, our logistics infrastructure and all of those matters. We are aware that the INPEX project is winding down, and we are very keen to see the economy diversify to take away a lot of the boom and bust the Territory has experienced over the decades.

**Mr GUNNER:** So you are not concerned that there might be a shift from high-wage construction jobs to lower-wage service industry jobs?

**Mr Barrett** interjecting.

**Mr GUNNER:** You can still be concerned by it, member for Blain. That is why you need to have a plan.

**Mr TOLLNER:** Of course we are concerned by it, but the point is to make sure people have jobs to go to. In the Northern Territory at this point in time there are plenty of jobs to go to. Employers are still finding it difficult to attract skilled staff, and we have a very good, low unemployment rate in comparison to other jurisdictions around the country. Clearly something we are doing is right.

**Mr GUNNER:** The unemployment rate grew from 3.9% in April 2014 to 4.7% in April 2015. Given that most people, when they become unemployed, cannot afford to remain in the Territory, are you not concerned about the growth in unemployment in the Territory?

**Mr TOLLNER:** I am not of the view that most people who are unemployed cannot remain in the Northern Territory. My view is that when one job ceases another one is available. There are plenty of jobs for people. People should not be too concerned about job losses in the Northern Territory because there are plenty of jobs going.

**Mr GUNNER:** That is not supported by two statistics: 1) the unemployment rate has gone up, and 2) net interstate migration.

**Mr TOLLNER:** The unemployment rate has gone up slightly, but when you compare it to the rest of Australia, we still have a very strong job market, particularly in the Top End. There are plenty of opportunities for people to be working. The unemployment rate has gone up but it is nowhere near the national unemployment rate or that in other states.

**Mr GUNNER:** We have also seen the ANZ job advertisements decline 14.9% on an annual basis.



**Mr TOLLNER:** We have the strongest employment in Australia, second only to the ACT. The Australian unemployment rate is a lot higher than the Northern Territory's, so in the Australian context the Northern Territory is doing pretty well. But we do need more people here and we need people to take up jobs in the Territory.

**Mr GUNNER:** On that last question, Treasurer, ANZ job advertisements have declined 14.9% over the last year on an annual basis, so we are seeing unemployment rate go up, job advertisements go down and more people leaving the Territory. These figures are all from the economic brief and the budget books.

**Mr TOLLNER:** Job advertisements are becoming less and less relevant. People are securing positions in other ways, but we have a very low unemployment in the Northern Territory and all projections show we will maintain low unemployment.

**Mr GUNNER:** As we just discussed, we were the only jurisdiction that suffered an annual retail trade decline. Can you explain why it declined?

**Mr TOLLNER:** I will ask Tony Stubbin, the Deputy Under Treasurer, to explain that.

**Mr STUBBIN:** Mr Gunner, Chart 1 from the briefing you were looking at does show a pause in retail trade growth in the most recent year, but that comes after extremely high growth rates recorded in the previous six-year period. You can see where the Northern Territory line is higher than the Australian line. The underlying cause of that is that we had higher growth for that six- to seven-year period shown, hence a pause in that rate of growth would deliver a slow-down. You can see that in 2011 we had a fall in retail trade on that basis and it would have gone backwards then. I do not think the industry was in crisis at that point in time either; it goes in surges and pauses. Overall the retail industry, shown by that chart, is stronger than elsewhere is Australia.

**Mr GUNNER:** So a pause indicates a problem. What would the problem be at the moment?

**Mr STUBBIN:** It might indicate that the rate of growth in the period immediately preceding was so strong that you cannot keep growing. The pause carries over from the surge. You need to look at the rates of growth and the levels over a period of time rather than focusing on specific time periods.

**Mr GUNNER:** Can you table the information you have that breaks down the previous time periods?

**Mr STUBBIN:** We could get that, but it is implied in Chart 1 which you have in front of you, where you have retail trade exceeding the national trade; that chart is designed to show it. Where the line is higher the level is higher. We can get rates of growth over the last 10 years or so and table that to demonstrate the, on average, more rapid rate of growth in retail trade in the Territory versus Australia.

**Mr GUNNER:** We are also projecting in our budget books that the pause will continue. Treasury is saying over the medium term growth will be constrained.

**Mr STUBBIN:** It is not saying the pause will continue, it is saying that growth will not be as high as it has been in more recent years; it will be at a lower level.

**Mr GUNNER:** We are anticipating that the retail and wholesale trade will be constrained by slow growth, population, employment and wages. How we see that in the graph will not necessarily be the pause it is now. You are expecting it to be better than that pause?

**Mr STUBBIN:** Yes, a slower growth, not a pause. Deloitte Access Economics does not have retail trade but it has private consumption, which is broader; it also includes purchases from non-retail sectors, such as online. It projects that over the next five years the Territory will have the strongest rate of growth in private consumption of all the jurisdictions.

**Mr GUNNER:** If we are pausing now during the INPEX construction phase, why are we expecting, post the INPEX construction phase – as we lose those workers – that things will grow? We are in the middle of the construction phase now and are seeing a pause, which we do not quite have an explanation for – essentially off the previous high – but we are expecting, despite INPEX winding down, that growth will increase even though it has paused during the INPEX construction stage.

**Mr STUBBIN:** If I get you the chart of the growth rates you will see how variable it is and why you would not want to necessarily stake your claims on one economic indicator as to whether things are doing well or not.

**Mr GUNNER:** I am seeking to understand why there has been a pause and the Treasury predictions around the constraint.

**Mr TOLLNER:** I think Mr Stubbin explained that. We have had such strong growth, and whilst we are still experiencing growth it is not to the same extent as it was in the past.

**Mr GUNNER:** Obviously we are expecting, with the growth slowdown in population, employment and wages, that those sectors will be constrained.

**Mr TOLLNER:** We expect it will grow as the population grows.

**Mr GUNNER:** On a more specific issue, Treasurer, I am sure you are getting the same feedback I am from traders around town who say they are hurting. They are not experiencing a pause where high levels of spending are being maintained. That is something we could debate, Treasurer but ...

**Mr TOLLNER:** I appreciate that, Opposition Leader. I get around town too and I see businesses doing it tough. Is that because the population is declining? It is a good question. Each business will have its own reasons as to why trade is slowing or increasing. Sometimes it is just a lack of customers, other times other things will feed into that. It is very difficult to gauge the economic situation of the Northern Territory by talking to a handful of business people. That is why things like Treasury and ABS statistics and information from Deloitte gives a better view. You can look at the whole rather than just a handful of individual businesses in the mix. I am not suggesting for a second there are not businesses doing it tough. Some of them will, and in some cases the best of times will see some businesses struggling.

**Mr GUNNER:** We have seen a 3.1% decline in new motor vehicle sales year-on-year. Do you know why those vehicle sales declined?

**Mr TOLLNER:** I am struggling for a response, Opposition Leader; I have to be honest. I take it you are reading from this document. When you look at the top chart you will notice it is incredibly variable and things jump up and down all the time. Why did motor vehicle sales in Australia crash in 2009 and peak in 2012? It is highly volatile. I can ask Treasury to analyse that and come back with a response. I am not sure whether you would get a response for this estimates process. It would take some detailed investigation ...

**Mr CONLAN:** I have been listening to some of this inquiry, Opposition Leader. I draw your attention to the fact this committee is questioning the Appropriation Bill 2015-16. Could we keep questions around the Appropriation Bill 2015-16?

**Mr TOLLNER:** I thank the Under Treasurer for prompting me on this. The Business department may have a bit more information about new vehicle sales. Maybe it is not a bad question to put to them to see if they can explain why there has been a slight decline in new motor vehicle sales in the last year.

**Mr GUNNER:** Thank you, Treasurer. The member for Greateorex might not realise this, but many of these questions have come from the budget books. Having chaired the PAC for four years and sat through the last couple of years I know the Treasurer and the shadow Treasurer usually have quite a broad-ranging conversation at this point of the estimates process, which goes through the budget books, the predictions that underpin the budget books ...

**Mr CONLAN:** Thank you, Leader of the Opposition. I have also been part of this process for the last eight years. While there is a fair bit of latitude given, in the past there has been an enormous amount of time wasting as a result of departmental staff having to find information that will never be used again. I will be watching like a hawk over the course of the next two weeks to ensure questions relate to the Appropriation Bill 2015-16.

**Mr GUNNER:** That is very reasonable, member for Greateorex.

**Madam CHAIR:** Minister, if you feel that you have answered the question you can indicate that.

**Mr TOLLNER:** Madam Chair, I have a response for the member for Fannie Bay in relation to population estimates.

**Mr GUNNER:** And predictions?

**Mr TOLLNER:** And predictions. The problem, member for Fannie Bay, is that in the summary it talks about the natural increase and total migration. It does not break it down to interstate and overseas migration, unfortunately. I am advised that we cannot get that information because they are not so much interested in where people come from. It is about total migration that impacts on budget and Treasury. I am happy to table this. It has quite a bit of detail going through the various months

**Madam CHAIR:** Thank you.

**Mr GUNNER:** I am happy, separate to the estimates process, if we need to, we can always go through a briefing ...

**Mr TOLLNER:** If any time if you want a briefing from Treasury I am more than happy to facilitate that. I would be very keen if you did want to a briefing from Treasury. I would not mind sitting in on it to get a greater understanding of some of these population trends.

**Mr GUNNER:** It might be that we pursue this in another forum, Treasurer. We have covered population quite a lot today. I will look at that and come back to you.

**Mr TOLLNER:** As I said, Opposition Leader, I would be happy to organise a briefing with Treasury and attend it to get a bit more clarity around some of those population numbers.

**Mr GUNNER:** The Territory economy has often been characterised by major projects coming in. Being a small economy – the railway lands and it has a big impact, ConocoPhillips and INPEX. Obviously INPEX is currently driving the economy. There is no major project specifically on the table at this stage. What work is happening around that next major project? You talked today a bit about diversifying the economy. We agree we need to diversify and get a sustainable base, but we are still a young and developing economy and at the moment we still leverage off those major projects.

**Mr TOLLNER:** We do, but as I said, our goal in government is to diversify the economy. Rather than looking at one big-bang project that will drive growth for a couple of years, we are much more focused on diversifying our economy for a range of industries to see a much steadier and constant growth, rather than the big booms we have had.

I have a slide from one of my budget presentations that I would not mind handing to the committee to look at. It is an historical graph that shows the major projects that have hit the Territory, but it also shows that our growth rate at the end of the INPEX, GEMCO, McArthur River and Mataro developments will continue to percolate quite strongly. I will table that.

As far as looking for one big project that will drive a couple of years of super growth, we are much more focused on diversifying the economy and getting all sectors firing.

**Mr GUNNER:** But we are not 'not' looking, I am assuming ...

**Mr TOLLNER:** No, not 'not' looking. The government has big plans to drive economic growth into the future around a range of industries. There is plenty on the drawing board.

**Mr GUNNER:** Your rhetoric is not based around the fact that you do not have a major project yet?

**Mr TOLLNER:** What are you wanting, another \$50bn project to back on to the last one? I put it to you that they do not come around that often. Good work from the previous government in securing that project. Well done.

**Mr GUNNER:** Do you think one of the keys to obtaining a major project like INPEX goes to a team NT approach or a unity approach? Treasurer, as someone who has had to carry the Treasury brief a few times – you have had five Treasurers, a couple of Chiefs and a brief minister – has it been difficult in some respects to have those conversations that may lead to a major project when you chopped the chairs a bit?

**Mr TOLLNER:** No, I do not think that at all. In fact I think quite the opposite. As much as people want to look at the moving of the chairs, the stability and direction of government have not changed at all. The direction has been very focused from day one. I say again, we are focused on nipping away at recurrent expenditure and growing the economy. There is enormous potential in the future of the Northern Territory. With the Coalition government in Canberra there is a greater focus on northern Australia. That holds a lot of hope for the Northern Territory. Our placement in relation to Asia is a good thing. There is a range of ways the Northern Territory and our economy is set to benefit in the future. I do not think we can ever underestimate the value of having a strong economy, and that is why the government is so focused on that.

**Mr GUNNER:** You touched upon the \$5bn fund the feds have put together. You said we will not borrow from that fund ...

**Mr TOLLNER:** We do not need to. We already borrow at very similar rates. This is not a facility for governments to borrow; it is facility for private investors to access rates that are equivalent to those the government can access.

**Mr GUNNER:** Can you anticipate who might be accessing that fund and what might happen to the Territory as a result of that fund?

**Mr TOLLNER:** I can tell you, having heard the announcement, we have a number of proponents involved in an expression of interest process for the north east gas interconnector. This is the pipeline we are hoping will connect to the eastern gas grid. The last I heard the majority, if not all of them, said this will radically change their numbers and it will make the project even more viable if they can access lending at those rates. I am aware of power producers who are interested in that money for a range of projects. That has really sparked some interests across the Territory.

**Mr GUNNER:** You mentioned the pipeline. We support the pipeline.

**Mr TOLLNER:** Hear, hear! Good news.

**Mr GUNNER:** I did not realise that was news.

**Mr TOLLNER:** I might not have been paying attention, but it is good news, well done.

**Mr GUNNER:** We do have three concerns, which I assume the government would also have going into a project like this, about willing buyers and sellers, and the risk underwriting the pipeline. Can you tell us where it is at right now? What sort of time lines you are working on with the pipeline?

**Mr TOLLNER:** I cannot tell you where it is at. It is not my portfolio area; it is a matter for the Chief Minister under the major projects and investment area. That sort of detailed information would have to come from the Chief. I am informed the process is running quite smoothly and we are heartened by the feedback we are getting from the four proponents.

**Mr GUNNER:** Have we been able to project yet into the budget the impact of the pipeline, or is that something that is to come when we know?

**Mr TOLLNER:** This is where Treasury is again very conservative. They do not factor anything in until there is a signed piece of paper or something that commits to a project. At this point it is at the expression of interest stage. There has been no proponent outlined and no one has committed to constructing it so Treasury have not used it in the forward projections.

**Mr GUNNER:** It might not be possible to talk about the likely impact, then, of the pipeline construction on the labour market?

**Mr TOLLNER:** No, and they would be questions for the Chief Minister.

**Mr GUNNER:** When you talk about diversifying the economy and filling the gap – it would probably be impossible to fill the complete post-INPEX gap. But in terms of filling that ...

**Mr TOLLNER:** Someone did say they would fill the gap by bringing back the Arafura Games.

**Mr GUNNER:** That is not quite what we said. Since it was meant to be on last week or the week before, there would have been a benefit to the retail trade in Darwin.

**Mr TOLLNER:** The media release I read it was almost like, 'We can fix the economy by bringing back the Arafura Games'. Not that I thought there was a problem with the economy, but ...

**Mr GUNNER:** That was not quite my interpretation, Treasurer. It would have been helpful in the last quarter if we had the \$10m benefit it was estimated to have brought, but that is ...

**Mr TOLLNER:** I do not know whether the mums and dads who get sports vouchers or back to school vouchers for their kids would be saying they want to see them gone.

**Mr GUNNER:** I do not see how the two are linked, Treasurer.

**Mr TOLLNER:** You do not, and that is the point. It is easy to make sporting announcements, but normally there is a correlating saving announcement. That is not the case when it comes to Labor; that is not the Labor way. They make spending announcements with no correlation to finding savings anywhere, which is, oddly enough, how we got into the situation of staring down \$5.5bn of debt and a \$1.1bn budget deficit.

**Mr GUNNER:** I believe we can find ways to afford an Arafura Games that do not mean hurting children.

**Mr TOLLNER:** That will be interesting because the opposition said it will better resource education and health and will bring back the Arafura Games. It has made commitments on a range of things yet not once have we heard where it will find the money for them. To be taken credibly you cannot just say where you will spend money, but how you will find the money to spend. If it means going into debt and raising taxes you should be honest. If it does not mean that then you have to outline what programs you will cut. There is no magic pudding in this world, Opposition Leader. Everything you commit to has to be paid for and the money has to come from somewhere. The pie is only so big.

**Mr GUNNER:** That is correct; you can only sell TIO once.

**Mr TOLLNER:** I am interested to know what the opposition will do apart from spend a lot of money. Do you have a commitment to balance the books, or is it something the next generation can pay for? How would the opposition pay for all the commitments it has made? There is no mention of debt or deficit. Clearly there have to be program cuts. Which programs will be cut?

**Mr GUNNER:** Over the next 15 months I am sure we will have a fascinating debate about what you would do in the next term of government and what we would do. I am interested in your plan to deal with the three things we are concerned about that are coming through in these books around a growing population, the infrastructure spend and employment. There are concerns that we need to address or plan for around our population and GST vulnerabilities. I am interested in your plan for diversifying the economy and filling the gap that will be left by the post-INPEX construction stage.

**Mr TOLLNER:** We are interested in living within our means, and not once have I heard that from the opposition. We know that the former Labor government was not interested. There was never a plan to balance the budget. Nothing in the forward estimates demonstrated there was any likelihood of reduced spending, and until someone comes up with a case for how you will live within your means, or says you do not care if we live within our means, you cannot be seen as credible.

I am keen to give you as much free air and oxygen as possible because ultimately we want to know how you will live within your means. From where we sit the overriding responsibility we have to our children and grandchildren is to make sure this generation lives within its means and does not pile up debt for our kids and grandkids to pay. Whilst Labor is interested in all the spending initiatives, we are very interested in how you will live within your means if you intend to.

**Mr GUNNER:** Treasurer, we will be up front with Territorians before the next election, and we will not promise to cut the cost of living and then savagely put it up with power and water prices. You can say one thing now, but you were not quite up front with Territorians before the last election.

You still dodged the question around filling the gap post-INPEX

**Mr TOLLNER:** No I did not. I answered that in depth. I am more than happy to go back and explain to you exactly how we are doing that, but I have outlined *ad infinitum* how we will manage past INPEX. This budget overly demonstrates how we are doing it. We are living within our means to make sure if there is a big cliff, if some of the estimates we have made are wrong and there are problems, that we have the wherewithal and the means to do something about it.

Had we done it the Labor way and there was a cliff, we would be so loaded up with debt and deficit that the government would have hardly any room to move. We are living within our means. The second thing we are doing is diversifying our economy to make sure there are jobs for people when the INPEX construction phase finishes.

I know there will be a slowdown in economic growth, but our economic growth will outperform the rest of the nation irrespective of the construction of INPEX winding down. I do not know how many more answers you want in relation to that. You are clearly trying to make a case that we have no regard past the INPEX project, but every aspect of this budget demonstrates that we clearly do.

**Mr GUNNER:** In regard to the projections you put into this budget - this could be seen as a major project - have you accounted for the potential spend from the American military?

**Mr TOLLNER:** Not to any great extent, no.

**Mr GUNNER:** One of our concerns in exploring the infrastructure spend in this budget is to get from where you were to where you are this year you sold TIO. When talking about future levels of infrastructure spending you say you will reduce it, but you also mentioned leveraging some of the TIO money you put to one side. Can you take us through how you that leveraging will occur?

**Mr TOLLNER:** We currently have a consultant skilled in that area working on it. The fundamental plan is to create an infrastructure investment fund outside of government which allows for other investors to join in. The government is seed funding that infrastructure investment fund with \$200m from the TIO sale, and we expect that several hundred million dollars - bearing in mind we have not yet formally set up this fund, but over the next couple of months some announcements will be made around that. We expect to leverage in several hundred million to add to the TIO money, which will give us a fund of several hundred million dollars in which to invest in private infrastructure projects. When that fund is used in conjunction with the debt facility the Commonwealth government is providing, we think it will provide enormous stimulus and opportunity for private infrastructure investment in the Northern Territory.

**Mr GUNNER:** Thank you, Treasurer, for the comments in your opening statement. I am happy to move on to the whole-of-agency global questions.

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

**Madam CHAIR:** The committee will now proceed to consider the estimates and proposed expenditure contained in the Appropriation Bill 2015-16 relating to the Department of Treasury and Finance. Are there any agency-relation whole-of-government questions on budget and fiscal strategies?

**Mr GUNNER:** Treasurer, these are the questions we gave notice of.

**Mr TOLLNER:** Yes.

**Mr GUNNER:** Question 1 – do you want me to read them out?

**Mr TOLLNER:** Yes, we can go through them.

**Mr GUNNER:** Please provide details on the progress of all CLP election commitments, including all commitments and policy announcements made to Territorians in CLP election policy documents, summary snapshots, media releases and announcements, costing and savings documents, media advertisements and other printed material? If it helps, the Speaker tabled them.

**Mr TOLLNER:** The answer is threefold. The election commitment was to return the budget to surplus by the end of the first term and repay debt. When Adam Giles became Chief Minister we reviewed that and changed it. We said in order to balance the budget by 2015-16 it would put pressure on the Northern Territory economy and possibly put us into recession. It was our view that we did not want to go anywhere near that, so we put that commitment out to 2017-18. We are in line to meet that commitment of balancing the budget in 2017-18 by projecting a \$9m surplus at that time.

It demonstrates that it can be achieved by nipping at the edges of spending rather than the slash and burn style budgets we have seen in other jurisdictions of the country, bearing in mind we probably had greater opportunity in the Northern Territory to achieve that commitment because there is so much blue sky in relation to private sector growth and the opportunities we have to attract private money.

There was another commitment to lobby the federal government in regard to regional tax reform and energy fuel rebates. The current Commonwealth reform process on taxation and developing north Australia is providing us opportunities to put a case to the Commonwealth for reform.

We have also committed to reviewing Northern Territory finances and reviewing government waste. That is ongoing. Enormous strides have been made to date. You will recall early in the term the Renewal Management Board conducted an independent review. The mini-budget that followed reflected some of that. The 2013-14 budget and subsequent budgets incorporated relevant savings and efficiency measures.

**Mr GUNNER:** Will you table the Renewal Management Board report?

**Mr TOLLNER:** I do not have it with me. It is not that I do not want to; I just do not know the status of the report. It is probably a matter for the Chief Minister. I am not aware that Cabinet has approved its release at this stage.

**Mr GUNNER:** You have not in the past. I thought I would ...

**Mr TOLLNER:** No.

**Mr GUNNER:** Treasurer, the progress on the implementation of all signed written contracts of Territory communities.

**Mr TOLLNER:** Can you refer that one to the Chief Minister?

**Mr GUNNER:** All right. Question 3 was please provide details and costs of advertising and communications in 2014-15?

**Mr TOLLNER:** Yes, from 1 July 2014 to 31 March this year Treasury spent \$19 154 on document production and promotional material. Official publications produced included the Treasurer's Annual Financial Report, the Mid-Year Report, annual reports for the Territory Superannuation Schemes, annual reports for the Department of Treasury and Finance, Superannuation reports to members, and Treasury corporate stationery such as letterheads, business cards and file covers.

In the same period, Treasury spent \$5200 on advertising, which I note did not include recruitment advertising.

**Mr GUNNER:** Treasurer, can you please provide the details and costs of all government advertising that contained either the image or voice of the minister or Chief Minister or the name of the minister or Chief Minister.

**Mr TOLLNER:** There were none.

**Mr GUNNER:** Please provide the details and costs of all consultancies undertaken by the agency.

**Mr TOLLNER:** Yes, from 1 July to 31 March Treasury spent \$1 081 223m on consultancy services. Some \$849 071 was spent on a number of major consultancies representing 83% of the year-to-date expenditure, including \$454 636 on an interim NT electricity market study. Another \$256 393 was spent on the power and water commission reform, \$190 490 on TIO advice, and \$63 552 to review retail pricing in the electricity market. The remaining \$187 152 was spent on smaller consultancies under \$50 000 each in relation to various issues representing 17% of year-to-date expenditure, including actuarial advice on the government superannuation liabilities, the Northern Territory superannuation annual valuation and consultant advice on the NT fuel report, and data extraction and integration from the Department of Lands Planning and the Environment.

**Mr GUNNER:** Will all those reports be made public or will you table them? For example, the review into retail pricing. I do not have the whole list because you read from it.

**Mr TOLLNER:** I can get advice on some of those things and organise a briefing. Some of them, particularly that last one, will contain some market sensitive information around pricing. Bearing in mind we are setting up a competitive market, it is probably not wise to share that information in such a public forum. I encourage you to get in touch with Treasury. We can organise a brief, but I do not know if it is appropriate to put it on the public record. I am more than happy to get information on that to satisfy your concerns.

**Mr GUNNER:** We will look through the list and talk to your office.

**Mr TOLLNER:** Rather than go through them individually we will decide what is appropriate to make public.

**Mr GUNNER:** We talk can office to office. A couple mentioned I thought would be ...

**Mr TOLLNER:** Understandable.

**Mr GUNNER:** Which consultants were not selected through competitive tendering and why?

**Mr TOLLNER:** None.

**Mr GUNNER:** For each government agency and authority how many certificates of exemption were issued in 2014 and 2015?

**Mr TOLLNER:** One certificate was issued.

**Mr GUNNER:** For each certificate of exemption what is the description of the goods and services contracted, what was the value of the goods and services contracted, why was the certificate of exemption required, who recommended the certificate and who approved the certificate of exemption?

**Mr TOLLNER:** Going through that list, implementation of the electricity market regulatory reform for a period of 12 months and the value was \$300 000. Public process was not considered appropriate due to the highly specialised nature of the work and the very limited number of known candidates not subject to a conflict of interest or with the necessary experience to provide the advice required. The project manager recommended the certificate of exemption and the Assistant Under Treasurer approved it? Did you want me to name her?

**Mr GUNNER:** That depends. Does Treasury have a rule that if you are named you have to shout your staff?

**Mr TOLLNER:** Shout a bottle of wine or something like that.

**Mr GUNNER:** If that is the case I am happy for you to name her.

**Mr TOLLNER:** They just ponder the books. I have often offered them a glass of wine but no, they are keen to work.

**Mr GUNNER:** How many staff are in each agency authority detailed by full-time equivalent, permanent part-time contract and temporary contract?

**Mr TOLLNER:** The number of full-time equivalents is 151.48, the number of permanent part-time contracts is 8.84, and the number of temporary contracts is 36.4.

**Mr GUNNER:** How many staff are ECO1 level and above detailed by classification level?

**Mr TOLLNER:** There are seven ECO1, 5.2 ECO2s, three ECO3s, two ECO4s and one ECO6. Guess who is who in that lot?

**Mr GUNNER:** How many staff resigned in 2014-15 to date and what is that as a percentage of the agency's total staff?

**Mr TOLLNER:** Ten staff resigned which equates to 6.5% of total agency staff.

**Mr GUNNER:** How many staff were made redundant in 2014-15?

**Mr TOLLNER:** None.

**Mr GUNNER:** Please provide the total cost of travel in each agency and authority broken down into international, interstate and intrastate.

**Mr TOLLNER:** The total was \$118 217.54 broken down as follows: international travel \$5575.52, interstate travel \$109 554.56 and intrastate \$3087.46.



Sorry, that is only up to 31 March. I imagined intrastate was the budget briefings we did over the Territory, but that happened after March so we can expect that next year.

**Mr GUNNER:** Can you please provide details and costs of all travel undertaken by the minister that was paid for by the agency or authority for travel on charters?

**Mr TOLLNER:** They do not pay me to travel around, Michael. None. Zero.

**Mr GUNNER:** Please provide details and costs of all travel undertaken by ministerial staff paid for by ...

**Mr TOLLNER:** None.

**Mr GUNNER:** Detail all travel and costs undertaken through Latitude Travel.

**Mr TOLLNER:** None.

**Mr GUNNER:** Provide details and costs of all hospitality expenditure in the agency or authority undertaken on behalf of the minister or events which the minister attended.

**Mr TOLLNER:** They are a miserly bunch.

**Mr GUNNER:** Not even a packet of peanuts, Treasurer?

**Mr TOLLNER:** I tend to think wearing the Treasury hat it is good to lead by example, Opposition Leader. They tend to keep their coffers relatively shallow as well. They are good at running a nice tight budget for themselves.

**Mr GUNNER:** Which chief executives or former chief executives ...

**Mr TOLLNER:** None.

**Mr GUNNER:** Do you need me to finish the questions for the *Hansard* record?

**Madam CHAIR:** Technically, yes.

**Mr GUNNER:** Which chief executives or former chief executives used government issued credit cards in 2014-15?

**Mr TOLLNER:** None.

**Mr GUNNER:** What was the total value of purchases in 2014-15?

**Mr TOLLNER:** Same as the answer to the previous question, zero.

**Mr GUNNER:** Please provide detail and costs on transactions involving hospitality ...

**Mr TOLLNER:** Refer to the earlier question.

**Mr GUNNER:** Please detail all boards and advisory boards in your agencies where the chair and/or members attract remuneration?

**Mr TOLLNER:** There are two and they are the Superannuation Trustee Board and the Utilities Commission of the Northern Territory.

**Mr GUNNER:** Please detail how often each board or advisory board met in 2014-15.

**Mr TOLLNER:** The Superannuation Trustee Board met three times and the Utilities Commission met six times.

**Mr GUNNER:** Please list the membership of these boards and amounts paid to members in 2014-15.

**Mr TOLLNER:** It is a global amount. The Superannuation Trustee Board - the people on that board are Kathleen Robinson, Marianne McAdie, Michael Martin, Naomi Porrovecchio, Alex Pollon, Vicky Coleman, Mark McAdie and Gowan Carter. Combined they drew an amount of \$3040 for the three meetings.

The Utilities Commission of the Northern Territory is Pat Walsh, Mike Robson and Peter Caldwell, and they drew \$160 314 combined.

Only non-Northern Territory public servant members of these boards are remunerated.

**Mr GUNNER:** Treasurer, please detail fees and charges levied by your agency authority, the revenue raised, and whether any of these fees or charges were increased in Budget 2015-16.

**Mr TOLLNER:** Yes, there is a \$90 Freedom of Information application fee. Most government fees and charges are expressed in revenue units in order to provide a simple process for maintaining the real value of Territory fees and charges to take into account the effects of inflation and the like. The *Revenue Units Act* provides for the additional adjustment of those fees and charges by setting the value of a revenue unit in line with increases in the Darwin CPI on 1 July each year. This process of adjusting fees and charges occurs automatically and is independent of the budget process. The adjustment is calculated on the movement of the CPI for Darwin, published by the ABS for the calendar year immediately preceding the relevant financial year.

Adjustment to the value of revenue units is declared well prior to the start of any financial year to which the change relates, usually done in February or March of that year. The actual monetary value of a fee or charge expressed in revenue units is calculated by multiplying the number of revenue units by the value of a revenue unit rounded down to the nearest dollar.

I have some information about how revenue units have changed. In January 2010-11, when they were introduced, the revenue unit was \$1. The following year, 2011-12, it increased to \$1.02, in 2012-13 it increased to \$1.05, in 2013-14 it increased to \$1.07, in 2014-15 it was \$1.11, and for the 2015-16 year a revenue unit will be valued at \$1.15.

**Mr GUNNER:** Thank you, Treasurer.

**Mr TOLLNER:** How is that for detail? That is just so you are aware and might save some time. That revenue unit applies across the board of government. If you have similar questions for other members, those revenue units will be as I just listed.

**Mr GUNNER:** Thanks, Treasurer. How many internal audits or financial investigations were conducted in each agency in 2014-15?

**Mr TOLLNER:** Four.

**Mr GUNNER:** What were the terms of reference or focus for each relevant investigation?

**Mr TOLLNER:** That means going through the four. For ICT access security the terms of reference was to: audit the security group access for staff to the network drive; staff access to the building; Outlook e-mail distribution groups; webmail and phone e-mails; ePASS; and virtual private network accounts. They are the remote access ones.

There was an internal audit, or investigation, of security location access control group review. Its terms of reference were to audit the locations assigned to work groups that access records in HP TRIM - you would be aware of TRIM.

A stocktake investigation in relation to telecommunications happens twice a year. That is to audit the type and location of telecommunications devices. Finally, there is an annual record census which audits the physical location of records.

**Mr GUNNER:** Thanks, Treasurer. Please provide details of any fraud anomalies, breaches of financial legislation or NT government policy exposed by the audits and financial investigations?

**Mr TOLLNER:** There were no adverse findings in any of the investigations, and obviously there was no action taken arising from no adverse findings.

**Mr GUNNER:** By agency, provide the total costs of lease accommodation in 2014-15 and estimated for 2015-16?

**Mr TOLLNER:** Opposition Leader, I suggest that question is best referred to the Minister for Corporate and Information Services. They hold all that information.

**Mr GUNNER:** What is the total of all ex-gratia payments made in each agency in 2014-15?

**Mr TOLLNER:** I can only comment in relation to Treasury, but the total of ex-gratia payments for the Department of Treasury and Finance up until 31 March 2015 was \$17 000.

**Mr GUNNER:** For each ex-gratia payment, what was the value and reason for the payment?

**Mr TOLLNER:** There were two payments of \$8500, fundamentally to cover NT stamp duty.

**Mr GUNNER:** This may be for a different agency, Treasurer, but it is part of the generics. Please provide details of any programs conducted in 2014-15 to detect asbestos in government-owned and leased premises?

**Mr TOLLNER:** That is the Minister for Infrastructure.

**Mr GUNNER:** Please detail the cost in 2014-15 of legal services provided by private legal firms to each agency and authority for which you are responsible?

**Mr TOLLNER:** Yes, I can go through the services. I have a list of lawyers and firms so I will go through them for you.

**Mr GUNNER:** I am happy for them to be tabled.

**Mr TOLLNER:** Well, there is not a lot. Sonia Brownhill worked with Crocodile Gold versus the Taxation Commissioner for \$23 880, Tony Slater QC worked on the same case for \$55 520, Clayton Utz worked on the closure of the Northern Territory Government Superannuation Scheme pension and \$33 000 was paid, and Mallesons Stephen Jacques from New South Wales worked on the wholesale marketing agreement for \$29 040. There were ex-gratia payments of \$17 000 which I already outlined, Allens Arthur Robinson did some work on Power and Water reforms for \$86 744, Lima Thao Nguyen did work on various liability and legal representations for \$2000, and Taylor Investigations did some debt recovery work for \$552. That totals \$247 736.

**Mr GUNNER:** Thank you, Treasurer. I have questions for output groups now.

**Madam CHAIR:** That concludes consideration of agency-related whole-of-government questions on budget and fiscal strategies.

### **OUTPUT GROUP 1.0 – FINANCIAL MANAGEMENT**

#### **Output 1.1 – Financial Management**

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

**Mr GUNNER:** We touched upon TIO in the opening statement, Treasurer.

**Mr TOLLNER:** Yes.

**Mr GUNNER:** At the time of the sale, you and the Chief Minister made statements supporting the jobs of Territorians who worked in the organisation. We heard the announcement in April about the 43 staff post the business review. You said that review was expected. You said you would employ all 43 people in the public service. Had you sought advice from the Commissioner for Public Employment when you made that statement?

**Mr TOLLNER:** Sorry?

**Mr GUNNER:** Had you sought the advice of the Commissioner for Public Employment when you made the statement that the 43 people who would potentially lose their jobs in TIO could get jobs in the Northern Territory public service?

**Mr TOLLNER:** My understanding is that those discussions were had before the statement was made.

**Mr GUNNER:** What progress have we made for those 43 people?

**Mr TOLLNER:** You would have to ask the Commissioner for Public Employment that question as it is a matter for him.

**Mr GUNNER:** With the sale of TIO, the Darwin Bus Service and the printing office, and the Commonwealth having a potential asset recycling scheme, what level of conversations have you had to secure money from that scheme?

**Mr TOLLNER:** At a ministerial level there have been no discussions about that money and what it would be used for. An officer to officer discussion has been going on between relevant treasuries to work out some of the detail around the asset recycling scheme. I appreciate the question and what the federal government is trying to do with the asset recycling proposals, but none of that was taken into account when the decision to sell TIO was made. We were interested in saving TIO in the Northern Territory and having it maintain a service in the Northern Territory.

**Mr GUNNER:** The ACT government has already received \$60m in asset recycling payments.

**Mr TOLLNER:** I do not know how that works because – \$60m. They sold \$400m of people's assets - a Labor government. First cab off the rank I think the ACT was.

**Mr GUNNER:** They sold a TAB, Treasurer.

**Mr TOLLNER:** They sold a whole range of publicly-owned assets and are scheduled to receive money. They have not received it yet, but they are hoping to be the first cab off the rank. I make the interesting observation that the first and only jurisdiction to take up the Commonwealth offer on asset recycling is the ACT, a strong Labor government.

**Mr GUNNER:** I did not bring the press releases from the ACT down. In regard to monies into the books, there is the detail from the federal government budget about the one-off payment of \$155m. Can you take us through the implications of that for the Territory? We have concerns, and I assume you have to a degree, for outstations and homelands. Where are we at? That is not necessarily a done deal and are conversations happening?

**Mr TOLLNER:** No, it is not a done deal and the Chief Minister is leading those discussions. I would prefer if the questions were directed to him in relation to that.

**Mr GUNNER:** You would be keeping a watching brief.

**Mr TOLLNER:** Yes, I am keeping a watching brief, but this comes down to delivery services in remote communities and the best way to do that. I am not aware we have made a decision one-off funding payments are the way to go, but the Chief Minister and the Commonwealth are in discussions about that plan.

**Mr GUNNER:** I have questions to Output 3 which would probably go for half an hour, then Output 6. My understanding is there was some confusion between us and you, Treasurer, on Output 5.1 - Utilities Commission.

**Mr TOLLNER:** I am happy to answer questions about the Utilities Commission. The three members on the Utilities Commission are not located in the Territory so it will be very difficult to get them here, but they are certainly available to talk to the Public Accounts Committee at a future date. I am happy to answer questions in relation to the Utilities Commission.

**Madam CHAIR:** That concludes consideration of Output Group 1.0. We will start at Output Group after the break.

**Mr GUNNER:** I was giving you an estimation of how much longer I might go for the benefit of the public service.

**Mr TOLLNER:** They inform me they have the afternoon free. David Braines-Mead wants to get to the pub really badly but has decided to stay here.

**Madam CHAIR:** That concludes consideration of Output Group 2.0 and Output 2.2. We will resume after the half-hour lunch break with Output Group 3, Territory Revenue. Hearings will resume at 1.00 pm.

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The committee suspended

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**Madam CHAIR:** Thank you everyone and welcome back after the lunch break. I hope you enjoyed your lunch. We are back with the Treasurer and his wonderful staff who are joining him today. Perhaps, Treasurer, if you reintroduce everyone for the record.

**Mr TOLLNER:** I would love to reintroduce everybody. I have Jodie Ryan here, the Under Treasurer, David Braines-Mead and Tony Stubbin, Deputy Under Treasurers. I am also joined by the very capable Taxation Commissioner, Grant Parsons, the Assistant Under Treasurer in charge of revenue at the Treasury department. He is here specifically because the Opposition Leader is interested in revenue.

**Madam CHAIR:** For the benefit of Hansard, on the Estimates Committee we have Natasha Fyles, member for Nightcliff; the Opposition Leader, Michael Gunner; me, the member for Drysdale; and Nathan Barrett, the member for Blain.

### **OUTPUT GROUP 3.0 – TERRITORY REVENUE**

#### **Output 3.1 – Territory Revenue**

**Madam CHAIR:** We were in Output Group 3.0, Territory Revenue. Are there any questions?

**Mr GUNNER:** Treasurer, I want to understand the decision about withdrawing the exemption for trainees and apprentices from the payroll tax mix. You said in the budget it is partly subject to misuse. Can you take me through the evidence you have on that?

**Mr TOLLNER:** I will hand over to the Assistant Under Treasurer to give you a bit more detail. We found a proliferation of people who were deemed trainees. On investigation, a number of us were of the view that technically they were not trainees, they were employed. They were called trainees for the sole reason of limiting payroll tax exposure. The revenue generated from that is about \$4.4m.

We have said we will not allow businesses to claim deductions for trainees saving government \$4.4m in what would otherwise have been lost revenue, and using that \$4.4m through the Department of Business to target specific training and education programs. There has been no loss in training money. In fact, there has been a big increase. We are just not allowing people to claim for payroll tax purposes those deductions around trainees. Is there anything else I should add? Do you have more detail ...

**Mr GUNNER:** I have more questions about that. That is an additional \$4.4m in the Business department?

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

**Mr GUNNER:** We will talk to Business more about that. How many were misusing the system?

**Mr TOLLNER:** Mr Parsons has done a number of investigations around this. I will let him tell you in some detail what they dug up.

**Mr PARSONS:** Grant Parsons, Assistant Under Treasurer, Financial Management Group.

There are two aspects to this, Mr Gunner. The first is that providing assistance and encouragement to employers to employ more apprentices and trainees with a tax exemption is not the most efficient way of doing it. There are a large number of employers in the Territory below the \$1.5m payroll tax threshold. In getting significant bang for the buck, payroll tax exemption is not necessarily the most effective mechanism.

Going directly to your question about the evidence we found of misuse of the exemption, we did a number of audits and found - if I can deal with it by way of example - in one instance a director earning more than \$80 000 a year who was enrolled in a bookkeeping course and was claiming the exemption. We found a national retail chain where over half the sales assistants were involved in Certificate III training programs. The particular certificate course was for 12 months duration, but we found that some of the claims for the staff had been for three years or more. There was no evidence of them having completed the course. There was one bank where 45% of its wages had been claimed using the exemption.

I do not have specific numbers with me of the number of illegitimate claims there were, but they were substantial in number and there some key examples of that. I think what drove us was as much the misuse of the exemption as it not being a good way of targeting assistance. We preferred to go down the direct grant route than through tax expenditure.

**Mr GUNNER:** In judging the seriousness of the misuse, are we talking about fraud that needs to be investigated or is it just a loophole that needs to be closed?

**Mr PARSONS:** It was a loophole that needed to be closed. A more effective way of closing the loophole was to re-target the assistance rather than change the treatment of it in payroll tax.

**Mr GUNNER:** We are accepting these as mistakes made by the companies applying and not necessarily ...

**Mr TOLLNER:** We are not suggesting any laws were broken although there was certainly a bending of the rules. The money given to business is focused on outcomes rather than people in training. As such, you have to achieve an outcome from your training.

**Mr GUNNER:** As a result of this change, are there any companies that were previously not paying payroll tax who will now be paying payroll tax?

**Mr PARSONS:** There may well be. We have not yet received or had to pursue new registrants because of that element, but there could well be.

**Mr GUNNER:** The threshold of the \$1.5m has not changed for a while and we have seen increases in the level of payroll tax collected. How much is that increase in business activity and how much is bracket creep, for example wages that have gone up each year?

**Mr PARSONS:** It would be a combination of both. In the last few years we have had approximately 200 new payroll tax registrants per year. Being a tax on payrolls, the buoyant state of the employment market in the Territory and strong wages growth means those collections will increase.

**Mr GUNNER:** Through wages growth ...

**Mr PARSONS:** Through wages growth, through more employment ...

**Mr GUNNER:** We usually talk about bracket creep in regard to federal income tax, but we have seen wages go up as the awards go up each year, and that has essentially pushed payrolls over the \$1.5m.

**Mr PARSONS:** Yes, that is correct. One of the important features of having a high threshold and the nature of the Territory economy is that about 80% of Territory payroll taxpayers are registered in another jurisdiction as well. We pick up more the national larger employers than, for instance, local small businesses.

**Mr GUNNER:** Is there a tipping point where the threshold is kicking in based around wage growth - natural 3% per year CPI wage growth - that is taking businesses that normally would not have been paying into paying because of the bracket creep? Is there a tipping point where that is occurring as opposed to payroll tax increasing in relation to business activity? Is there a tipping point where you will have to reassess the threshold?

**Mr PARSONS:** Those things are always open for review in a policy sense, but the significant discussion around those issues currently is the Commonwealth's white paper. Without pre-empting what the Treasurer might want to say, until there is some clarity around how the issues are to be defined in that process we would not want to make firm recommendations about Territory payroll tax.

**Mr GUNNER:** What is the likely increase in revenue from the way we have changed the payroll tax applying to charities?

**Mr PARSONS:** It is \$3m.

**Mr GUNNER:** That is an additional \$3m?

**Mr PARSONS:** Yes.

**Mr TOLLNER:** To clarify that, Opposition Leader, the relief we give to charities is for genuine charities. We have taken business out of that mix. It is part of a greater national push to have some clarity around charitable activities.

**Mr GUNNER:** Casting backwards, why was there a \$35m above expectation collection of payroll tax in 2014-15? What elements made up that increase?

**Mr TOLLNER:** It was the nature of the strong growing economy and the strong employment growth, particularly around some of the businesses operating on the Ichthys project.

**Mr GUNNER:** Treasurer, why have we abolished life insurance stamp duty in this budget? Was that part of a national agreement?

**Mr TOLLNER:** In some regards it was raising very little money for us and costing money to administer. It was seen as a bit of a nuisance tax. Given all that, we decided to remove it, cut a bit of red tape and at the same time allow officials to focus on other areas.

**Mr GUNNER:** Looking at stamp duty on conveyances in the Territory, there was a significant increase in revenue predicted for 2014-15 and actually received in 2014-15 - up from 139 to 157. Can you talk us through that?

**Mr TOLLNER:** There was obviously an increase in turnover, but there was also an increase in the value of those transactions and there were some very high value commercial transactions. It is interesting that you make mention of stamp duty on conveyancing. I was at the Property Council breakfast the other day and make the observation that it is a policy of the Property Council to reduce stamp duties and put in place land taxes.

**Mr GUNNER:** National ...

**Mr TOLLNER:** National policy. I do not know how the local mob is coping with the national push to introduce further land taxes.

**Mr GUNNER:** Are we expecting a softening in stamp duty on conveyancing in the outer years of the forward estimates?

**Mr TOLLNER:** I am informed that we expect some softening. We expect conveyancing duties to decrease by around \$5.9m to \$151.4m in 2015-16, which should reflect some of the softening of transaction volumes and the effect of several large transactions inflating the 2014-15 receipts.

**Mr GUNNER:** That has obviously been incorporated into the budget?

**Mr TOLLNER:** Yes.

**Mr GUNNER:** Can you please explain decline in the category of taxes on property - other, which are down from \$2m in 2014-15 to 400 in 2014-15?

**Mr TOLLNER:** I will take that question on notice.

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### Question on Notice No 2.2

**Madam CHAIR:** Opposition Leader, would you like to restate the question for the record?

**Mr GUNNER:** Treasurer, can you explain the decline in the category of taxes on property – other duty, down from \$2m in 2014-15 to 470 in 2014-15? I heard you talking so I think you have the right budget page.

**Mr TOLLNER:** Yes.

**Madam CHAIR:** Treasurer, do you accept the question?

**Mr TOLLNER:** I do.

**Madam CHAIR:** That question will be number 2.2.

**Mr TOLLNER:** You should have an answer very quickly.

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**Mr GUNNER:** What is the average business tax itemised paid by a small business with \$1m in wages, a medium business of \$1.7m in wages and a larger business with \$5m in wages, and how does this compare to other states and territories?

**Mr TOLLNER:** We will take that one on notice too.

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### **Question on Notice No 2.3**

**Madam CHAIR:** Opposition Leader, could you please restate the question?

**Mr GUNNER:** What is the average business tax itemised paid by a small business with \$1m in wages, a medium business of \$1.7m in wages and a larger business with \$5m in wages, and how does this compare to other states and territories?

**Madam CHAIR:** Treasurer, do you accept the question?

**Mr TOLLNER:** We will accept the question.

**Madam CHAIR:** That question will be number 2.3.

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**Mr GUNNER:** Mining royalties remain flat. What is the Treasurer's information on commodity prices and how long are we expecting the flatness in commodity prices? That is a bit of a crystal ball question.

**Mr TOLLNER:** We would all like the answer to that.

**Mr GUNNER:** I only ask that because I know there is an element of necessity in Treasury to predict.

**Mr TOLLNER:** Treasury informs me that it uses royalty payer information to make those assessments, but talking about commodity prices, obviously each commodity will vary and each jurisdiction will vary somewhat too. Fundamentally, the payer of royalties will inform us of those matters.

**Mr GUNNER:** My questions will go to Output 5.0 now.

**Madam CHAIR:** That concludes consideration of Output 3.1.

### **Output 3.2 – Tax-Related Subsidies**

**Madam CHAIR:** We will now consider Output 3.2, Tax-Related Subsidies. Are there any questions?

That concludes consideration of Output 3.2 and Output Group 3.0.

## **OUTPUT GROUP 4.0 – SUPERANNUATION**

### **Output 4.1 – Superannuation**

**Madam CHAIR:** The committee will now proceed to Output Group 4.0 Superannuation, Output 4.1, Superannuation. Are there any questions?



That concludes consideration of Output 4.1 and Output Group 4.0.

**Mr TOLLNER:** Nothing on superannuation?

**Mr GUNNER:** I want to talk about the Utilities Commission. I will keep an eye on the time, Treasurer. You have Lands and Planning and Mines and Energy to go.

**Mr TOLLNER:** All right.

**OUTPUT GROUP 5.0 – ECONOMIC REGULATION**  
**Output 5.1 – Utilities Commission**

**Madam CHAIR:** The committee will now consider Output Group 5.0, Economic Regulation, Output 5.1, Utilities Commission. Are there any questions?

**Mr GUNNER:** I appreciate we do not have the Utilities Commission here, but I think we can ask a few questions and perhaps put some on notice.

**Mr TOLLNER:** Certainly you can.

**Mr GUNNER:** What is the total expenditure to date by the UC preparing for the Territory's entry into the national energy market?

**Mr TOLLNER:** I will take that one on notice.

**Mr GUNNER:** I appreciate that during this section you might take a few on notice.

**Mr TOLLNER:** Yes, that is all right.

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**Question on Notice No 2.4**

**Madam CHAIR:** Opposition Leader, do you want to restate the question for the record?

**Mr GUNNER:** What is the total expenditure to date by the Utilities Commission preparing for the Territory's entry into the national energy market?

**Mr TOLLNER:** Let us be careful here - preparing for the interim Northern Territory energy market. We are not actually entering the NEM.

**Mr GUNNER:** I am happy to accept the Treasurer's clarification.

**Madam CHAIR:** Opposition Leader, you are accepting those amendments and, Treasurer, do you accept the question with that amendment?

**Mr TOLLNER:** Yes.

**Madam CHAIR:** That question will be number 2.4.

**Mr TOLLNER:** If you asked that question I would have said we are not joining the NEM.

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**Mr GUNNER:** Following from that, what is the total expenditure by Treasury and other NTPS agencies on entry into the interim Territory energy market?

**Mr TOLLNER:** I have the Treasury information here. We think it is just the legal advice, but I will take the question on notice, and that is Treasury only.

**Mr GUNNER:** I am happy to accept that you will table that later if you would rather not take it on notice.

**Mr TOLLNER:** Yes.

**Mr GUNNER:** With your qualification this may not be appropriate yet, but how much will it cost the Territory to enter and remain in the interim Territory energy market? Could you detail the costs?

**Mr TOLLNER:** The market will be funded by the participants in the market. Ultimately that will come back to people who pay for electricity, and government which provides community service obligations.

**Mr GUNNER:** Has the UC or Treasury done any research or analysis on the impact on electricity tariffs for Territory families and businesses under the interim Territory energy market arrangements? Can you provide it to the Estimates Committee?

**Mr TOLLNER:** It is just a wholesale trading market and does not affect the regulated prices.

**Mr GUNNER:** Can you guarantee, Treasurer, to Territory families and businesses that there will be no increases in tariffs above the CPI when we enter the energy market?

**Mr TOLLNER:** There will be no increases. I am reluctant to give guarantees, but I can say government is focused on seeing electricity prices stabilised, and if possible, see a slight reduction. I am on the record as saying that would happen before Christmas.

**Mr TOLLNER:** That is my next question, Treasurer. In the run-up to the next Territory election, you have foreshadowed a cut in tariffs before the end of the year. Obviously any relief from the huge increases the CLP brought in will be greatly welcomed. When will the tariff reduction take effect, and what will be the quantum in percentage and dollar terms?

**Mr TOLLNER:** First, when we came to government Power and Water was in dire financial straits. So much so, that in their assessment of Northern Territory finances, Moody's made a specific point about the drag the Power and Water Corporation was on Territory government finances. We had to, unfortunately and against any desire from the government, increase electricity prices in order to maintain that organisation into the future. It literally had to be put on life support.

In relation to what we have done, the Power and Water Corporation is nothing like it was two or three years ago. The organisation has been through some quite remarkable change. We have found efficiencies throughout the system. We have found cheaper ways of generating electricity without compromising security supply or safety. My expectation is there will be, following on from that, a small decrease in electricity prices when the interim market starts to operate.

Having said that, it is extraordinarily difficult at this point in time to quantify what those price reductions may be until we have the market operating, we know the form the market will operate in and exactly what our wholesale electricity prices are going forward. We have a good idea of the wholesale price that T-Gen will be providing, but there are other players in the market. Players will join the market and we have no real indication at this stage what their pricing will be. Based on the efficiencies we have seen at Territory Generation and in the network, one would expect there would be a decrease. However, it is very difficult at this point in time to quantify the size of that decrease. Territorians will be happy with any decrease. It will be a remarkable change if we can manage to see a decrease.

**Mr GUNNER:** Why is the Utilities Commission budget mostly unchanged from last financial year given it will have a reduced role now the Australian Energy Regulator will be in place from 1 July?

**Mr TOLLNER:** The Utilities Commission is a very small organisation which meets several times a year. Whilst they are taking a backwards step from regulation of the electricity market, they will still be involved in water, sewerage and a range of other areas. The workload will decrease somewhat but it will not reduce the number of meetings. There are also suggestions coming from the port committee that the Utilities Commission becomes the regulator of that port, in which case they will need an increased budget. There are a few ifs and buts.

The whole Treasury expenditure is \$861 000 for all the reforms around the Power and Water Corporation, T-Gen, Jacana Energy, wholesale markets and the like.

**Mr GUNNER:** My next question, Treasurer, goes to Output 6.

**Madam CHAIR:** That concludes considerations of Output Group 5.

**OUTPUT GROUP 6 – CORPORATE and GOVERNANCE**  
**Output 6.1 Corporate and Governance**

**Madam CHAIR:** The committee will now proceed to Output Group 6, Corporate and Governance, Output 6.1, Corporate and Governance. Are there any questions?

**Mr GUNNER:** How much did it cost to advertise and promote the budget?

**Mr TOLLNER:** I think we answered that in an earlier question – no, we did not. It was up to 31 March.

I can give you a ballpark figure as a number of bills have not come in yet. We have an estimate of around \$60 000. That is an estimate because the bills have not come in. I am happy to get Treasury to send you that information when we have it finalised if you want.

**Mr GUNNER:** I have two questions to put on notice if you are happy with them. What will it cost to advertise and promote the budget? What did it cost to produce and distribute the Chief Minister's video promoting the budget?

**Mr TOLLNER:** That was the Department of the Chief Minister. You will have to ask him that.

**Mr GUNNER:** The first question then.

**Mr TOLLNER:** In my view, we could not spend enough promoting the budget. It is a damn good budget and we should be letting people know about it.

**Ms FYLES:** Went up to nearly \$80m this year.

**Mr TOLLNER:** Some \$80m promoting the budget, come on.

**Mr GUNNER:** Do we put that on notice?

**Mr TOLLNER:** You can put it on notice. You can take the ballpark figure I gave you and come back next year and say I was wrong.

**Madam CHAIR:** Opposition Leader, please restate the question for the record

**Mr GUNNER:** I will accept the ballpark figure. I will ask a question if I need to. That concludes my questions. I would like to thank everyone from Treasury and the Treasurer.

**Mr TOLLNER:** What if Nathan has a question?

**Madam CHAIR:** You are not done yet, Treasurer?

**Mr TOLLNER:** Thank you very much to the committee for the gentle way you have handled the Treasury department. I put on the record my thanks to the department for the work they have done in preparing this budget in particular.

**Madam CHAIR:** Thank you. I will just make sure there are no other questions for Treasury. Are there any further questions for Output 6.1? That concludes consideration of Output 6.1.

**Output 6.2 – Shared Services Provided**

**Madam CHAIR:** The committee will now consider Output 6.2. Are there any questions?

That concludes consideration of Output 6.2 and Output Group 6.

**Non-Output Specific Budget-Related Questions**

**Madam CHAIR:** Are there any non-output specific budget-related questions?

That concludes consideration of the Department of Treasury and Finance outputs. Thank you very much for coming today and we will now move on to the Central Holding Authority.

### **CENTRAL HOLDING AUTHORITY**

**Madam CHAIR:** The committee will now consider the income and expenses of the Central Holding Authority. Are there any questions? Are there any non-output specific budget related questions? That concludes consideration of the Central Holding Authority.

### **NORTHERN TERRITORY TREASURY CORPORATION**

**Madam CHAIR:** The committee will now proceed to the Northern Territory Treasury Corporation.

The committee will now consider the income and expenses of the NT Treasury Corporation. Are there any questions? Are there any non-output specific budget-related questions? That concludes consideration of this Business Line. This now also concludes consideration of output groups relating to the Treasurer.

On behalf of the committee, I would like to thank the Treasurer and the departmental officers for attending today. The committee will now move on to consider outputs relating to the Department of Lands, Planning and the Environment. We will have a short five-minute break for the changeover.

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The committee suspended

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### **DEPARTMENT OF LANDS, PLANNING and the ENVIRONMENT**

**Madam CHAIR:** Thank you, Minister for Lands and Planning. I invite you to introduce the officials accompanying you and, if you wish, to make an opening statement regarding the Department of Lands, Planning and the Environment.

**Mr TOLLNER:** Yes, I would. Firstly, I introduce the Chief Executive sitting immediately to my left, Rod Applegate, and to his left is the Chief Financial Officer, Fotis Papadakis, from the Department of Lands, Planning and the Environment. I have a short opening statement.

The Department of Lands, Planning and the Environment leads land development for the Northern Territory by providing government with strategic plans and policies to meet current and emerging needs for land and infrastructure. It also ensures development and regulatory control of buildings and conservation of our natural and cultural heritage. The department plays a central role in managing the Crown estate and heritage assets, and develops and maintains spatial information used to support long-term planning and land release. It supports the NT Planning Commission, a statutory body that plays a strategic role in planning for the future development of the Territory. It also provides support to statutory bodies, including the Darwin Waterfront Corporation, the Northern Territory Environment Protection Authority, the Development Consent Authority and a number of regulatory and advisory appeal bodies related to the department's function.

I thank the Chief Executive, the CFO and all their staff for their hard work over the past year. That extends to the people in the adjoining room from the department who are listening to this. They achieved a great deal through their proactive approach to planning and land development matters, and they continue to introduce measures to cut red tape for the benefit of the community, building and development industries.

To reduce red tape this year the department has implemented enhancements to the electronic processing of development applications for the parallel processing of subdivision and development applications. On 1 September last year the department introduced a new streamlined unit title process for all subdivision applications, which significantly simplifies the process for industry and future homeowners. The department has also streamlined the survey system with a new survey plan lodgement process implemented on 1 July last year. These measures are making our planning system simpler and quicker for homeowners and businesses.

Most critically the Department of Lands, Planning and the Environment delivers land release, identifying and progressing greenfield and existing infill Crown land sites for residential, industrial and commercial development. The previous government, as we all know, failed to release land to match the rising demand for new houses in the Territory. As a result we saw the cost of buying and owning a home rise massively for ordinary Territorians. It was probably the most major housing crisis the Territory has ever seen. This lack of planning and land release was the major cost driver for that industry.

This government believes that everyone who wants to buy their own home should have that opportunity. That is why the government is releasing land at a record rate. The timely release of land is critical to lowering the cost of living and making housing more affordable for Territorians.

Since May 2013, this government has released land to the market that will accommodate approximately 5500 new homes across the Territory. Land release can only be achieved with government's commitment to a strong capital works program, for example, the Bringing on Territory Land Release program for 2014-15 which provided 6500 dwellings over 10 years. The Northern Territory government has also identified over 70 infill sites across the Territory with the potential yield of about 2700 dwellings.

The 2014-15 capital works program for land development of \$62.1m to release land for residential and industrial development across the Territory was a significant increase on previous years.

Stage 1 of Zuccoli is progressing as scheduled. Stage 2 achieved its first titles in November 2014 and homes are already nearing completion. The development rights for Stages 3 and 4 have been awarded and the developer has received development approval for the first 181 lot sub-stage. Sales are expected to commence in June, with titles to be achieved by the end of the year. Affordable land is a key objective in the Zuccoli land release, with an average price target of \$160 000 to \$180 000 in the release in Stages 2, 3, 4 and 5.

Three short-listed proponents for the redevelopment of the Territory's largest brownfield site - 3000 dwellings at Berrimah Farm – have been invited to submit detailed proposals.

In Alice Springs, the 33-lot Stage 1A at Kilgariff achieved titles in December 2014, with the majority already sold. Sales have commenced for the 47-lot Stage 1B, which is expected to be completed between late 2015 and early 2016.

The development agreement for Stage 1 Katherine East has been signed. On site works and marketing commenced in April this year.

Construction commenced in April this year for a 21-lot residential subdivision at Peko Road and construction commenced in March this year on the 12-lot Stage 1 of Udall Road industrial area in Tennant Creek.

Under the Bringing on Territory Land Release program, land release is being progressed in a number of regional and remote towns including Kalkarindji with 16 lots, Mataranka with 37 lots, Timber Creek with 29 lots and Pine Creek with 49 lots.

Stage 2 of the Darwin waterfront will deliver further residential apartments, retail space, public areas and the Charles Darwin University Business School.

The 2015-16 capital works program provides \$19.5m for headworks infrastructure to support land development across the Territory which includes: \$4m as part of a \$10m three-year program to support the release and development of infill Crown land sites in Darwin; \$4.5m for the construction of headworks to support the development of the Howard Springs Rural Activity Centre; \$3.5m for subdivision works to support land release of up to 35 new residential lots within Borroloola; \$3m for permanent water supply to support the development of further stages in Kilgariff, as well as water supply for the Brewer Estate heavy industrial development; and \$4.5m for the construction of a connector road linking Albrecht Drive to Mparntwe Drive in Alice Springs to support the development of up to 200 lots in Larapinta.

The Planning Commission has completed the Darwin Regional Land Use Plan which covers Darwin, Palmerston, Litchfield, Coomalie, Cox Peninsula and the Finnis. The Commission also conducted workshops with the Alice Springs community to review the planning scheme provisions for the Alice Springs CBD. We focused on building design criteria and how these may influence building form, heights and interactions with public spaces.

Over time the Planning Commission will have a more expanded role in developing strategic land use plans, including more detailed area plans and future amendments to those plans. The Planning Commission will promote up-front community engagement in developing strategic land use plans and planning policies, thereby promoting a stronger voice for Territorians in developing their plans. The Planning Commission will act in a decision-making role for assessing applications or significant development proposals that do not fit within the applicable land use plan or planning policies.

I am arranging for the Chair of the Planning Commission to act as a reporting body for amendments to the NT Planning Scheme relating to more than one division of the Development Consent Authority. This government recognises strategic planning is an area we need to get right for the long-term development of the Territory.

In relation to flood mitigation, on 20 November the Chief Minister announced funding of \$50m for flood mitigation for the Darwin and Katherine regions as part of the Territory Insurance Office liberation from government ownership. The two flood mitigation advisory committees, one in the Darwin region and one in the Katherine region, were tasked with providing a report to government by the end of June 2015 with recommendations on how the funding can best be spent to mitigate the impact of flooding while providing value for money for taxpayers. Draft reports have been out for public comment since 14 May and will be until 11 June this year.

In relation to the construction review, the Department of Lands, Planning and the Environment plays an essential role in regulating the building and construction industry, a vital sector of the NT economy. I have identified opportunities to undertake a broad review of a variety of elements of the current regulatory regime to ensure the construction centre is appropriately protected and that consumers and the construction industry have access to an integrated system that is not encumbered by unnecessary regulation.

I have recently invited nominations to join a domestic housing building review group after receiving feedback the building design industry and the broader community believe that new house designs in the tropical areas of the NT are not appropriate for the local climatic conditions. The group will review the introduction of variations that allow design flexibility for houses in the varying climatic regions of the Territory and the removal of unnecessary additions to the National Construction Code which increase house building costs.

I am keen to answer any questions. I look forward to questions the committee may have with regard to the appropriation for the Department of Lands, Planning and the Environment in this year's budget.

**Mr DEPUTY CHAIR:** Are there any questions?

**Ms FYLES:** Yes, minister, would you be able to table the whole-of-agency questions previously provided?

**Mr TOLLNER:** I can go through them if you like.

**Ms FYLES:** It would be in the interests of time because I have a lot of questions. If you could table them I would appreciate it.

**Mr TOLLNER:** My understanding was that I would respond to any questions asked.

**Ms FYLES:** You are not willing to table the questions?

**Mr TOLLNER:** I am not sure what questions you are asking so it is a bit hard to table them. Let us just start.

**Ms FYLES:** Minister, the opposition provided a number of whole-of-agency questions on notice. Are you prepared to table those questions?

**Mr TOLLNER:** I was told at the start of these proceedings that all questions had to be asked.

**Mr DEPUTY CHAIR:** It was also my understanding at the start of this committee process, given what happened last year, that questions need to be asked and people would answer questions they were asked.

**Ms FYLES:** We provided a number of written questions. In the interest of time, are you willing to table those answers?

**Mr DEPUTY CHAIR:** You were given ...

**Mr TOLLNER:** I have jotted down a few notes on those questions, I am happy to respond ...

**Ms FYLES:** Perhaps you could table your notes.

**Mr TOLLNER:** No, I am not tabling my notes. I will see what questions you ask.

**Ms FYLES:** After making it quite clear, minister, you do not want to ...

**Mr TOLLNER:** I was given an indicative list of questions that might be asked.

**Ms FYLES:** You have a list of questions from the opposition. They are not indicative; they are written questions.

Moving on because you will not table them, could you please provide details of all consultancies undertaken by the agency? You have that indicative list so perhaps it will help you.

**Mr TOLLNER:** Yes.

**Ms FYLES:** If it is a list, minister, perhaps you can table it? I note Madam Speaker tabled hers.

**Mr TOLLNER:** You do not want me to go through them one after the other?

**Ms FYLES:** There are a lot of questions in Lands and Planning, and I note Madam Speaker tabled hers this morning.

**Mr TOLLNER:** I cannot speak for Madam Speaker; that would be wrong.

Total consultants paid to 31 March for the Department of Lands, Planning and the Environment amounted to \$2 039 985. This total is broken down between operational consultancies of \$465 794 and infrastructure-related consultancies of \$1 574 191. Do you want me to go through all the payments as they were broken down in the two categories?

**Ms FYLES:** If you would table them that would be great, but if you are not willing to table them, then yes please.

**Mr TOLLNER:** In relation to operational consultancies, I will outline the supplier and the year-to-date actual expenditure.

In relation to building advisory, there is contract 13-0620 in Darwin for consultancy. It is a review of the residential building coverage package and it is a credit due to an over-estimated accrual in 2013-14 of \$8958. In relation to heritage there were two suppliers: MODE Design Corporation Pty Ltd and Domenico Pecorari and Associates Pty Ltd were engaged to work in relation to the provision of heritage advisory services for 36 months. That expires on 31 December 2015. We have paid out, to date, \$87 442 for that. Vanessa deKconinck has been engaged to look at skeletal remains - \$26 500. Ellengowan Enterprises has looked at some archival research for the Australian national historic database where \$30 was spent.

Karen Martin-Stone, trading as Indepth Archaeology and Heritage Consultants, received \$2700 for a feasibility study into the Northern Territory heritage approval process.

In relation to development advisory services, CJ Consulting - HR Solutions has been asked to look at sharing costs with the business unit investigating a staff member e-mail account and \$1625 is listed there.

Land information services - Relessee Pty Ltd was engaged to introduce digital lodgement of survey plans for \$3003. AEROMETREX Pty Ltd was engaged to do a 3D land development project at a cost of \$1760.

In relation to lands planning, Design Urban was engaged to update the Darwin CBD master plan at a cost of \$14 750. AEROMETREX Pty Ltd was engaged to do 3D land development projects in relation to lands planning at a cost of \$1760. Design Urban Pty Ltd, doing updates to the Darwin CBD master plan, were engaged for \$26 130. Heritage was \$116 672. In relation to total land services, the value is \$180 748.

In relation to the Northern Territory Environment Protection Authority, I do not know if you want me to answer questions on that but I will. GHD was engaged on two instances, one to do a review of wastewater and another to look at the EPA online stuff. The first consultancy was worth \$65 000, the second was \$27 785.

RawTech Pty Ltd was engaged to do the NT plastic bag ban review which was \$3550. URS Australia was engaged to review the EPA's recommendations on environmental assessment and regulation of mine sites,

and \$11 715 was spent there. PDN Logistics Pty Ltd was engaged to undertake environmental auditor training in 2015 and \$12 452 was spent there. Total EPA expenditure was \$120 502.

Total land economic development expenditure was \$161 646. Going through them, CDU - QS Services, Bennett Design Pty Ltd, AEROMETREX Pty Ltd and Nerida Bradley were all engaged to provide demographic consultancies. The total cost there was \$65 428.

Would you like them broken down individually - what they got out of that \$65 428?

**Ms FYLES:** That is fine. Thank you, minister.

**Mr TOLLNER:** Bennett Design Pty Ltd was engaged in relation to the Alice Springs resort and railway station, and \$3600 was spent there. DBH Contracting and Quanxi Pty Ltd, trading as Michels Warren Munday, was paid to look at the MacKillop Drive repairs to an irrigation leak at \$1617. Merit Partners Pty Ltd, a memorandum of fees for Tarakan Court at \$8755. Elton Consulting was engaged to provide advice on fees for the probity service in relation to Stella Maris and was paid \$4260. Merit Partners was engaged in relation to the Zuccoli development and paid \$12 018. SQM Research Pty Ltd - the old hospital site at Myilly Point - was asked to look at significant tree identification for \$5525.

Preparation of cost estimates for hypothetical urban and rural subdivision developments was done by QS Services for \$4800. Darwin city council was engaged to produce the Rapid Creek flood brochure at a cost of \$1553. SQM Research Pty Ltd was engaged to provide updates on research of the rental markets statistics and that was \$500. Sprout Creative was to deal with the expression of interest for Whittaker Street, Alice Springs and was paid \$3292.

Merit Partners was engaged three times. One was to provide probity information in relation to the RFP for College Road industrial, second to provide a memorandum of fees in relation to Tarakan Court transactions, and third to provide information in relation to Berrimah Farm expressions of interests. In all three cases they were paid respectively \$5100, \$3708 and \$9300.

First Class Pty Ltd was engaged by the department to produce a land release booklet and \$2190 was spent. Finally, the Australian National University was engaged to provide the 2014 annual payment for Deepening Histories of Place, a research project, for which they were paid \$30 000.

In relation to Crown land services, Nerida Bradley, lawyer, was engaged to advise regarding the forfeiture of a Crown lease term for \$660. Geoff Miers Garden Solutions Pty Ltd was engaged in relation to the Coolabah Swamp remedial process to preserve sacred trees and was paid \$614. The total land development package, as I said, was \$162 919.

Operation consultancies for the Department of Lands, Planning and the Environment totalled \$465 794.

In relation to land development, a Power and Water staff member was seconded and it was paid \$23 520. Cardno Pty Ltd was engaged to provide guidelines and minimum standards on a subdivision and that contract was worth \$84 850. Wood and Grieve Engineers Ltd and Jacobs Group Pty Ltd did an infrastructure investigation in the Berry Springs and Litchfield areas, the cost of which was \$73 729. The Flinders Group Pty Ltd and Hyder Consulting Pty Ltd were engaged to assess Howard Springs, Coolalinga, and Bees Creek district centres and were paid \$58 923. NS Projects Pty Ltd, Fyfe Pty Ltd and Opus International Consultants (Australia) Pty Ltd were paid \$31 943 for work on the Udall Road development. NS Projects Pty Ltd and AECOM Australia Pty Ltd were paid \$16 264 for the work they did on the Peko Road project.

Pull me up if you want any information on any of these contracts as I go through them. BTA Pty Ltd was paid for work on the Glyde Point industrial estate an amount of \$11 070. URS Australia Pty Ltd, TPG Town Planning, Urban Design and Heritage, AEROMETREX Pty Ltd, ADG Engineers Australia Pty Ltd, Ecological Australia Pty Ltd, Halycon Property, Parsons Brinckerhoff Australia Pty Ltd and Clouston Associates were paid to do work on the Parap/Stuart Park/Woolner urban densification project. The total of those contracts was \$156 236.

GHD Pty Ltd, AEC Environmental Pty Ltd, Aurecon Australia Pty Ltd, Squire Sanders, Squire Patton Boggs, CBRE Pty Ltd, NS Projects Pty Ltd and Jackman Gooden Architects were paid to do work on Berrimah Farm totalling \$251 291.



Landcorp were paid to do work for \$54 652. Master Plan SA Pty Ltd, Townes Chappell Mudgway Pty Ltd, Halycon Property, Ecos Pty Ltd trading as ECOS Environmental Services and Gray Consulting did work on Holtze for \$113 036.

ADG Engineers Pty Ltd and Master Plan SA Pty Ltd did work on the Farrar precinct and Johnston Stage 3 at \$31 752.

GHD did two bodies of work on Kilgariff and the Larapinta development assessments. They were paid respectively \$1032 and \$7107.

KSI Land and Water Planning and NS Projects Pty Ltd have done work on the Ti Tree subdivision at \$9448. Jacobs Group Pty Ltd and Think Projects Australia have done work on drainage upgrades at \$14 852. AAN Pty Ltd aerial photography - Darwin, Palmerston and the southern extension project were paid \$11 583. MacroPlan Dimasi wrote a greater Darwin retail hierarchy review for \$78 163. The Aboriginal Areas Protection Authority was engaged to coordinate community authority certificates project and was paid \$150 000.

Darwin city council were asked to look at Berrimah north and paid \$16 695 for that work. Fyfe Pty Ltd, ADG Engineers Pty Ltd, KSI Land and Water Planning Pty Ltd, Cardow Pty Ltd, WRM Water & Environment Pty Ltd all did work on Katherine land developments and were paid \$66 207 combined. Nigel Bancroft Planning Services were contracted for planning work and was paid \$28 189. Quanxi Pty Ltd trading as Michaels Warren Munday was paid \$835 for work on the old hospital site and the community consultation around that.

Design Urban Pty Ltd was paid \$10 871 for work around the Alice Springs CBD. Quanxi Pty Ltd trading as Michaels Warren Munday was paid to do work on the Darwin Regional Land Use Plan and the consultation cost \$50 946.

Graham Bailey Development Planning was paid to provide information on the Darwin Regional Land Use Plan at \$8800. urbanplan was paid \$15 938 to do work at Humpty Doo on the area planning and critique of the draft implementation process.

The Department of Transport was paid \$16 000 to do a Stuart Park transport study, which was the second variation.

ADG Engineers Australia Pty Ltd was engaged to look at community purpose lots in Rosebery and Farrar and were paid \$2310.

Jacobs Group and Aurecon Australia Pty Ltd were engaged to work on Ludmilla Creek and the Richardson Park development and were paid \$43 581.

URS Australia Pty Ltd and Halycon Property were paid to do work at Stuart Park and The Gardens urban densification along with the Gobi Desert. They were paid \$26 333.

Small Screen Productions was paid \$18 814 for the Palmerston CBD/Palmerston hospital site video.

AEROMETREX Pty Ltd was given its final payment for the Palmerston Darwin fly-through of \$1760.

Jacobs Group Australia was paid for work on Elrondie Avenue at \$2350.

VPS Land Assessment and Planning Services was given \$15 792 to do work at Timber Creek.

ADG Engineers Pty Ltd was paid \$17 745 for work at Wallaby Holtze Road - lot 4223 - for their Pinelands flood study.

O'Neil Nominees was paid \$6100 for land rec and headworks around Tasmanian Seafood Corporation and Robertson Barracks.

Jacobs Group Pty Ltd was paid \$44 877 to look at the Rapid Creek flood-proofing investigation.

The total infrastructure-related consultancies are \$1 574 191. I think I have them all. My notes seem to have worked.

**Ms FYLES:** Thank you, minister. It would have been much easier to have those tabled. Which consultants were not selected through the competitive tendering process and why?

**Mr TOLLNER:** One consultant was not selected through a competitive tendering process. That was in relation to Katherine regional land servicing requirements. It went to ADG Engineers Pty Ltd. The justification for that was the contractor was involved in earlier phases of the project and the inherent knowledge of the project and stakeholders would disadvantage any other prospective respondents as the time and cost required to obtain the background knowledge, skills and expertise would have reduced any ability to be competitive.

**Ms FYLES:** What was the specific value of that tender?

**Mr TOLLNER:** It was \$66 000.

**Ms FYLES:** Minister, for each government agency and authority how many certificates of exemption were issued in 2014-15? I ask you to table this. Also, for each certificate of exemption, what is the description of the goods and services contracted, what is the value of the goods and services contracted, why was a certificate of exemption required, who recommended the certificate of exemption, and who approved the certificate of exemption?

**Mr TOLLNER:** I make the point that certificates of exemption apply to requests for tenders with an estimated value of greater than \$500 000. In that regard no certificates of exemption were issued.

**Ms FYLES:** Thank you, minister. If you could table the answers it would be most appreciated. In relation to staff, how many staff are in each agency and authority detailed by the full-time equivalent, permanent part-time contract and temporary contract, and how many staff at ECO1 level and above detailed by classification please?

**Mr TOLLNER:** The total number of staff in the Department of Lands, Planning and the Environment and the statutory authorities as at 31 March this year is 272.5 full-time equivalents. The total number of permanent part-time employees as at the same time is 12.5 full-time equivalents, and the total number of temporary contract employees as of March this year is 52.5 full-time equivalents.

In relation to the executive contract officers, in total there are 8.5 ECO1s, 4.8 ECO2s, two ECO3s, someone working half-time as an ECO4 and there is one ECO6. That is a total of 16.8.

**Ms FYLES:** Minister, it would be really good if you could table these figures. It is done every year, and I do not understand your reluctance to do so.

In relation to travel, can you please provide the total cost of travel in each agency and authority broken down into international, interstate and intrastate?

**Mr TOLLNER:** No travel was undertaken by ministerial staff for the Lands, Planning and the Environment portfolio paid for by the agency, including travel on charters.

**Ms FYLES:** That was not the question. I do not know if you are trying to defend something by answering an imaginary question ...

**Mr TOLLNER:** No, I thought you had asked in relation to ministerial staff, sorry.

Mr Applegate has just corrected me.

**Ms FYLES:** Perhaps he could correct you on a few other things.

**Mr TOLLNER:** Like what?

**Ms FYLES:** Tabling it.

**Mr TOLLNER:** The department spent a total of \$328 956 on travel between 1 July 2014 and 31 March this year. Excluding statutory bodies, total travel for the department was \$188 515. The total cost of interstate, intrastate and international travel for statutory bodies from 1 July to 31 March was \$140 441. I can go through that if you want.

**Ms FYLES:** That is fine, thank you, minister. Can you detail all travel costs undertaken through Latitude Travel by the department?

**Mr TOLLNER:** None.

**Ms FYLES:** Moving on to hospitality, can you provide details and costs of all hospitality expenditure in the agency or authority undertaken on behalf of the minister, or at events which the minister attended?

**Mr TOLLNER:** No expenditure in the agency was undertaken on behalf of the minister or at events the minister attended.

**Ms FYLES:** Which chief executives or former chief executives used government issued credit cards in 2014-15? What was the total value of the purchases on those credit cards issued to the chief executives or the former chief executives, and can you please provide detail and costs of transactions that involved hospitality or entertainment?

**Mr TOLLNER:** There are no government issued credit cards in the Department of Lands, Planning and the Environment. Therefore, there is no expenditure in relation to – sorry, no current chief executives or former chief executives have a government issued credit card and there was no expenditure in the period 1 July 2014 to 31 March.

**Ms FYLES:** Thank you, minister. Can you please detail all boards and advisory bodies in your agencies where the chair and/or members attract remuneration?

**Mr TOLLNER:** The department administers 12 statutory bodies. The Building Advisory Committee Chair is Steven Ehrlich, the Deputy Chair is Peter Russell. Members are Dean Chambeyron, Gerald Sweeney, Graham Lockerbie, Grant O'Callaghan, Jorge Mu, Neil Clarke, Paul Nowland, and Armando Padovan. The total remuneration paid to board members for 2014-15 up until 31 March was \$40 313. The Building Advisory Committee met five times and the subcommittee met 14 times during that same period.

Second is the Building Appeals Board. The Chairman is John Brears, the Deputy Chair is Daniel Bree, members are Allan Oates, Armando Padovan, David Bridgman, Dehne Tynan and Glyn Williams. Total remuneration paid to the board members in 2014-15 for the period 1 July 2014 to 31 March was \$2755. The Building Appeals Board held one meeting during that period.

Community Living Areas Tribunal: the Chair is Hugh Bradley, there is a vacancy for the Deputy Chair. Total remuneration paid to that board member is nil and that tribunal did not meet.

Darwin Waterfront Corporation: the Chairman is Graeme Lewis, Chief Executive Officer is Andrew Kirkman, other members are Suzanne Morgan, Patricia Brick and David De Silva. Total remuneration paid to board members in that period up until 31 March was \$123 812. The Darwin Waterfront Corporation met twice during that period.

Development Consent Authority: this is a rather extensive list. The Chairman is Denis Burke. In the Darwin Division we have Grant Tambling, Ross Baynes, Bob Elix, Garry Lambert and Robin Knox. In Katherine we have Craig Lambert, Steven Rose, Fay Miller and Donald Higgins. In the Litchfield Division we have Keith Aitken, Robert Shewring and Michael Bowman. In Palmerston Division we have Steve Ward, Andrew Byrne, Paul Bunker and Heather Malone. Batchelor Division is Richard Luxton, Monica Baumgartner, Andrew Turner, David Gray and Maxwell Corliss. In Alice Springs it is David Koch, Alistair Feehan, Brendan Heenan, Steven Brown and Chansey Paech. Tennant Creek Division is Ray Wallis, Anthony Civitarese, Tony Boulter, Hal Ruger and Narelle Bremner. The total remuneration paid to DCA board members for 2014-15 for the period up until 31 March is \$183 877. The DCA met a total of 49 times during that period.

The Heritage Council: the Chairman is Dr Brian Reid and the members are Graeme Suckling, Wayne Craft, Elizabeth Close, Allan Garraway, Mike Owen, Richard Luxton, Samantha Wells, David Curtis and Steven Hennessey. The total remuneration paid to that board up until 31 March this year for the financial year is \$9183. That council formally meets four times a year, but it also meets out of session.

The Place Names Committee: the Chairman is Tom Lewis and the members are Patricia Buntine, Brendan Heedon and Craig Sandy. The total remuneration paid to those members up until 31 March this financial year was \$790. The Place Names Committee met three times this financial year.

The Planning Commission Chairman is Gary Nairn, members are Brendan Dowd, Denys Stedman, Ken Johnson, Denis Burke, Brian Reid and Bill Freeland. The total remuneration paid to the Planning Commission members for the period 1 July 2014 to 31 March this year was \$184 011. The NT Planning Commission met five times during the period.

The member for Nightcliff will be very interested in the Swimming Pool Review Committee. The Chairman is Graham Franklin ...

**Ms Fyles** interjecting.

**Mr TOLLNER:** It is a safe one.

and members Quentin Kilian and Annette Roberts were paid nothing. They did not meet during the 1 July 2014 to 31 March 2015 period.

On the Surveyors Board, the Chairman is Craig Sandy, the deputy Chair is Robert Sarib, and the members are Brian Blakeman, Richard Purnell and Warwick Bryant. The total remuneration paid to those board members for the period 1 July 2014 to 31 March 2015 is a whopping \$1140, and the board met twice during that financial year.

The Valuation Board of Review panel consists of Chair Michael Dermott, the Deputy Chair is John Gleeson, the members are Ross Copeland, Anthony West, Martin Gore, Douglas Fraser, David Francis, Terry Roth, Alex Smithson, Tim Rabbit and Michael Gale. Total remuneration paid to board members for the period 1 July 2014 to 31 March 2015 is \$15 196. The Valuation Board of Review did not meet during the period 1 July 2014 to 31 March 2015, but members undertook plenty of out of session finalisation of reports and decisions on a number of appeals during July 2014 and August 2014.

Finally, the Northern Territory Environment Protection Authority Chairman is Mr Bill Freeland, the members are Ian Wallis, Janice van Reyk, Gary Nairn, John Chapman and David Williams. Total remuneration paid to those board members between 1 July 2014 and 31 March 2015 is \$326 525. The Environment Protection Authority met five times during 2014-2015, with the sixth meeting being held from 27 to 29 May 2015.

**Ms FYLES:** It would have been a lot simpler if you had simply tabled those. The remaining questions – we will wait for the normal parliamentary process of them coming back as written questions.

Minister, do you recall saying in an ABC interview about your political donations quote:

*Your donation will open my door if you ever need to talk to me about something.*

The interviewer said:

*Isn't that paying for political favours?*

You replied quote:

*... you could put it that way, I suppose ...*

Minister, this government has stopped listening and there is a real lack of confidence in the Country Liberal Party government by ordinary Territorians who cannot pay for access. How do they have their legitimate concerns about planning issues heard by you?

**Mr TOLLNER:** My door is always open, that is a fact. It is interesting to see the cant on that interview. My point in that interview was that political donations buy you nothing, and that is fundamentally it. The best you can promise someone is that you will see them. The fact is I see everyone anyhow. You can talk about money for access and making things up, but the reality is that political donations - certainly in the Country Liberal Party, I do not know how things operate in Labor - there is nothing that you can promise from a political donation is that you will see someone, which is a service available to anybody in the community.

**Mr CONLAN:** A point of order, Mr Deputy Chair! Notwithstanding the fact the Treasurer has opted to answer the question, I fail to see how this has any relevance to the 2015-16 Appropriation Bill, member for Nightcliff.

**Mr TOLLNER:** She is just trying to sow the seeds that we are corrupt and ...

**Mr CONLAN:** I understand that, Treasurer, but nevertheless. If you could keep questions relevant to the Appropriation Bill 2015-16 please.

**Ms FYLES:** You are not the Deputy Speaker now.

**Mr CONLAN:** I am a member of the PAC and I would like to stick within the bounds of the Appropriation Bill 2015-16, thanks, member for Nightcliff.

**Mr DEPUTY CHAIR:** Fair enough. We have limited time to ask questions. Let us ask relevant questions please.

**Ms FYLES:** I guess when there is \$4m of budget around development assessment services these are legitimate questions.

**Mr DEPUTY CHAIR:** Are you asking a question or not?

**Ms FYLES:** I have a number of questions ...

**Mr TOLLNER:** I am thrilled to answer questions like that because it gives me an opportunity to set the record straight. While members on the other side are talking about the CLP cash for access arrangements - nothing could be further from the truth and every opportunity I get to respond to that the better. I encourage you to keep airing these things when I am around because it gives me an opportunity to bat them away.

**Ms FYLES:** Perfect. I will continue to do that, minister.

Minister, your failure to listen to the legitimate concerns of the community on planning issues has been ...

**Mr TOLLNER:** That is not true.

**Ms FYLES:** Minister, I can quote numerous examples, including from your own side of politics, where the member for Goyder ...

**Mr CONLAN:** A point of order, Mr Deputy Chair! Standing Order 113: relevance.

**Ms LAWRIE:** She has not finished asking the question, Mr Deputy Chair. Will you hear the question out?

**Mr CONLAN:** It is pretty clear where it is going.

**Mr DEPUTY CHAIR:** You can tell it is loaded.

**Mr CONLAN:** If you want to ask a completely irrelevant question, go for it. I ask that it be ruled out of order in accordance with Standing Order 113.

**Mr DEPUTY SPEAKER:** This is your time to ask questions. Let us keep them tight around the estimates process.

**Ms FYLES:** The minister just explained he is happy to take these legitimate questions the community wants answers to.

**Mr CONLAN:** Speaking to the point of order, you can ask those questions in Question Time. Whether the minister is prepared to accept the question or not, it falls to the PAC to decide if the question is in order. Ask the question and we will make a ruling on it.

**Ms FYLES:** The member for Goyder was hopping mad – ‘This is not what is good planning for the rural area’. She was outraged when she found, from a letter to one of her constituents, that the Planning minister had signed off on approvals – you, as minister, did not alert her first. Your complete failure to listen to the legitimate concerns of the community on planning issues has been exposed by your own members.

Minister, can you explain why you will not listen to local residents? Time and time again we have seen examples of planning across the Territory where the local community has not has its voice heard - and your own parliamentary colleague - on planning issues that impact on the amenity of communities.

**Mr TOLLNER:** I do not know what you are talking about in relations to e-mails. I would not mind seeing a copy of the e-mail you supposedly have.

**Ms FYLES:** I was talking about media reports.

**Mr TOLLNER:** I would be interested to see the media reports. I do not recall any media reports outlining what you have said.

**Ms FYLES:** ABC Online at the end of April. You do not like the ABC, that's right.

**Mr TOLLNER:** I like it when people get it right.

**Ms FYLES:** I am quoting from a media report.

**Mr TOLLNER:** I like it when the media gets things right. When they do we pat them on the back and when they do not we tell them to pull their socks up and focus.

**Ms FYLES:** It is a direct quote from your parliamentary colleague in local media ...

**Mr TOLLNER:** I am not aware of that, but let me answer the question ...

**Ms FYLES:** Would you like me to read the quote?

**Mr TOLLNER:** No, let me answer the question. I am probably and debatably the greatest champion of community consultation in the parliament. The Country Liberal Party took to the election, when I was the shadow Lands and Planning minister, a policy to allow the community a greater say on how the Territory is developed. Fundamentally that policy, which we are currently implementing, will see the community involved right from the get-go at the planning stage not the development consent stage, where it currently is. My view is that the community needs to be involved right from the start and the community should have maximum input.

As a government, we have to go out of our way to make sure we work with the community and get as much feedback as possible from the community in relation to how the Territory is planned. I do not think it is good enough that the community is only involved in the development consent stage, which is generally long after plans are made for townships and the like. That is where I am putting the focus and I am gung ho on community consultation.

The circumstances regarding the Lowther Road subdivision, which I think you are talking about, is a case in point. It was recommended by the Development Consent Authority. I was informed that significant consultation had occurred and I was quite happy to sign off a rezoning of that area. When I became aware that a lot of people had not seen the amended designs I revoked that decision and have put it back out for exhibition. Let no one tell you that I am not big on community consultation. I certainly am, and I think the community has a legitimate right to have a say on how the Territory is planned into the future. I want to see the community involved up front in that process, not so much at the development consent stage.

**Ms FYLES:** It is interesting to hear those comments, because the first opportunity you got as the Planning minister you ignored the community's views. You ignored your own colleagues' views and the very fabric of our rural lifestyle.

**Mr TOLLNER:** What are you talking about?

**Ms FYLES:** When did you revoke and when did it go on exhibition? These are questions it would be good to get some answers on.

**Mr TOLLNER:** I revoked it two weeks ago and it will be re-exhibited on Friday 28 May.

**Ms FYLES:** I just need to step back. Had you signed off and then you revoked it?

**Mr TOLLNER:** I had some discussions with the former minister, who was of the view that all the objections to that development had been dealt with. The proposed rezoning had changed significantly from the original proposal and I was informed that the community was fully on board. When a great deal of outcry occurred from a number of people contacting me, I quickly rescinded the decision and put it out to community consultation.

**Ms FYLES:** It is interesting, minister, because minister Chandler had committed publicly that the process would recommence. I am trying to establish if you had signed off Bees Creek and then revoked it.

**Mr TOLLNER:** No, he did not. That is not true. Minister Chandler had a good, long and hard look. He negotiated and consulted with people and it was his strong view that the proposal had been amended to the point where it had community support. At that time there was a change of minister. I was of the view that all the processes had been followed, which they had, but evidently a number of people did not get to see the updated and amended compromise version of that rezoning. When I found that was the case I rescinded my original decision, a matter of ...

**Ms FYLES:** So you signed off as minister?

**Mr TOLLNER:** I signed off, bearing in mind I was given advice that there had been an enormous amount of community consultation, that everybody had had their say and the plans had been changed significantly to the point a lot of the objections would have disappeared. That is when I took on the portfolio. I believe the previous minister followed the letter of the law. I do not believe there is any fault there. I probably should have asked those people whether they were happy with it, but the advice I received at the time was there had been significant consultation, which there had been. The plans had been amended and changed, but when I heard objections from the member for Nelson in particular, I asked ...

**Ms FYLES:** Your parliamentary colleague made it quite clear in the media that she did not believe the project should go ahead. Did you not listen to her?

**Mr TOLLNER:** I listen to my colleagues not the media. The media often runs off and you cannot often believe what you ...

**Ms FYLES:** I find it astounding that your colleague is speaking to the media and ...

**Mr TOLLNER:** Will you let me finish?

**Mr DEPUTY CHAIR:** Ask a question, answer a question. I am not playing this game.

**Mr TOLLNER:** I am not being directed by the media to do anything.

**Ms FYLES:** The member for Goyder, your colleague ...

**Mr TOLLNER:** I get direction from people ...

**Ms FYLES:** ... was speaking in the media so surely she would have spoken to you.

**Mr TOLLNER:** Let me finish, please.

**Mr DEPUTY CHAIR:** Member for Nightcliff, this is your warning.

**Mr TOLLNER:** The member for Goyder did not raise this matter with me in any discussion ...

**Ms FYLES:** Minister ...

**Mr TOLLNER:** Hang on, let me finish! She never knocked on my door or made a telephone call. She sent an e-mail saying she was upset with it. On the other hand, the member for Nelson saw me about it and we had a big debate about it in parliament. It became an issue, because clearly the member for Goyder said she, or people in her electorate, and indeed the member for Nelson, had not seen the amended plans.

Given the fact there was some controversy around it, rather than be a bull at a gate and push through, I rescinded the decision and have put it out for further exhibition. It will go on exhibition from 29 May, this Friday. I do not know what your issue is and why you would see that as a lack of community consultation.

**Ms FYLES:** Minister, the community was very upset about it. It is good that you have revoked the decision. Can I get a guarantee from you that you will meet with local residents out there during the exhibition period so you can hear firsthand their concerns on this huge impact on their lifestyle? Will you meet with residents?

**Mr TOLLNER:** I will meet anybody who wants to meet with me. It is as simple as that.

**Ms FYLES:** Will you meet with the residents of Bees Creek about this?

**Mr TOLLNER:** There is a process. It does not mean for every single development application the minister talks with them.

**Ms FYLES:** Minister, you have just said you will meet with anyone. I am asking you, on behalf of those residents ...

**Mr TOLLNER:** If they want to meet me I am happy to meet them.

**Mr CONLAN:** A point of order, Mr Deputy Chair! The Treasurer has answered the question. Clearly he has stated he will meet with anyone.

**Ms FYLES:** So you will meet with the residents of Bees Creek during the exhibition period?

**Mr TOLLNER:** If they request it, that is correct.

**Ms FYLES:** I am sure they will request that meeting because ...

**Mr TOLLNER:** Obviously you have deeper knowledge about this than anybody else in the room. I am glad you are in touch with the residents of Bees Creek.

**Ms FYLES:** Minister, what I am in touch with is we have planning decision after planning decision in our community that impacts on lifestyle, and your government signs off without consultation.

**Mr TOLLNER:** Like what?

**Ms FYLES:** We have seen it with Bees Creek. There was a proposed island development without any community consultation. We have spot rezoning after spot rezoning. This is impacting on people's lifestyle. People in Palmerston purchased homes and are now facing a high-density project nearby that will greatly impact on their lifestyle. I am trying to ask the questions the community wants answers to.

**Mr TOLLNER:** Let me go back to what I originally said. Yes, there are some things we have let go through the process, like Nightcliff island. It is our strong view that people with big ideas should not be belted around the head for having them. If somebody wants to put their time, intellect and money into something they believe is a good thing, the least we can do as the government is say, 'Yes, we will let you go through the process'. Clearly something does not gel with the opposition on this. They like killing projects everywhere, whether it has been through a process or not.

In relation to spot rezonings, I want to reform the whole planning process so that spot rezonings do not become a matter for the Development Consent Authority and are a matter for the Planning Commission and are a lot harder to do. The Planning Commission needs to be better resourced so it can do that detailed analysis of community views, and put together detailed plans of townships across the Northern Territory.

That is one area I see as a problem. I do not like the idea of the Development Consent Authority doing spot rezonings; that is a matter for the Planning Commission. It is part of the reforms we are pushing at the moment. We have identified that as an issue. It will be an issue for some time because we cannot just flick a switch and instantly have a whole bunch of plans. The Planning Commission will need time to put together the detailed plans required to have that type of regime operating in the Northern Territory.

**Ms FYLES:** Minister, there is great concern in the community that planning has now become the world according to you. We need to make sure we respect community views and process.



Minister, would you be willing to meet with the residents of the Botanic Gardens group and the wider community who are very concerned about development, including apartment towers at the end of Blake Street?

**Mr TOLLNER:** Yes, I have already met with a number of people in relation to that development and am happy to meet with more.

**Ms FYLES:** Would you give them an assurance that the value of the environment and heritage of the Botanical Gardens will be properly consulted before the land is rezoned and development in progress?

**Mr TOLLNER:** Absolutely.

**Ms FYLES:** Are you able to provide us with an update on the Nightcliff island lease? Obviously the proponents have given an indication, but we have not had any message from government around the status of that lease.

**Mr TOLLNER:** It is still currently in the process. The developers are still looking at it but the information I get is they are finding nothing but mud. You can work up some fake outrage at a proposal, but until somebody says the proposal is now a plan and they are going ahead with it I cannot understand what you are getting your back up about. People are seeing if there is something they can propose in order to start a community consultation process. What is the point of having a community consultation process if you do not have a development to propose?

**Ms FYLES:** You gave a pretty interesting speech in parliament, and if it was not such a serious issue it could be comical.

**Mr TOLLNER:** You are tilting at windmills here.

**Mr DEPUTY CHAIR:** Minister, please let her ask the question.

**Mr TOLLNER:** It is like the member for Fannie Bay starting a petition to not move the race track. You guys are all caught up in some imaginary world where things are going to happen before anybody has a proposal on the table.

**Ms FYLES:** In an imaginary world there is an NT government lease - correct me if I am wrong - for 98 ha of Darwin Harbour?

**Mr TOLLNER:** For somebody to investigate whether a project is even remotely possible.

**Ms FYLES:** The current status is there is a lease in place?

**Mr TOLLNER:** When you have a mine the first thing that happens is an EL, an exploration lease, where somebody explores. No one applies for a mine before they know there is a resource under the ground. No one applies to build an island unless they know they can, but first they have to do some exploration and understand whether it is feasible. You do not seem to get that. We are not proposing anything. There is no proposal in front of us. There is no island, there is no 14-storey building on that island.

**Ms FYLES:** There is a 98 ha lease for a part of Darwin Harbour?

**Mr TOLLNER:** Yes, that is right because they need some certainty about what they can do in that piece of water. That gives them some certainty that they can drill down to see what is under the ocean and see if there is a chance to construct something on it. Why would you even go through a community consultation process if there is nothing to consult about?

**Ms FYLES:** The question the community wants to ...

**Mr TOLLNER:** This is what you are saying - you have to consult with the community but about what?

**Ms FYLES:** About the proposed island in our harbour.

**Mr TOLLNER:** There is no proposal for an island in our harbour.

**Ms FYLES:** Why is there a lease in place?

**Mr TOLLNER:** Because they want to see if it is possible to have an island. If it is possible, maybe they will propose one, but until they know whether it is possible they cannot propose an island.

**Ms FYLES:** Minister, there is 98 ha lease. The proposal was given significant status by your Planning Commission and it is legitimate to ask these questions.

**Mr TOLLNER:** I am not upset that you are asking the questions, I am upset that you think we should be charging halfway through a process when someone is looking at the feasibility of something. You do not have a community ...

**Ms FYLES:** It is not just feasibility; it was given significant planning status by your Planning Commission in 2013. The minister at the time told parliament ...

**Mr TOLLNER:** No, that is not true. The Planning Commission has not given it status.

**Ms FYLES:** Information to estimates two years ago was incorrect?

**Mr TOLLNER:** It must have been, but my ...

**Ms FYLES:** Minister, I think our community has a ...

**Mr DEPUTY SPEAKER:** You have asked the question, he is working out an answer.

**Mr TOLLNER:** It was referred to the Planning Commission as a significant proposal, but the Planning Commission gave it no such status whatsoever because there was nothing to consider.

**Ms FYLES:** Who referred it to the Planning Commission?

**Mr TOLLNER:** The former minister.

**Ms FYLES:** Minister Chandler, in 2013, told the Estimates Committee that there were two proposals of significant development and one was Nightcliff island.

**Mr TOLLNER:** What he thought was significant development. It was passed to the Planning Commission to make an assessment, and the Planning Commission decided there was nothing to assess.

**Ms FYLES:** A 98 ha lease is still in place?

**Mr TOLLNER:** You need a 98 ha lease to do a feasibility study. It is like mining. The first thing you have is an exploration lease and it is called a lease so you can explore. It is similar to this. We have given a lease so the company can do a feasibility study to see if there is something to propose. Nothing is proposed at this point in time. At the moment it is a figment of your imagination. You are getting worked up about 14-floor buildings, traffic, dead prawns and dugongs everywhere when nothing has been proposed.

**Ms FYLES:** Minister, because it is all a figment of my imagination, when will that 98 ha lease be revoked?

**Mr TOLLNER:** Personally I would not want them to revoke it. They are paying rates on it, and I am told it is a five-year lease. They are paying rates to council and paying rent to government for the site.

**Ms FYLES:** How much are they paying?

**Mr TOLLNER:** They are paying \$10 000 for the government lease. In regard to rates, you would have to talk to the council.

**Ms FYLES:** Is it \$10 000 per year or \$10 000 over the five-year period?

**Mr TOLLNER:** Yes, per year.

**Ms FYLES:** Because a 98 ha lease is in place which you will not revoke, are members of the public able to access that open space?

**Mr TOLLNER:** They do.

**Ms FYLES:** We know they do, but are they entitled to?

**Mr TOLLNER:** My understanding is they are. They have a lease to investigate the feasibility of something but they cannot stop recreational use of the area. It would all be recreational use. There might be the odd fishermen in the water. I am informed it is not fenced.

**Ms FYLES:** Just because it is not fenced are people able to access that land? This is a legitimate question.

**Mr TOLLNER:** People are accessing that land and yes, they can access that land if that is what you want to call it.

**Ms FYLES:** For the record, they are able to access that open space?

**Mr TOLLNER:** They are able to access it. I imagine if the island is not feasible and there is no proposal the Halikos Group will hand the lease back at the end of that five-year period.

**Ms FYLES:** Considering the level of community concern and the indications the project will not go ahead, the government ...

**Mr TOLLNER:** Community concern about what?

**Ms FYLES:** The proposed island project.

**Mr TOLLNER:** What proposed island project?

**Ms FYLES:** The lease is in place. That lease ...

**Mr TOLLNER:** No, the proposed investigation you mean?

**Ms FYLES:** The proposed Nightcliff island. A lease is in place ...

**Mr TOLLNER:** No, there is no island. There is a proposed investigation at the moment. No one has delivered an assessment to say they will build an island and presented the plans.

**Ms FYLES:** The government has issued a 98 ha lease over part of Darwin Harbour. Will that lease be revoked?

**Mr DEPUTY CHAIR:** He just said for the record ...

**Mr TOLLNER:** No, it will be handed in after five years. They have a lease for five years to do a feasibility study. What you are arguing about is a feasibility study. You have everybody up in arms and worked up to say they are not allowed to do a feasibility study.

**Ms FYLES:** Minister Chandler ...

**Mr TOLLNER:** No feasibility study.

**Ms FYLES:** ... granted a significant development ...

**Mr DEPUTY CHAIR:** Let us keep this civil please. I want a question and an answer. If you get tired of answering the same question again and again let me know.

**Ms FYLES:** Minister Chandler granted it significant development status. Does that still exist?

**Mr TOLLNER:** Minister Chandler did not and could not grant it significant development status.

**Ms FYLES:** Minister Chandler did.

**Mr TOLLNER:** No, the Planning Commission rejected it because there was no proposal. There was nothing to assess it on.

**Ms FYLES:** The project, as I understand from estimates 2013 - there were two projects the Planning Commission had given significant development status to.

**Mr TOLLNER:** No.

**Ms FYLES:** He referred it.

**Mr TOLLNER:** It was a referral to the Planning Commission to assess, and the Planning Commission rejected it because there was nothing to assess.

**Ms FYLES:** Minister, what will you do in the future to ensure the secretive process which allowed an exploration lease for Nightcliff island be granted never happens again?

**Mr TOLLNER:** It would be easier to do it in a secretive way rather than being up front, honest and accountable because you seem to tilt at windmills. You make allegations that there are proposals when there are none. We have been very up front in saying, 'Yes, we will grant you a 98 ha lease for five years so you can investigate whether you want to put a proposal to government'. I cannot see where you find something so offensive that you do not allow somebody to investigate or conduct a feasibility study on something.

**Ms FYLES:** Minister, I think the community feels very different about that.

**Mr TOLLNER:** When you think it through, what job do you do as a politician? Do you try to work people up into fear or do you have a rational conversation and say, 'There's no proposal for an island. They are conducting an investigation at the moment. You're getting a bit worked up about something that may never see the light of day'?

**Ms FYLES:** The government issued a lease ...

**Mr TOLLNER:** Have you ever had that conversation? Do you say, 'No, we have heard there is a plan for a 14-storey building and there will be traffic problems and dead fish everywhere'? Do you use the honest approach and say, 'No, it's only an assessment, a feasibility study'? Do you take the other line and say, 'Quick, we have to stop this mad government. It is secretive, not telling you what it is doing, and an island will appear out of nowhere with a 14-storey building'? You tell me.

**Ms FYLES:** A lease just appeared out of nowhere that no one knew about.

**Mr TOLLNER:** No, it did not appear out of nowhere. Everybody knows what we are talking about, what is being considered and what they are doing a feasibility study for. Nobody has hidden that from you. There is no secrecy. You can say there is secrecy, but there is none. We have been open, honest and up front with you.

**Ms FYLES:** In the interest of time and being open, honest and up front, we will move on to the old hospital site. Can you please update us on the status of the plans for the old hospital site?

**Mr TOLLNER:** There are no plans at the moment for the old hospital site, but there are some proposals. The Planning Commission has done an extensive community consultation process and put together a draft concept plan. It is a very iconic site and we are taking our time working through that to ensure we get the best possible outcome for that valuable site.

**Ms FYLES:** Will the government consult with residents about its proposal to allocate some of this land as a private medical facility, and is this under active consideration?

**Mr TOLLNER:** Let me get this question right; 'Will you consult with everybody about the medical facility?' Then you finish off by asking, 'Is this a proposal?'

**Ms FYLES:** You can switch the question around if it is easier for you to answer; you do not need to critique me.

**Mr TOLLNER:** I am aware a range of uses for that land are being considered. At this stage we are not in the business of identifying any business development or similar on that site.

**Ms FYLES:** The Chief Minister made public announcements earlier this year or late last year. Is it still under active consideration?

**Mr TOLLNER:** A lot is being considered for that site and ultimately we need to talk to the proponent of that medical facility to see exactly what they are proposing. The Chief Minister has interest in putting them in a good location close to the city.

**Ms FYLES:** Will you consult with residents and the community about this proposal?

**Mr TOLLNER:** Absolutely.

**Ms FYLES:** Will you do that before signing off?

**Mr TOLLNER:** Absolutely.

**Ms FYLES:** Is the government considering the Palmerston Regional Hospital site as a location for this private medical facility?

**Mr TOLLNER:** That is a question for the Health minister.

**Ms FYLES:** No worries, I will ask the Health minister.

**Ms FYLES:** Minister, we have had many proposals with strong community objections approved by the DCA and your office. What does this say about the consultative nature of the process and the voice of the community?

**Mr TOLLNER:** There is community interest and concern about apparent conflict between recommendations from the Development Consent Authority reporting body and the minister's decision in relation to amendments to the NT Planning Scheme.

A total of 36 applications were finalised between 1 July 2014 and 31 March 2015. Twenty-seven of these applications were approved. Twenty-one of the minister's decisions were consistent with both the reporting body considerations and the departmental advice. The minister opted to alter and approve the remaining six applications which the department supported but the reporting body did not support or raise concerns about. One application was withdrawn and eight applications were refused. Seven of the minister's decisions were consistent with the reporting body considerations and the departmental advice. One application refused by the minister was not supported by the reporting body but was supported by the Department of Lands, Planning and the Environment.

**Ms FYLES:** Of those six, can you provide details please?

**Mr TOLLNER:** I thought you would ask that. How much detail do you want about these six?

**Ms FYLES:** I love detail, you know that.

**Mr TOLLNER:** Lot 2899 Town of Darwin, which is 16 Christie Street, Fannie Bay, and the applicant was Mr Alex Lawton of Elton Consulting. The proposal was to rezone from Single Dwelling Residential to Multiple Dwelling Residential.

The reporting body opposed the rezoning on the basis that a density of more than two dwellings over the subject land would be inappropriate and an Exceptional Development Permit (EDP) would be more appropriate. The department supported the proposal due to the site's proximity to shops, bus stops and other facilities. Other multiple dwelling zones are also within close proximity.

The minister's decision was to approve it in line with the department recommendation, as opposed to the reporting body's recommendation. His reasons for the decision are: that the site is within 400 m walking distance of shops, public open spaces and good public transport; the building type is varied within the immediate vicinity of the site; Ross Smith Avenue has a considerable capacity and is also a public transport route; and the site is large enough.

Section 4972 and 4989 Hundred of Bagot is 29 Makagon Road, Berrimah. The applicant was the Department of Lands and Planning. The proposal was to rezone from community purpose land to light

industry and general industry, and to zone for future development as well. The reporting body, DCA, raised concerns regarding traffic, drainage, community and cultural infrastructure and urban design.

The department, of course, supported the proposal. The decision by the minister allowed him to alter the plan and approve it. The format of the area plan and structure of the planning principles were to align with the format of other area plans in the scheme. The reason the minister made his decision was that it established the intended future land use for the site with consideration of its location and potential future role in the region. The decision would facilitate development and the delivery of a mixed use development.

**Ms FYLES:** So it was community purpose open space, or ...

**Mr TOLLNER:** It was community purpose land. It was light industry land and general industry ...

**Ms FYLES:** It was community purpose land rezoned to light industry.

**Mr TOLLNER:** ... and it was zoned to future development. Those three zonings were changed to future development for the reasons I just outlined.

Section 5695, Hundred of Bagot, which is 47 Boulter Road, the applicant was Terek Nominees and the proposal was to rezone from zone CP, Community Purpose, to MD, Multiple Dwelling Residential. The reporting body raised concerns in regard to storm water drainage in the Berrimah north locality, but the department supported the plan. It was approved in line with the department's recommendation. The minister's reason for the decision was that the rezoning was seen to be compliant against the existing planning principles and the area plan.

**Ms FYLES:** Was that the land near the airport?

**Mr TOLLNER:** No, it was 47 Boulter Road. I think this one is probably one of the neighbouring properties to the area you are referring to.

**Ms FYLES:** Who was the developer?

**Mr TOLLNER:** Terrick Nominees Pty Ltd. I do not know if they were the developer. They were certainly the applicant though.

Sections 4540, 4541, 4542, 4543, 4552 and 4553 Hundred of Strangways - I apologise, there is no address. That was proposed by Desmond Groves as the trustee for the Monopoly Holding Trust, All Metro Group Pty Ltd as trustee for the Norg family, Sean Piening, Carmelita Sceney and Gary and Sharon Hillen. That was to rezone R to RL, from rural to rural living, and the reporting body raised concerns in regard to the ad hoc approach and indicated it was not an ideal outcome for the area since there were concerns about ground water availability.

The department supported the proposal as it was appropriate with respect to the potential future character of the locality. Future consideration would need to be given to infrastructure impact of biodiversity and suitability of the land to support such development. It was approved in line with the department's recommendation. The minister's reason for his decision was the proposal was in accordance with the land use concepts for the Litchfield Planning Concepts and Land Use Objectives in 2002.

Zone SL1, Specific Use Litchfield 1, Mr Jamie O'Neill was the applicant. The proposal was to alter provisions of SL1, Special Use Litchfield 1, to facilitate the development of the lot in line with zone RL - Rural Living. The reporting body listed a preference for the proposal to be altered and approved to a rezoning to zone RL, Rural Living. The department considered the matter and presented the option of altering and approving the proposal such that it offers a practical balance between the existing elements given in zone SL1 and the controls of zone RL. The decision by the minister, altered and approved in accordance with the department recommendation, and his reasons for the decision were that the insertion of zone SL1 controls endorsed through amendment number 374 gives consideration to the rural living character and amenity of the surrounding locality. The revised zone gives structure to the purpose of zone RL.

The sixth one you wanted information on is Lot 0158, Town of Nightcliff, which is 59 Nightcliff Road. You might be aware of that one, member for Nightcliff ...

**Ms FYLES:** The previous minister was very aware of it.

**Mr TOLLNER:** It was proposed by MasterPlan NT to rezone from SD, Single Dwelling, to MD, Multiple Dwelling Residential. The reporting body does not support the proposal as it is spot rezoning and presented without any accompanying strategic plan for the area. The department supports the proposal on the basis of its proximity to several facilities - schools, shops, bus stops and recreational opportunities within walking distance. It is within close proximity to several properties zoned MD. It was approved in line with the departmental recommendation, and the minister gave the reasons for his decision as being its close proximity to a range of zones which included land within zone C - which is Commercial, Community Purpose Land, Multiple Dwelling Residential land and MR, which is Medium Density Residential - that it is within a 400 m walking distance from schools, open space, public transport and shops, that it is well connected and will not have any adverse impact on the surroundings and the site is large enough to accommodate multiple dwellings.

**Ms FYLES:** It is good to see the minister ignores opposition members as well as government members.

Minister, will you develop a master plan that takes into account the unfeasibility of spot rezoning and works with the community towards environmentally and economically sustainable outcomes?

**Mr TOLLNER:** Spot rezoning is a part of the current system. That is something I am not happy with and why I have outlined some of the reforms we are putting in place. My desire is that when we have the new system operating the Planning Commission will be responsible for all rezoning, bearing in mind it will take some time to put detailed plans in place for the whole of the Northern Territory so for a period we will have two systems operating. However, my view is the sooner we get into it the sooner the Planning Commission can start acting in its new role and taking responsibility for spot rezoning as well. It will take some time to get to the situation where the Planning Commission has developed detailed plans around the whole Northern Territory, in which case the current process we have will continue.

**Ms FYLES:** Minister, spot rezoning reforms will go to the Planning Commission in a new proposal. When will the detail of this new proposal go to the community for consultation?

**Mr TOLLNER:** We are working on that now, but I have had discussions over a number of years with a range of people involved in planning, urban design and the like. As I say, the desire is to - I can assure you the department, the Planning Commission, the Development Consent Authority and all those involved are aware of the discussions we have had over the years in relation to this change of process and are working on a proposal to take to Cabinet, after which I imagine we can start to talk about it more in a community context. Fundamentally, my goal is to very much utilise the resources in the community, get feedback early in the planning process and get plans largely in line with community expectations.

Bear in mind the view is the Planning Commission will set a couple of priority areas, but the entire Northern Territory will be planned like a lot of cities around the country - they are planned, as is the development. I would like to see the same in the Territory. It will take some time for that to occur, and we will have two systems running concurrently until we have detailed plans for the whole Territory.

**Ms FYLES:** Do you have a time frame for the reform? Will it require legislative and regulatory amendments?

**Mr TOLLNER:** It will require legislative, regulatory and probably some structural changes in the Department of Lands, Planning and the Environment. I have a time frame in mind for that. I am pushing the department somewhat to meet those objectives, but as far as a time frame to see the entire new regime operating, I think it will take years. It will take a lot of time for the Planning Commission to get across the entire Northern Territory to plan out every city, town, township, village, community and island. Whilst the Planning Commission is doing that they also have a large backlog of work they must keep up with.

Whilst it is my desire to get the legislative, regulatory and structural change made within the department as quickly as possible, I am aware that in practical terms it will take some time before the system will be operating uniformly across the Territory and the Development Consent Authority will become just that, a development consent authority not involved in spot rezoning and the like.

**Ms FYLES:** Minister, we already have current area plans. What is the status of the existing area plans?

**Mr TOLLNER:** It depends on which area plans you are talking about. Do you have more detail?

**Ms FYLES:** All of them. We have plans across the Territory. You act like we have nothing in place, but there are plans in place. What is the status of those?

**Mr TOLLNER:** The status of area plans is that they are area plans.

**Ms FYLES:** They are plans that give people certainty.

**Mr TOLLNER:** That is the problem, some of the plans do and some do not. Some of the plans are very old and out of date, which is why we see such a proliferation of spot rezoning. The existing plans, some of which are very old, are losing relevance and consequently many people are applying for rezoning and the like. That is the reason we are driving the reform process.

**Ms FYLES:** In areas of increased development and population growth, such as the community of Nightcliff I represent, what measures are being taken by the department to ensure protection of the environment including the mangroves, wildlife corridors, the cliff along the mangroves and the areas along the foreshore?

**Mr TOLLNER:** First, this government is attuned to the natural environment. We want to see the natural environment preserved as much as possible. One of the reasons people live in the Northern Territory is the ability to go fishing, camping, hunting, four-wheel driving and bird watching. We all love the environment we are blessed with and none of us want to see that harmed in any way. For more detail on how we are protecting the environment, I suggest you talk to the minister for the Environment when he is on later this week or next week.

**Ms FYLES:** I will take that suggestion on board. Minister, currently rezoning is advertised with the yellow sign and developments with pink signs. What measures is your department taking to ensure proposals are appropriately advertised? As an example, we had an incident in my community where the sign was not really visible and a person in a wheelchair was unable to read the information.

**Mr TOLLNER:** The expectation is that those signs are visible and everybody gets due notice and is involved. Where there are situations and circumstances like that we will make an effort to fix it. I would be grateful if you could notify us where you see incidents like that because the Chief Executive of the department is very keen to make sure everybody has a say and people are well informed about what is being proposed.

**Ms FYLES:** What measures, apart from the placement of the pink and yellow signs, are made to ensure that all members of the community can be aware of development proposals?

**Mr TOLLNER:** They are advertised weekly.

**Ms FYLES:** What is the redevelopment proposal for the Kululuk site?

**Mr TOLLNER:** At this stage there is no redevelopment proposal.

**Ms FYLES:** We have had advertising for rezoning in the area ...

**Mr TOLLNER:** Sorry, I thought you were talking Kululuk. Are you talking about behind McDonald's.

**Ms FYLES:** Sorry, minister, yes. It is a part of the broader conservation ...

**Mr TOLLNER:** You are talking about Gwala Daraniki, the overriding body. There are two proposals. The Jape Group is proposing a development behind McDonald's, and a company called Dragon Lady.

**Ms FYLES:** Minister, will you hold a community consultation meeting in relation to this development?

**Mr TOLLNER:** Community consultation meetings have been going on for years ...

**Ms FYLES:** I have seen some videos on YouTube.

**Mr TOLLNER:** I have seen a couple of videos myself. I have attended a number of them and this is being debated up hill and down dale.

**Ms FYLES:** Minister, it is a pretty significant development in the heart of our city. What weight will be given to objections from the Defence Forces, particularly the RAAF, and Darwin International Airport?

**Mr TOLLNER:** We always give a lot of weight to the Defence Force and the airport.



**Ms FYLES:** You will take their objections?

**Mr TOLLNER:** I did not say that, I said we place a lot of weight on their views.

**Ms FYLES:** This is a significant proposal and a significant change to the heart of our city which will have impact for generations to come so it is important to understand what weight those objections will be given.

**Mr TOLLNER:** As I said, we take them very seriously. They are a legitimate organisation with a legitimate business operating in the Northern Territory. Obviously we listen to them when they have something to say.

**Ms FYLES:** The airport has significant commercial activity. It is also a military airport with ...

**Mr TOLLNER:** That is right. What you are asking me is whether we just dance to their tune all the time or whether we assess what they say to us. You want to know whether they can just dictate to us or whether we assess things. I have told you we take their point of view very seriously. What more do you want to know?

**Ms FYLES:** The airport has significant noise corridors. What role will that play in it?

**Mr TOLLNER:** Those noise lines outline exactly what is appropriate in a particular area. We are aware they do not want restaurants or areas where you could have a large, communal gathering of people. The proposals that Jape are putting, and certainly the western side of that development, is all light commercial which fits neatly into those restrictions. My understanding of the advice from Defence is they are opposed to restaurants etcetera in that area because it is in a flight path. None of that is being proposed for that site.

**Ms FYLES:** Minister, you may recall we raised concerns from the residents of Johnston Ridge about how dwelling density was impacting on their lifestyle and amenity of their suburb, safety, traffic and the value of their properties. Many of them feel they have worked tirelessly and are trying to pay off their dream homes. They feel betrayed by the government. Do you share their concerns, as I do, and will you meet with them to find solutions to address the legitimate planning and social issues they have raised?

**Mr TOLLNER:** Of course I will meet them.

**Ms FYLES:** Are you aware of the concerns?

**Mr TOLLNER:** I have been aware of some concerns emanating from Palmerston city council.

**Ms FYLES:** No, the residents. The people who bought properties thinking there would be a seniors village. That was the basis ...

**Mr TOLLNER:** Nobody has been in contact with me directly apart from Palmerston city council. It is hard to work out the aim of Palmerston city council at the moment apart from denigrating the government. I am keen and happy to meet with any residents about proposed developments in their area.

**Ms FYLES:** Will you meet with the Palmerston city council to address their concerns about increasing density with reductions in amenity for the proposed new ...

**Mr TOLLNER:** It would be fantastic to meet with Palmerston city council. All I ever hear from them is complaints but never once have they seen me. I would be thrilled to work out exactly what they are proposing. The strong impression I get is Palmerston city council is only interested in a cash grab from government and pretty well nothing else.

**Ms FYLES:** Interesting comments, minister.

**Mr TOLLNER:** They say they missed out in the budget yet I have never received a phone call from Palmerston. I look at the budget and see money being spent there - Palmerston hospital, ranger roads, land release and all those things. It is very difficult to come to grips with what they are complaining about.

**Ms FYLES:** Minister, you mentioned Palmerston hospital. As you would be aware, the Holtze area plan that was just released contains blue shading, which is rezoning, over current rural properties. This

indicates a change from commercial to residential. Why would you force this on residents, some of whom have been there since the 1960s?

**Mr TOLLNER:** Rezoning does not force anybody to do anything.

**Ms FYLES:** Are you aware of the Holtze area plan?

**Mr TOLLNER:** I am aware of a plan, but just because they say it is available to develop does not mean people who have been there since the 1960s have to develop their land. They can choose to stay there and not develop their land.

**Ms FYLES:** Can you comment on why there is a swathe of blue over current residential land?

**Mr TOLLNER:** Mr Deputy Chair, I might ask the Planning Commissioner to give some clarity around some of these things. I will introduce ...

**Ms FYLES:** I am happy, I have ...

**Mr TOLLNER:** We have him here. I will introduce Gary Nairn, the NT Planning Commission. I am sure he can give some information on that.

**Mr NAIRN:** Thank you, minister. The member for Nightcliff is referring to the draft Holtze area plan which is currently on exhibition. The Planning Commission was provided with a draft plan by the Land Development section of the department - work that had been done in conjunction with the proposed hospital - and the minister then asked the Planning Commission, because of its expanded role in the community consultation process, to conduct community consultation with that plan. It was not the Planning Commission's plan initially, it was a plan developed within the department.

I released that last week. On the same day I released it hand delivered letters with what was being put forward went to each and every resident immediately impacted by that proposal. They were also posted in case people only receive their mail that way, and we had an exhibition at the Freds Pass Show last weekend where I and other staff spoke to about 250 people over the two days to explain what was proposed.

The area plan is not a zoning plan. It is an area plan which indicates potential land use in the short-term, medium-term and perhaps long-term. That is what area plans are about. As you do strategic land use planning into the future you start by determining what is the best location or what are the uses of particular pieces of land. That area plan shows the proposed site for the hospital. It also shows an adjoining site for an expanded medical precinct. It shows potential residential areas without specifying what that zoning might be - residential can be single dwelling, multiple dwelling or it can be medium density etcetera, and it also showed some potential service commercial land.

As I understand it, in the preparation of that plan within the department the area that was shown as service commercial was close to Yarrowonga existing service commercial/industrial land as well and that is why it was put forward. It is a draft plan. You have been speaking about the need for community consultation, and I think the plan we have in place for that community consultation is extremely extensive. You cannot do much more than hand deliver details of what is proposed to the residents who are immediately impacted on the day it is released with a six-week period for people to respond.

There will be exhibits in shopping centres in Palmerston, Howard Springs and Coolalinga over the next few weeks. During that period the Planning Commission, as an entity, will do an inspection before its meeting next week. I have already seen a number of residents and have gone through it with them.

We will continue that period of community consultation at the end of the six weeks. The Planning Commission will then consider what we have received and ultimately make a recommendation to the minister. If the minister does not accept that recommendation under the act, he will have to table in the parliament within 16 days why he does not accept the Planning Commission's recommendation. If the minister does accept our recommendation to amend the planning scheme, the minister will then have to put that area plan back on exhibition for another 28 days. Then there will be a reporting body hearing and ultimately another recommendation for the minister to either accept or not accept.

That is the process with the Holtze area plan. It might be a bit extensive but, given the questions around community consultation, it is important to understand that is basically how community consultation will be

carried out on all the other projects the Planning Commission is doing and has done over the last two-and-a-half years. With the Alice Springs CBD plan, Katherine Land Use Plan and Darwin Regional Land Use Plan the consultation was very extensive in those cases.

**Ms FYLES:** Thank you. While you are at the table, what is the status of the Darwin Regional Land Use Plan?

**Mr NAIRN:** Late last year the Planning Commission, after 228 days of community consultation period over an extensive period of time, provided the minister with our recommendation. The minister at that time made some amendments to our recommendation and then that plan was put back out on exhibition. From the Planning Commission's point of view, we completed our role later last year. The then minister, Peter Chandler, with a minor adjustment - I think it was removal of Lake Elizabeth that the Planning Commission recommended, and maybe one other small amendment - put that back on exhibition for another 28 days. The reporting body, as I understand, conducted a hearing and reported. With the change of ministry, the finalisation of that sits with the minister, and the minister might like to comment on that.

**Mr TOLLNER:** It still has to go through our processes. In relation to this community consultation, I commend the chair for the efforts he has gone to. I also make the observation that largely this development of town plans and the like is not new for the Planning Commission, but the area of public consultation is fraught because of the culture we have in the Northern Territory. Most people are of the mind the DCA is the place to lodge their protest, concern or support for particular projects. A couple of people have commented to me, including the member for Nelson, that the Planning Commission does an enormous amount of work on these. In this case it was the Holtze plan.

It is not until the Development Consent Authority gets involved that everyone's ears prick up. We fully understand that under a new system where the Planning Commission becomes almost solely responsible for driving public consultations and understanding the public desire, a lot of work needs to be done to change some of the culture we have around public consultation in relation to planning. That will be part of the reform process. I cannot knock the Planning Commission for the efforts it has made to consult with the community.

**Mr DEPUTY CHAIR:** We will take a 15-minute break. The PAC members will retire to the Ormiston Room to have a quick meeting and after the break we will continue grilling the Treasurer about Lands and Planning.

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The committee suspended

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**Madam CHAIR:** Welcome back. Would you like to reintroduce everyone on your table.

**Mr TOLLNER:** I am here with the Chief Executive, Mr Rod Applegate, the Chief Financial Officer, Mr Fotis Papadakis and my good friend, former colleague and now Chairman of the Planning Commission, Hon Gary Nairn.

**Madam CHAIR:** Thank you. For the benefit of Hansard, on the Estimates Committee we have Ms Delia Lawrie, member for Karama, Natasha Fyles, member for Nightcliff, myself, member for Drysdale, and Nathan Barrett, member for Blain.

We are continuing with questions relating to the statement.

**Ms FYLES:** Minister, what is the average 800 m<sup>2</sup> block currently available for retail in Palmerston? You do not know that off the top of your head?

**Mr TOLLNER:** I do, I just want it clarified. I have to break it down. Yes, I thought I was right. I am pretty happy to table it – no, I cannot, sorry.

**Ms FYLES:** You cannot table it. Are they personal notes?

**Mr TOLLNER:** No, I cannot because there are personal notes on it, but I have it broken down into small lots, medium lots and large lots. A small lot we refer to as something less than 500 m<sup>2</sup>, a medium lot is between 500 m<sup>2</sup> and 700 m<sup>2</sup>, and a large lot is greater than 700 m<sup>2</sup>. You asked about an 800 m<sup>2</sup> block. The average price in 2014 was \$284 000.

**Ms FYLES:** Can I get the prices of the other blocks too? Is this retail?

**Mr TOLLNER:** What they are selling for on the market, yes. For smaller lots, the price is not applicable because ...

**Ms FYLES:** It is not an auction, it is a simple question.

**Mr TOLLNER:** You talk about Palmerston. The small lots are available in Zuccoli Stage 2 only. Their average price is \$199 995, which is \$5000 less than \$200 000.

**Ms FYLES:** No, that does not work out, Treasurer.

**Mr TOLLNER:** Sorry, it is \$5 short of - pardon me; it has been a long day.

The medium lots are \$277 200 and the smaller lots tend to sell more quickly because they are more affordable and people can get into them quicker. I know many people have objections about small lot sizes, but it is the only way many people can afford to get into the market.

**Ms FYLES:** Less palm fronds. How many buildings are still not certified across the Territory? With that figure, what is the split between government owned or leased and private?

**Mr TOLLNER:** We might have to take that one on notice because we do not have exact numbers.

**Ms FYLES:** Thank you, minister.

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#### Question on Notice No 2.5

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

**Ms FYLES:** Minister, how many buildings are still not certified in the Northern Territory? What is the breakdown of government owned or leased and private?

**Madam CHAIR:** Minister, do you accept the question?

**Mr TOLLNER:** Yes.

**Madam CHAIR:** That question will be number 2.5.

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**Ms FYLES:** Minister, what work are you doing to get buildings to be compliant and will you extend the certification moratorium?

**Mr TOLLNER:** In April 2009 a moratorium on building enforcement was declared, which suspended any enforcement of the *Building Act* on existing building works with incomplete or no certification subject to their being no serious health or safety issues. The purpose of the moratorium was to encourage existing building owners to achieve compliance. The moratorium has been extended on a number of occasions and is due to end on 30 June this year.

At the time of the moratorium's announcement, an estimated 36 000 building permits did not have a corresponding occupancy permit for a variety of reasons. In addition, there were many unauthorised building works which were never subject to a building permit even though one was required under the *Building Act*.

Given the level of incomplete certification, there was a need to review the regulation regime to ensure it was appropriate and relevant for the circumstances in the Northern Territory. There was also a need for a viable certification path for owners of existing buildings that are assessed as reasonably safe for occupation, whilst retaining the integrity of the building regulation regime through appropriate deterrents to prevent further non-compliances. Such building regulation regime is likely to be more supported by building owners, the community and industry, and thus better able to be enforced.

In February 2014 a discussion paper was released for public comment which proposed a new model for building certification to address existing building work with incomplete or no certification, and to facilitate increased compliance going forward. The key themes of this proposal are alternative pathways to

certification. In addition to the current occupancy permit it was proposed to introduce: certificates of substantial compliance for buildings with minor variances from the approved building permit; certificates of existence for building constructed with no permit that meet minimum standards of health and safety; increased capacity within the building certification system which saw the introduction of a building inspector category; progressive lodgement of building certificates; government delivered certification services for cases where the private sector cannot be engaged; exempting categories of building work; and finally for building a compliant building culture, certificates of self-certification allowing property owners to self-certify basic structures and penalty infringement notices with penalties for building practitioners' non-compliance with regulations.

Following the consultation period for these proposals Cabinet approved the post-moratorium reforms be developed and delivered as three separate tranches: Tranche 1, alternative pathways to certification; Tranche 2, increased capacity within the building certification system; and Tranche 3, building a compliant building culture. Tranche 1 is the key theme that addresses the moratorium. The timetable is to introduce the first tranches in early 2016, which will enable the moratorium to be lifted.

Draft legislation is currently being developed and approval will be sought to release the bill for consultation with industry and the broader community prior to its introduction.

On 7 May this year, I approved the extension of the moratorium on building enforcement until 30 June 2016 in order to accommodate adequate time for consultation with industry and ensure that the building industry - particularly building certifiers, building owners and the department - are prepared for the roll-out of the new certification system.

The development of Tranches 2 and 3 are more complex in nature and will be developed with input from a widely-based industry consultation group with representation from building certifiers, engineers, designers, real estate agents, manufacturers, suppliers, insurers and lenders. As the current focus of the post-moratorium policy is Tranche 1, a timetable for Tranches 2 and 3 has not been developed at this stage. However, work on Tranches 2 and 3 will commence as work on Tranche 1 nears completion.

I hope that answers your question.

**Ms FYLES:** Thank you, minister. In regard to heritage, why did your predecessor revoke the provisional declaration of a heritage place for the remains of the flying boat base at East Arm and what work will be undertaken to preserve the heritage value of the site?

**Mr TOLLNER:** We have a strange system. As soon as somebody lodges a heritage application it is given provisional approval or declaration. It then remains for the minister to make an assessment of that application. Every application is approved on its receipt and the minister makes a decision after that. The reason for that is if somebody thinks some things warrant heritage listing we immediately do that then have an investigation.

In relation to the flying boat site on East Arm, on 5 August last year the minister decided not to permanently declare the remains of the flying boat base as a heritage place. The reasons provided by the minister at the time were: the land on which the remains of the flying boat base are situated and neighbouring parcels of land are intended to be significantly developed for marine industry purposes, including the possible development of a marine industry park; the development referred to is likely to be significant to the future expansion of industrial marine and ancillary services in the Northern Territory; and Paspaley Pearls Properties Pty Ltd holds the land on which the remains of the flying boat base is situated under the terms of a Crown lease that requires development of the land for marine industry purposes.

It is submitted, and I accept, the land on which the remains of the flying boat base are situated cannot be developed as intended for marine industry purposes if the remains of the flying boat base are declared a heritage area.

**Ms FYLES:** We do not protect it so we can develop the site in the future?

**Mr TOLLNER:** That is correct, yes. It is not that we do not protect it just so we might develop the site. In this case the site has been earmarked for quite some time, and there are some quite large plans to develop that area. We do not not heritage list things because of the potential for development. In this case it is more than potential; it is earmarked for some large scale development.

**Ms FYLES:** It is the same thing in a different way. The Catalina flying boat base in our harbour is not protected because we might want to develop the site?

**Mr TOLLNER:** The Catalinas are protected.

**Ms FYLES:** Yes.

**Mr TOLLNER:** There is a heritage listing, but in relation to ...

**Ms FYLES:** Have there been any other sites where we have revoked declarations of heritage places and, if so, what were they and what were the reasons?

**Mr TOLLNER:** The other site that is similar to this flying boat base is the Z-Force maintenance section at East Arm which was not approved for similar reasons. In both cases government said it was keen to recognise those sites and prepared to move the rusted out rail and other parts of the remaining Z-Force building, make an historic site somewhere with reference to them and outline where they were originally located. Similar things occurred in New South Wales on Garden Island. There are sites of major significance all over Garden Island which has not stopped development, and there are plaques and little memorials all over the place.

**Ms FYLES:** I know Garden Island well. My uncle was the Navy captain there.

**Mr TOLLNER:** Well, you appreciate what I am saying. Sometimes, as much as you would like, the future gets in the way of preserving the past.

**Ms FYLES:** Thanks, minister, that is a great way to sum it up: future development gets in the way of preserving the past.

**Mr TOLLNER:** It does, and you have to think about future generations and how the Territory will develop and grow ...

**Ms FYLES:** We need to preserve our history.

**Mr TOLLNER:** We do a very good job of preserving our military history and no one wants to see any of it lost. The question we have to ask is how we practically do both - plan for the future and preserve the past. We are keen to maintain that if we can.

**Ms FYLES:** Minister, I had lots of questions but time has got the better of us. I will hand back to Madam Chair.

**Mr TOLLNER:** We have not even reached the output area.

**Ms FYLES:** I did them as whole-of-agency and I will put the rest on notice.

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

**Madam CHAIR:** The committee will now consider the estimates and proposed expenditure contained in the Appropriation Bill 2015-16 as they relate to the Department of Lands, Planning and the Environment. Are there any agency-related whole-of-government questions on budget and fiscal strategy?

#### **OUTPUT GROUP 9.0 – LAND DEVELOPMENT** **Output 9.1 – Land Economic Development**

**Madam CHAIR:** The committee will move to Output Group 9.0, Land Development, Output 9.1, Land Economic Development. Are there any questions?

**Ms FYLES:** There are numerous questions, but I will ask them through the written questions process, Madam Chair.

**Madam CHAIR:** That concludes Output 9.1.

**Output 9.2 - Land Administration**

**Madam CHAIR:** Are there any questions relating to Output 9.2, Land Administration?

**Ms FYLES:** I will ask them as written questions.

**Madam CHAIR:** That concludes Output 9.2.

**Output 9.3 – Aboriginal Land**

**Madam CHAIR:** Are there any questions relating to Output 9.3, Aboriginal Land?

**Ms FYLES:** I will ask them as written questions.

**Madam CHAIR:** That concludes Output 9.3.

**OUTPUT GROUP 10.0 – Land Services**  
**Output 10.1 Building Advisory Services**

**Madam CHAIR:** Are there any questions relating to Output 10.1, Building Advisory Services?

**Ms FYLES:** I will ask them as written questions.

**Madam CHAIR:** That concludes Output 10.1.

**Output 10.2 – Development Assessment Services**

**Madam CHAIR:** Are there any questions relating to Output 10.2, Development Assessment Services?

**Ms FYLES:** I will ask them as written questions.

**Madam CHAIR:** That concludes Output 10.2.

**Output 10.3 – Land Information**

**Madam CHAIR:** Are there any questions relating to Output 10.3, Land Information?

**Ms FYLES:** I will ask them as written questions.

**Madam CHAIR:** That concludes Output 10.3.

**Output 10.4 – Lands Planning**

**Madam CHAIR:** Are there any questions relating to Output 10.4, Lands Planning?

**Ms FYLES:** I will ask them as written questions.

**Madam CHAIR:** That concludes Output 10.4.

**Output 10.5 – Heritage Conservation**

**Madam CHAIR:** Are there any questions relating to Output 10.5, Heritage Conservation?

**Ms FYLES:** I will ask them as written questions.

**Madam CHAIR:** That concludes Output 10.5.

**Ms FYLES:** Madam Chair, what we did not ask in the opening we will put in as written questions.

**OUTPUT GROUP 11.0 – STATUTORY BODIES**  
**Output Group 11.1 – NT Environment Protection Authority**

**Madam CHAIR:** Are there any questions relating to Output Group 11.0, Statutory Bodies, Output Group 11.1, NT Environment Protection Authority.

**Ms FYLES:** Madam Chair, we have already spoken to the Planning Commissioner and will put anything further on notice.

**Madam CHAIR:** That includes Output 11.2 and Output 11.3.

**OUTPUT GROUP 12.0 - CORPORATE AND GOVERNANCE**  
**Output 12.1 – Corporate and Governance**

**Madam CHAIR:** Are there any questions relating to Output Group 12.0, Corporate and Governance, Output 12.1, Corporate and Governance?

**Ms FYLES:** We will put that through as written questions.

**Madam CHAIR:** That includes Output Group 12.

**Non-Output Specific Budget-Relate Questions**

**Madam CHAIR:** Are there any non-output specific budget-related questions?

**Ms FYLES:** No.

**Madam CHAIR:** That concludes consideration of outputs relating to the Department of Lands, Planning and the Environment. On behalf of the committee, I thank the minister for attending today and the officials who provided advice to him.

The committee will now take a short break for the changeover. Thank you very much.

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The committee suspended

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**DEPARTMENT OF MINES AND ENERGY**

**Madam CHAIR:** Minister, welcome back again with your hat of Minister for Mines and Energy. I will ask you to introduce the officials accompanying you today, and if you would like to you can follow with your opening statement.

**Mr TOLLNER:** That would be fantastic. It is my great pleasure to introduce to the committee my very good friend, former flatmate and now Chief Executive of the Mines and Energy Department, Mr Ron Kelly, and his trusty Chief Financial Officer, Ms Karen Simpson. It is great to have them here.

I will get straight into a statement if you like.

**Madam CHAIR:** Please do.

**Mr TOLLNER:** The Department of Mines and Energy is responsible for administering the mining and petroleum industries. Together these are the biggest contributors to the Northern Territory economy. The department undertakes two distinct and separate roles. The first is to promote knowledge of the Territory's mineral and petroleum resources and seek sustainable development of those resources. The second is to ensure appropriate standards of regulation in order to minimise environmental impacts from the exploration through to production through to closure of mines.

The core initiative is the Territory is in a highly competitive environment nationally and, as we know, globally for attracting exploration investment critical for growing the minerals and petroleum industry. In the 2014-15 budget I announced that \$23.8m was committed over four years for a major initiative to stimulate and grow the minerals and petroleum exploration industry. This includes an additional \$2m a year over four years to assess the Territory's shale gas potential. This year we will have numerous teams of geologists on the ground in remote parts of the Territory looking to open up new areas of potential. Planes and helicopters will be in the sky over much of the Territory acquiring new geophysical data for explorers.

In relation to exploration activity, the ABS says \$108m was spent on mineral exploration in the Territory in 2014. This means that exploration activity is currently at half the level enjoyed during the peak of the boom just a few years ago. There have been similar falls across other Australian jurisdictions and junior



explorers continue to face difficulties in raising funds from the market. The decline in exploration expenditure in the Territory in the past year has been well below the Australian average and, I can gladly say, the smallest drop of any Australian jurisdiction.

The Territory is also continuing to benefit from discoveries made during the recent exploration boom, and the pipeline of emerging projects in the Territory is arguably stronger than it has ever been. In comparison, petroleum exploration was at record levels in 2014.

In relation to energy, in the 2014 calendar year combined offshore and petroleum exploration expenditure in the NT was \$554m, which is 95% higher than in 2013. The Territory was the only jurisdiction in the country to see such a dramatic increase in this activity. The scale of shale gas potential of the greater McArthur Basin, which includes the Beetaloo sub-basin, is only now being recognised and has attracted major investors with Origin Energy, Pangaea Resources and others drilling further exploration holes in the 2015 field season.

Over the coming five years proposed onshore petroleum work programs on granted and application tenure total more than \$1bn, with about \$390m of that in the granted permit areas mostly for the development of shale and tight gas.

The mining industry is experiencing difficulties with depressed commodity prices, especially for iron ore. Recent variability in iron ore prices has seen three Territory operations move into care and maintenance, being Frances Creek, Sherwin Iron and Western Desert Resources. The government continues to believe in the future of the Roper iron ore province, but there may well be a period of consolidation in the industry before these sites become commercially viable.

In 2013-14 the value of mineral production in the Territory was more than \$3.5bn, up 12% on the previous year. This increase was largely driven by increases in the quantity and value of gold production totalling over 14 tonnes, as well as increased manganese production. Since the start of 2015, we have seen the commencement of mining at ABM Resources old pirate mine in the Tanami, as well as a bidding war for Tanami Gold's central Tanami project. This would suggest that there is a bright future for gold production in the Tanami.

In relation to regulation, the government understands strong, consistent regulation is essential to the Territory obtaining benefits from the mining and petroleum industries. Those industries are also aware of their responsibilities to earn the social licence to operate. I, the department Chief Executive, and all members of the department have been telling the industry this for some time.

This government has successfully introduced the mining remediation levy which focuses on addressing the impacts of legacy mines. With current mining operations, the department has a strong focus on ensuring operators focus on environmental management through the life of the mine, and have a strong awareness of what will be needed for successful closure.

The department is also responsible for the regulation of the oil and gas sector. This includes investigating shale gas technologies and construction standards for incorporation into our petroleum legislation and associated regulations.

We make it clear the government has robust regulations currently in place that have ensured past development such as Mereenie, Palm Valley and the soon to be connected Dingo have been safely constructed and commissioned. The current regulations, however, need to be reviewed to ensure that they incorporate the most current technologies and environmental considerations.

The department has been working closely with other government agencies and private landholders to deliver new processes for access to land. It is in everyone's interest to ensure there are effective relationships between landholders and companies that wish to explore for minerals, oil and gas on that land.

In the oil and gas sector, this year will see a strong focus on updating our regulatory regime to meet the best contemporary practice for protecting the environment. The government is well aware of the deep concerns in the community about whether or not hydraulic fracturing of petroleum wells can lead to impacts on near-surface aquifers. The department is already applying very stringent standards to ensure any exploration wells do not, and cannot, intersect with freshwater aquifers.

Following a review by Dr Allan Hawke, who found there was no reason to apply a moratorium to petroleum exploration, the department is now focused on delivering a new legislative regime that demonstrates best practice in this area.

Over the course of the coming financial year I hope to bring to fellow members a number of initiatives that demonstrate this approach. I am keen to work with the opposition to find a bipartisan approach to this fundamentally important industry for the future development of the Northern Territory.

**Madam CHAIR:** Thank you, minister. Are there any questions on the minister's statement?

**Mr VOWLES:** Yes, I have one. Thank you, minister ...

**Mr TOLLNER:** Just one?

**Mr VOWLES:** ... for that detail ...

**Mr TOLLNER:** I will be out of here.

**Mr VOWLES:** You will be out of here very soon, mate. You have eaten all the lollies.

Can you please provide details on the progress of all CLP election commitments, including all commitments and policy announcements made to Territorians in the CLP election policy document, summary snapshots, media releases, announcements, costing and saving documents, media advertisements and other printed materials?

**Mr TOLLNER:** There was an election commitment in relation to precompetitive geoscience initiatives and onshore petroleum regulation. In the 2014-15 budget the CORE, which is Creating Opportunities for Resource Exploration, initiative was extended for a further four years at existing levels of funding, plus an additional four year \$8m accelerated program to assess the NT's shale gas potential. The CORE initiative has a strong focus on precompetitive geoscience for both minerals and onshore petroleum exploration.

The NT Geological Survey has formed a dedicated team to study the resource potential of the NT's sedimentary base to demonstrate prospectivity for onshore petroleum. The NT Geological Survey is also collaborating with Geoscience Australia regarding assessments of shale gas and oil potential of NT basins. One major gravity geophysical survey has been completed during 2014 and one was scheduled for later this year. An airborne magnetic and radiometric survey is currently under way. Given this program is now well-known and is impacting positively on industry development, it can be considered to have been delivered notwithstanding the ongoing roll out.

Commitments relating to regulation of petroleum activity are being addressed, as well.

In relation to the commitment to review all administrative arrangements supporting the petroleum industry, regulations under the *Petroleum Act* and *Petroleum (Submerged Lands) Act* are being reviewed and comparison being undertaken with WA and South Australia before drafting commences. Discussion papers are being prepared.

Environmental regulations are in the final stage of drafting, waiting on the results of the Hawke report version two before the final draft is circulated to stakeholders for further comment. Environmental management regulations are being looked at. Drafting of resource management regulations will commence once environmental management regulations have been accepted.

Amendments to petroleum legislation came into effect on 1 January 2014 to support government policy of encouraging aggressive exploration onshore. The first land release under the new legislation is complete. The Energy Directorate Director commenced in November 2013. Recruitment to Senior Director Petroleum Technology and Operations are also in progress.

Consultation with industry on current and future energy needs for the Northern Territory is under way, and the Energy Advisory Committee recommendation is with me now for consideration and appointment. I can give you a heads up: I do not know if we might have both mining and energy represented on the same committee or whether we set up a separate one for each. Currently that is waiting for my consideration, and an energy policy is also under development.

In relation to prospecting and fossicking; the Department of Mines and Energy stakeholder engagement plan includes continued communication with relevant stakeholders for local fossicking entities regarding the declaration of potential fossicking areas. Continued discussions with the Cattlemen's Association in relation to communication strategies around fossicking and pastoralists are occurring and we are promoting fossicking through Tourism Top End.

It might interest members to know why we are working with fossickers. Obviously it is seen as a tourist marketplace. These people walk around with metal detectors and little pans. It is also important if we are to see the prospectivity of the Territory improved by having, potentially, hundreds if not thousands of small guys walking the country and understanding what is on the ground.

Information to fossickers is provided via the department website and a link to a website on Tourism Top End. The department has designed a brochure and has delivered it to more than 250 outlets, including caravan parks. I have one here which I am happy to table. It talks about fossicking in the Northern Territory - 250 outlets including caravan parks, service stations and police stations, both regional and remote. There are 14 signs for declared fossicking areas to be installed by the Department of Infrastructure by the end of the year, and articles are put in prominent publications.

Commencement of the *Mineral Titles Act* on 7 November 2011 allowed for quicker access to fossicking areas with streamlined conditions for fossickers. Given all aspects of this commitment have been addressed and are impacting positively on the tourism industry, it is fair to suggest that we have met this election commitment in some regard.

In relation to the extractive mining industry and the policy we took to the election, the department is working collaboratively across government and with the extractive industry to develop guidelines for the future development of the industry across the Northern Territory. A study has been undertaken of the extractive sand and gravel resources around the greater Darwin area which can contribute to greater Darwin land use planning.

The geological survey has provided the strategic lands and planning group in Lands and Planning with an assessment of potential sand and gravel resources in the outer Darwin area. The department is liaising with the Department of Land Resource Management, Lands and Planning and the extractive industry to develop policies and guidelines for the future development and prosperity of the extractive industries across the Northern Territory. This includes the environmentally-sensitive areas such as the Howard sand sheet. I hope, member for Johnston, that goes some way to answering your question.

**Madam CHAIR:** Okay, no more questions on the statement?

**Mr VOWLES:** I have a heap of other questions

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

**Madam CHAIR:** The committee will now proceed to consider the estimates and proposed expenditure contained in the Appropriation Bill 2015-16 as they relate to the Department of Mines and Energy. Are there any agency-related whole-of-government questions on budget and strategies?

**Mr VOWLES:** Yes, Madam Chair, thank you.

Minister, why did the government remove the former chief executive of the department?

**Mr TOLLNER:** That is a matter for the Public Employment Commissioner. I cannot answer that question.

**Mr VOWLES:** Did the chief executive have to apply for his position? Was there an interview process and were other people interviewed?

**Mr TOLLNER:** I am not aware of the processes around the change of the guard in the CEs job in the Mines department. These matters need to be put to the Office of the Commissioner for Public Employment. Frankly, I do not know.

**Mr VOWLES:** Will you take that on notice?

**Mr TOLLNER:** No, I cannot answer the question. It is not something that the department has any knowledge of. I am saying that, as a minister, I have no knowledge of how people are employed or not

employed in government, whether it is a chief executive or my PA who sits at the front counter. I do not know how they are employed. It is a process I do not involve myself in. There are mechanisms in government for hiring, firing and all those other things. For details on that you really need to talk to the Public Employment Commissioner.

**Mr VOWLES:** Overall there has been an increase in Commonwealth outlays to this department but a reduction in total expenses of around \$3.2m spent in 2014. Can you explain why?

**Mr TOLLNER:** The Commonwealth is still funding the Rum Jungle site and there have been lapses in some of the other programs it is funding.

**Mr VOWLES:** Thank you, minister. In your role as Treasurer you have seen that revenue earned from mining royalties is flat. In your view, where is the mining industry in the Territory likely to head over the next 12 months given the state of commodity prices?

**Mr TOLLNER:** I think the future in the short-term, over the next 12 months, is still quite bright for the Northern Territory. The downturn in commodity prices is having an impact on any exploration, but when you say there has been a downturn in commodity prices the things that come to mind are generally oil and gas, and iron ore. In relation to other commodities, you have to check almost on a daily basis whether the prices are falling, but there is a good pipeline of projects. There is a lot of interest in mining in the Northern Territory and the next 12 months is shaping up.

In relation to the medium- and long-term, the work the department has been doing over the last few years puts us in good stead. With medium- and long-term mining prospects, you have to back track to the exploration process, and CORE - Creating Opportunities for Resource Exploration - is a standout project or program in anyone's language. It sets the Northern Territory apart from the rest of the country. Bearing in mind the rest of the country funds Geoscience Australia, what stands Australia apart from the rest of the world is we are putting effort into future mining.

Whilst some commodity prices are struggling at this point in time, I am reasonably confident and upbeat about the future of mining in the Northern Territory.

**Mr VOWLES:** In regard to CORE, can you table a list of grants given?

**Mr TOLLNER:** Yes, we would have information on that.

**Mr VOWLES:** Do you think any mines will be opened in 2015-16?

**Mr TOLLNER:** I hate making those types of calls. I am a big believer in under-promising and over-delivering. The minute you start making guesses and saying, 'Yes, we will deliver that and get that happening', you tend to find yourself in trouble. I do not want to say what might eventuate.

This year \$358 865.80 has been spent on the CORE project from 1 July to 31 March. I am making an effort to see if we can get a more detailed breakdown.

Member for Johnston, I cannot imagine that information will be far away. If you want to give me 10 minutes or so I will get it rather than taking it on notice.

**Mr VOWLES:** Yes, no problem. Thanks, minister.

What projects and programs are supported by the Department of Mines and Energy to increase the proportion of employees of the mines and energy sector who are permanent residents in the Northern Territory, and the proportion of local Indigenous employees employed in the Northern Territory's mine and energy sector?

**Mr TOLLNER:** In relation to local employees, obviously we want to see jobs going to local people. In some cases though, mining companies, for whatever reason, will choose the fly-in, fly-out option as opposed to setting up permanent accommodation. It is our great desire to see local people used in local mining projects and we do everything to encourage that.

In relation to Indigenous employment, I do not think we have ever had a Chief Minister like the current one who is so focused on pushing Indigenous employment across the Northern Territory, starting with the Northern Territory government itself and leading by example.

The Chief Executive said there are a number of areas where they are working with traditional owners, for instance the Rum Jungle rehab. The traditional owners have been granted a contract to work on much of that rehabilitation work at Rum Jungle. We want to ensure that Indigenous Territorians in particular, but Territorians in general, are given first crack at these jobs.

**Mr VOWLES:** Thank you, minister. I have other questions but ...

**Madam CHAIR:** Any outputs?

**Mr VOWLES:** Yes.

**Madam CHAIR:** That concludes consideration of agency-related whole-of-government questions on budget and fiscal strategies.

### **OUTPUT GROUP 13.0 – INDUSTRY DEVELOPMENT**

#### **Output 13.1 – Industry Reporting**

**Madam CHAIR:** The committee will now proceed to Output Group 13.0, Industry Development, Output 13.1, Industry Reporting. Are there any questions?

**Mr VOWLES:** Yes, thank you. Has the NT government paid any grants or other funds to specific mining companies?

**Mr TOLLNER:** The only place we provide money to mining companies is through the CORE project where we jointly fund exploration activities.

**Mr VOWLES:** How many overseas trips have occurred and/or are planned in 2014-15 by the department to promote mining and/or oil, gas and exploration in the NT?

**Mr TOLLNER:** Sorry, mate, we are flipping around all over the place here.

For the period from 1 July 2014 to 31 March 2015 – we do not have it broken down into trips. In September 2014 the 28<sup>th</sup> Joint Conference of Roc-Australia and Australia-Taiwan Business Councils with parliamentary secretary, Gary Higgins, and the Executive Director of the Geological Survey - that would have occurred in Taiwan.

The Director of Investment Attraction took a trip to Shanghai in September 2014 for approved leadership training. In October 2014 the ...

**Mr VOWLES:** How much were those for, minister?

**Mr TOLLNER:** I do not have it broken down for each one, just total figures. I will give you the information I have. If you want further information we can take it on notice.

That occurred in October 2014. An NT delegation went to Hong Kong and Beijing in China to promote investment opportunities in the NT mineral and energy sector. The Chief Executive Officer, the Director of Investment Attraction, the Executive Director of the Geological Survey, the Director of Regional Geoscience, the Business Development Officer and the Senior China Business Manager went on that trip.

In the same month, we sent a representative to the Australian Minerals Investment promotion event in Tokyo which was attended by the Director of Regional Geoscience.

In January 2015 the Chief Executive and the Executive Director of the Geological Survey went to the 2015 Asia Pacific Oil and Gas Assembly in Singapore.

In February 2015 the Executive Director of the Geological Survey attended and promoted the NT at the Prospectors and Developers Association of Canada Conference in Canada.

In February 2015 the Executive Director of the Energy Directorate and the Director of Regional Geoscience went to the Australian American Chamber of Commerce Energy Conference and North American Prospect Expo in Houston, Texas.

These are global costs for the international travel. The total cost was \$103 868 broken down into accommodation \$29 229, official duty fares \$59 291, travel allowance of \$10 073, and travel documents and incidentals of \$5275.

**Mr VOWLES:** Thank you, minister. I have further questions but I will put them ...

**Madam CHAIR:** In this output?

**Mr VOWLES:** I will give written notice of those.

**Madam CHAIR:** That concludes consideration of Output 13.1.

### **Output 13.2 – Geoscience and Industry Development Services**

**Madam CHAIR:** The committee will now consider Output 13.2, Geoscience and Industry Development Services. Are there any questions?

**Mr VOWLES:** I have one on the blue metal quarry at Darwin River. Is this where I ask that question?

**Mr TOLLNER:** What do you want to ask about the quarry? We will soon tell you if you are allowed to or not.

**Mr VOWLES:** It is around the approval process on – there is a buffer zone at Darwin River Dam and Manton Dam catchment areas. It is a very sensitive area of land and threatens Fly Creek and the surrounding pristine environment. How did that process happen, what consultation took place and was there any environmental impact analysis done on that?

**Mr TOLLNER:** The full environmental assessment was done as part of the approval process. The Power and Water Corporation and Parks and Wildlife department were both supportive of the application. There is a range of other regulations around that about dust suppression and other stuff you would expect to make sure the environment is properly looked after.

**Mr VOWLES:** Thank you for answering that, minister. I will submit written questions.

**Madam CHAIR:** That concludes consideration of Output 13.2 and Output Group 13.

## **OUTPUT GROUP 14 – MINING SERVICES**

### **Output 14.1 – Mineral Titles Management**

**Madam CHAIR:** We will now move on to consider Output Group 14, Mining Services, Output 14.1, Mineral Titles Management. Are there any questions?

**Mr VOWLES:** Minister, your budget talks are \$350 000 to improve approval times for administration of minerals titles. Your budget papers say that while 1300 applications have been processed you have 900 outstanding. This is a considerable number. What is the average waiting time for these applications and what is the problem?

**Mr TOLLNER:** I might get the department boss to respond to that question.

**Mr KELLY:** Thank you, Ron Kelly, Chief Executive. The number of outstanding applications for mineral licences normally sits at around 150 a year. Not all the delays are within the department. There are issues with native title processes, issues with land councils when it is on ALRA land, and there are consultation and approval processes to be completed. In some cases there are applications that require an NOI to the EPA. They then have to go through their process. Sometimes there is EPBC work done by the federal Department of the Environment, and all those factors can sometimes lead to quite considerable delays between applications and grant of a licence.

**Mr VOWLES:** You have \$350 000 more to improve timing so what are you doing? Are you bringing in extra staff to administer this area?

**Mr KELLY:** Some of both, member for Johnston - additional staff and additional processes. We are dedicating more resources within the agency to the Mineral Titles Branch so that we can process what is, in the main, a continually growing number of exploration licences. This year it has dropped off to the tune of

about 100 compared to 2013-14. There are additional resources into the minerals titles area of the department and the native title branch to try to ensure that we do not contribute to those delays and, hopefully, have applications in someone else's domain instead of being backlogged in ours.

**Mr VOWLES:** Thank you, Mr Kelly.

**Madam CHAIR:** That concludes considerations of Output 14.1.

#### **Output 14.2 – Mining Operations Management**

**Madam CHAIR:** We will move on to consider Output 14.2, Mining Operations Management. Are there any questions?

**Mr VOWLES:** Minister, how many breaches of mineral exploration permits have been detected or reported over the past year?

**Mr TOLLNER:** We will take that question on notice.

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#### **Question on Notice No 2.6**

**Madam CHAIR:** Would you like to restate the question for the record, member for Johnston.

**Mr VOWLES:** Minister, how many breaches of mineral exploration permits have been detected or reported over the past year?

**Mr TOLLNER:** We will take it on notice, but I imagine there would not be any.

**Madam CHAIR:** Do you accept the question?

**Mr TOLLNER:** I will take it on notice and have it clarified. I cannot imagine there would be ...

**Mr VOWLES:** Perhaps the next one as well, being what remedial action of mineral exploration permits have been required by departmental staff over the past 12 months?

**Madam CHAIR:** They are two separate questions which were clearly stated. They are both accepted by the Treasurer and will both be number 2.6.

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**Mr VOWLES:** I want to go to your inspection regime, minister. What has the department organised to protect the environment, how many staff are allocated and what funds are directed to this area?

**Mr TOLLNER:** I will get the Chief Executive to answer the question in detail, but the Mines department is proactive in relation to looking at environmental issues. I am very glad to report to the committee that the department works very closely with the EPA and has a good working relationship.

As a government we understand the importance of our natural environment. Most wealth in the Northern Territory is generated from our natural legacy and we need to protect it. There are not too many things that trump protecting our vast area of the Northern Territory given the fact so many of us are here for the lifestyle that environment provides. In relation to the key questions, I ask Mr Kelly to respond.

**Mr KELLY:** Thank you, minister. Member for Johnston, I cannot give you the exact number of people in the department dedicated to just mining inspection because it is a diverse role that some of the same officers perform. They will assess the applications submitted to the agency. We also have three teams of mining officers in the department that different mines are broken up into. Essentially that is geographical areas in the main, and there is also the uranium team that concentrates just on uranium operations.

They have a role of not only assessing the annual MMPs, Mining Management Plans, that come through from the mines to ensure they are suitable and meet the requirements of the government and, therefore, Territorians. They also have routine inspections and surprise inspections, or non-routine inspections, where they visit mines sites to check progress.

We also have what we colloquially call the emu team in the department, the Environmental Monitoring Unit team, which is out in the field this week I think. It spends most of its time monitoring the environmental conditions, weeds and water quality sampling across the Northern Territory.

On top of that we have a group in the department called the Legacy Mines Unit, which is staffed by a number of scientists with environmental and mine rehabilitation whole-of-life planning expertise. It regularly travels the Northern Territory looking not only at the legacy mines - the old mines in the Northern Territory - and the plans we need to put in place to rehabilitate those, but also working closely with current ones like McArthur River Mine on the assessments and monitoring programs needed to be put in place there, as well as the production processes we will approve so we have successful operations with minimal damage.

I cannot tell you the exact number of staff because it varies across their function, but a number of groups within the department perform those functions.

**Mr TOLLNER:** I add that this government, since 2013, has put in place the first ever 1% levy on mining companies to generate revenue to begin addressing the Northern Territory's mining liabilities. In the past it has been estimated at over \$1bn. Whilst we do not have \$1bn to rehabilitate the mines, I am very proud to say this government, against a lot of resistance, has introduced a levy. No company wants to pay levies, but we bit the bullet and said we wanted to see that 1% levy in order to start building the revenue we require if we are to address the legacy mine issues in the longer term.

**Mr VOWLES:** Thank you, minister, and thank you, Mr Kelly. I have no more questions.

**Madam CHAIR:** That concludes consideration of Output 14.2.

### **Output 14.3 – Legacy Mines**

**Madam CHAIR:** We will now consider Output 14.3, Legacy Mines. Are there any questions?

**Mr VOWLES:** We have already discussed legacy mining. How much revenue are you expecting to collect from the mining remediation levy in 2014-15?

**Mr TOLLNER:** We have estimated we will expend \$7.715m this financial year ...

**Mr VOWLES:** Page 123 of Budget Paper No 3 has a \$2m reduction for legacy mines, is that correct?

**Mr TOLLNER:** In 2015-16, close to it. It is a \$200 000 increase plus \$183 000 for a one-off carry forward of unspent funds from 2013-14 relating to the Rum Jungle mine rehab project which was put towards the 2014-15 year. There is also a \$5000 increase in non-cash depreciations.

**Mr VOWLES:** What work is being done to rehabilitate legacy extractive mining sites?

**Mr TOLLNER:** As I said, the biggest chunk of work was done in 2013 when government decided to levy the industry to put together a fund to generate income to fund a potential billion dollar liability we had around legacy mines.

The role of the Legacy Mines Unit in the department is to address the real and potential impacts of legacy mine sites while maximising sustainable economic development opportunities for regional, and in particular Indigenous, communities. That unit provides strategic scientific advice and collects independent data to underpin the regulation, inspection and investigation of current and future legacy mine sites and their performance. The unit is also developing an inventory of legacy mine sites and continuing the program of installing remote monitoring stations at key sites across the Territory.

The Legacy Mines Unit will also work with the operator of Mt Todd mine to implement a medium-term water management plan and Australian government funding rehabilitation planning activities to address the long-term legacy issue at Rum Jungle under a program agreement with the NT. Under the agreement funding is secured until 30 June 2016. The Rum Jungle rehabilitation team is project managing this rehabilitation planning. The focus of the activity is the development of engineering designs for preferred rehabilitation strategy.

The Department of Mines and Energy is supporting the Australian government in its development of a detailed business case, including engineering designs to seek funding for the third stage. This would be



implementation of the preferred strategy for the former Rum Jungle mine site that is consistent with the interests of stakeholders and, particularly, traditional Indigenous landowners.

**Mr VOWLES:** Thank you, minister.

**Mr TOLLNER:** Sorry. The mining rehabilitation levy collected was approximately \$6.5m in 2013-14, and the estimated revenue for this year is \$6.7m, a slight increase. The mining remediation fund currently holds around \$4m.

**Madam CHAIR:** That concludes consideration of Output 14.3 and Output Group 14.0.

### **OUTPUT GROUP 15.0- ENERGY SERVICES**

#### **Output 15.1- Energy Management**

**Madam CHAIR:** The committee will now consider Output Group 15.0, Energy Services, Output 15.1, Energy Management. Are there any questions?

**Mr VOWLES:** Minister, what kind and quantum of NT government subsidies have been available to shale gas exploration companies operating in the Northern Territory in the past two financial years?

**Mr TOLLNER:** None.

**Mr VOWLES:** I also know there is a backlog in petroleum industry permits. Why is that? I think there are 55 out of 60, but there are still 136 in the queue. What is the waiting time of these permits?

**Mr TOLLNER:** As of this year there are 131 exploration permits outstanding: Of that, 43 are outstanding in relation to native title negotiations, 81 are outstanding because of Aboriginal Land Right Act negotiations, three are outstanding because of native title and ALRA, and four are outstanding because of water considerations.

**Mr VOWLES:** What are you intending to do about the delays?

**Mr TOLLNER:** Unfortunately, as you are aware, both native title and the Aboriginal Land Right Act are controlled by the Commonwealth. We continue to persevere under that regime and negotiate, talk, do everything we can as the proponents of these exploration permits. However, at the end of the day, you can only march to the beat of their drum.

**Mr VOWLES:** The *NT News*, on 24 April 2015, reported you as saying accessing land for oil and gas exploration was an overwhelming problem. Can you elaborate on that, what kind of problems and for who, and how will you do whatever you ...

**Mr TOLLNER:** It is not just for oil and gas exploration, it is for all minerals exploration. I was, in 2004 or 2005, fortunate to be a part of the Industry and Resources Standing Committee of the federal parliament. We conducted an inquiry into resource exploration in Australia and how we could speed it up. We were given a copy of a report from a think tank called the Fraser Institute based in Canada. You might have heard of them, they tend to rank countries, companies, states and jurisdictions in relation to their 'explorability'.

At that time Australia was rated number one in the world as an exploration destination. It was largely because of things like government support for Geoscience Australia and also the mining sector. However, when you broke it down and looked at areas of concern, Australia was ranked way down the list when it came to matters of land access and green tape.

We have incredibly high regulatory regimes around environmental red tape and, in a lot of respects, appropriately so. Land access was also deemed to be difficult. Back then government support of Geoscience Australia and the mining industry in general carried us to the top of the tray. I have noticed you cannot improve from first position but we, as a country, have gone down that pecking order quite significantly. I do not know where we sit at the moment but it is not in the top 10.

Nothing has changed in relation to land access and green tape. If anything, it has become more difficult. That was my point. How we work on land access is exactly what the department is doing and that is talking with people, negotiating with them, making sure that everybody knows what everybody is up to and looking at shared benefits. It is showing some success. However, in the main, land access issues in the Northern

Territory are a matter for the Commonwealth. Where there is Northern Territory land, land access arrangements generally tend to be far simpler.

**Mr VOWLES:** The NT Cattlemen's Association said:

*Twenty years of voluntary access agreements prove they do not adequately protect pastoral operations from miners.*

Have you addressed those concerns with the NTCA? Would you agree that the same concerns have been long held by traditional owners of Aboriginal land in the Northern Territory?

**Mr TOLLNER:** It is an interesting concept is it not, protecting someone from miners?

**Mr VOWLES:** Are you prepared to require mandatory negotiations with pastoral leaseholders as well as traditional owners of Aboriginal land for oil and gas exploration across, and access to, pastoral properties?

**Mr TOLLNER:** Well, mandatory is fine. That is what we are working through. We are not interested in a legislative approach, but we would expect there would be negotiations between landowners and miners or explorers.

The concept that we need to be protected from miners does not sit right with me. I do not think we need to be protected from miners. We do not need to be protected from cattlemen, or politicians from the northern suburbs for that matter. I do not see anything inherently nasty about mining, farmers or politicians from the northern suburbs, apart from the way some of them think. I would much rather see a circumstance where miners and pastoralists can see mutual benefits, and there is enormous opportunity for that. The reality is for many of the pastoral operations in the Northern Territory to work they need big injections of infrastructure – better roads, better access and the like.

One thing the minerals industry and the petroleum industry are very good at is building infrastructure – they build it everywhere all the time – and building regional economy. There is nothing to be protected from. I think people just have to work together, and that is what we have been encouraging cattlemen, farmers, Indigenous landowners and mining companies to talk about.

In the main, 99% of the time there is no problem. On the odd occasion - we see it from both sides of the fence - explorers and miners will not adequately talk to landowners and sometimes landowners, lo and behold, do not raise concerns with explorers or miners when they are undertaking activities. It is a two-way street. It is much better to talk to people, and that is exactly what we are doing.

I am loath to introduce legislation. We are in the business of cutting red tape, not increasing it. There is an expectation that there will be a memorandum of understanding or a document that demonstrates there has been a discussion between landowners and miners. In the case that does not occur with an exploration permit or a mining application, the department will ask why.

**Mr VOWLES:** Minister, I 100% agree about access and roads to our rural properties, regional economic development and what that brings. I will always support that.

What was the total cost of the inquiry into hydraulic fracturing in the NT?

**Mr TOLLNER:** The inquiry was run through the Department of the Chief Minister.

**Mr VOWLES:** You do not know how much that was? You are the Treasurer too.

**Mr TOLLNER:** You got me in the wrong output group, but even if you asked me under the Treasury mantel I would have had to refer you to the Department of the Chief Minister for that detail.

**Mr VOWLES:** Thank you, minister. I will chase that up.

How many exploration permits for onshore oil and gas exploration have been issued since the inquiry report was delivered to the government? How many are pending or under consideration?

**Mr TOLLNER:** You have the answer anyway, but I will give it to you in a louder voice. I am unaware if any permits have been approved, but if we find that information is wrong I will get back to you on that. In relation to outstanding applications, I went through them with you before. A total of 131 are still outstanding

in relation to native title and ALRA. For the 2014-15 calendar year six exploration permits were issued. I do not think any of them have come before the Hawke report, but we will have that checked for you.

**Mr VOWLES:** Can I take that on notice?

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**Question on Notice No 2.7**

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

**Mr VOWLES:** How many exploration permits for onshore oil and gas exploration have been issued since the inquiry report was delivered to the government?

**Madam CHAIR:** Minister, do you accept the question?

**Mr TOLLNER:** Yes, I do. I will gladly take it on notice. I was quite prepared to say there are none, and if I find that information is wrong get back to you, but if you want us to take it on notice we will.

**Madam CHAIR:** That question will be number 2.7.

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**Mr VOWLES:** Minister, the Hawke report included a proposal for exploration exclusion zones over major towns. Does that include Darwin rural living areas?

**Mr TOLLNER:** Are you worried about the Jingili Water Gardens?

**Mr VOWLES:** Darwin rural living areas. Jingili is not rural, minister.

**Mr TOLLNER:** Clearly it will incorporate Darwin and all the major townships across the Northern Territory. We are in discussions with councils around the Territory about where those exclusion zones will apply. My personal view is I have no problem in granting exclusion zones where there is no prospectivity at all for gas or oil. Maps of the Northern Territory show those prospective areas, and we are very fortunate there are no major populations living near them, in the main.

**Mr VOWLES:** On 3 November last year the former minister, the member for Katherine, was reported as saying it was neither feasible nor possible to make the entire municipality of Katherine an exclusion zone. What are your views on oil and gas exploration exclusion zones in that area?

**Mr TOLLNER:** I will have to look at the entire municipality of Katherine to see how large it is, but we are having constructive discussions with the council there to see where those exclusion zones can go. I am keen to make sure people are not feeling insecure about oil and gas development near where they live. The question is how far away you allow them. It really is a question about what type of economic development people want for their townships. I talk to the Katherine mining services people regularly and they are keen to see more mining and exploration work in and around the Katherine region. Obviously no one is talking about drilling in people's backyards and the like. It is hard to say that you want economic development if you are saying, 'We will not let a drilling plant within 100 km of our township'. Clearly economic growth will go to other townships if that is the case.

**Mr VOWLES:** The Hawke inquiry report identified the need for development of a best practice regulatory and legislative framework to oversee oil and gas exploration and extraction in the Northern Territory. What funds and other government resources have been budgeted for that work? If any work has occurred, what is the status of that work?

**Mr TOLLNER:** There is another version of the Hawke report to come. I understand he is close to finalising the second version in relation ...

**Mr VOWLES:** Is that a subcommittee?

**Mr TOLLNER:** No, this is looking at the regulatory regime and that stuff. In relation to the costs of that report I refer you to the Chief Minister's department. As the Mines and Energy minister, I am absolutely serious when I say we are hitting the go slow button on this. I want to make sure we get everything right in the Northern Territory, and I do not mind taking a bit of time to ensure that.

The benefits of having a strong oil and gas industry in the Northern Territory are enormous. If we can get it to happen without jeopardising the environment it will be fantastic. When the next version of the Hawke report and the recommendations come to government, I am keen to not race it into Cabinet and say, 'Let's make a decision', but to shop it around a bit. My desire is to get into the community - mobilise the Mines and Energy department to start contacting relevant stakeholders to get some feedback.

Member for Johnston, you will be happy to hear that I am keen to bring it to the attention of the opposition as well. We do not need to get political. We can go through the issues one by one to see if it is possible to have an onshore gas industry in the Northern Territory.

**Mr VOWLES:** In oil and gas exploration fracking is a big talking point in the Northern Territory, obviously around those licences.

**Mr TOLLNER:** I prefer to refer to it as horizontal stimulation.

**Mr VOWLES:** How many wells are being fracked in the Northern Territory at the moment?

**Mr TOLLNER:** None are planned for this year at all. Fracking has occurring for decades in the Northern Territory, the most well known in Central Australia around Mereenie and Palm Valley. There are no holes to be horizontally or vertically fracked occurring this financial year. I am not discouraging anyone from submitting applications to do that, but we are taking our time in relation to the regulatory regime which will see it happen on a regular basis in the Northern Territory. Hopefully we are sitting on the enormous gas resource our geological survey tells us we have.

**Mr VOWLES:** Has there been any hot rock or geothermal exploration in the NT in the last financial year?

**Mr TOLLNER:** No.

**Mr VOWLES:** We talked briefly about the stringent reparatory processes mentioned in the Hawke report if horizontal fracturing took place. Are we still working on that? You said you are waiting for another report to come out? Will that have the regulatory framework?

**Mr TOLLNER:** Yes. Originally Dr Hawke was commissioned to provide information on the viability of hydraulic fracturing and to tighten shale gas exploration in the Northern Territory. He wrote that report. He said the Territory has a good regime set up, more could be done but there was no real reason to have a moratorium in the Northern Territory.

It is fair to say that members of government are aware there is considerable community concern about this issue. Despite what Dr Hawke said in his report, we are probably not ready to head down the path of large scale fracturing at this point in time.

We have commissioned him to put together what he considers best practice for regulating the industry in order to find a path forward. I repeat, I am not in any rush to do that. I am keen to make sure we get things as right as possible and have the best practice regime. When we receive Dr Hawke's advice on that regulatory regime we will not run out and implement it, but will shop it around to stakeholders, local people involved, talk to Territorians, even go as far as talking to the opposition ...

**Mr VOWLES:** Surely not, Dave! I have a few ...

**Mr TOLLNER:** I do not say that in a tongue-in-cheek way. This is an area of future opportunity for Territorians. It is vitally important that all sides of parliament are aware of exactly what is in it for us, the dangers, and if and how we can progress the industry.

In America energy prices have dropped to a third of what they once were. They are now an energy exporter and are not required to occupy countries in order to secure their energy needs. They have seen massive reductions in the cost of power to the point where businesses are closing in Europe and moving to the US. It would be great to have a piece of that action in the Territory, if indeed we have that scale of gas underground. We will not do it to the detriment of our environment, but the benefits are huge if they can be achieved.

**Mr VOWLES:** I have fracking questions about PetroFrontier but might ask them under Energy Management, the next output. We have 12 minutes, Madam Chair?

**Madam CHAIR:** We are in Energy Management, 15.1, so go for it.

**Mr VOWLES:** What remedial action by exploration permit holders has been required by department staff over the last 12 months, if any?

**Mr TOLLNER:** None for oil and gas over the last 12 months.

**Mr VOWLES:** What role does the department have in environmental monitoring, integrity of adjacent ground water supplies and any remedial action in respect of the three PetroFrontier fractured wells that failed and led to contact with ground water aquifers?

**Mr TOLLNER:** Can you explain the PetroFrontier stuff because that runs contrary to any information I have?

**Mr VOWLES:** Has there been any work done on that? Has there been any ...

**Mr TOLLNER:** Explain the ...

**Mr VOWLES:** Was there any environmental monitoring on the ground water supplies, and has there been any effect on the ground in regard to the aquifers?

**Mr TOLLNER:** No, there has not been. My understanding is there is never, in any instance anywhere in the world, contamination of ground water aquifers as a result of what you would call standing ...

**Mr VOWLES:** Integrity of the aquifer.

**Mr TOLLNER:** Yes, of ground water aquifers. Where there has been contamination, it has been in areas where there has been drilling years before, particularly in the US, where people cut a hole that may not have been clogged up or filled from a previous drill, and the aquifer is polluted. Under what you would call regular or legitimate fracturing in the Northern Territory, where we already have a high level of regulation, it is almost impossible to understand how you could possibly pollute an aquifer.

Some surface spills have polluted aquifers. It is not the hydraulic fracturing process that has seen contamination; it is where a hydraulic fracturing process occurs where there has been previous exploration or an on-surface spill from chemicals.

**Mr VOWLES:** Yes, it is more around well casing integrity.

**Mr TOLLNER:** Yes, that is right. In all modern wells there is a high level - even in the US there is a very high level of regulation around how you put those casings in. It is almost impossible to imagine how an aquifer could become polluted under what you would call normal circumstances.

**Mr VOWLES:** Has there been any money put towards those well casings to better their integrity in regard to water aquifers or water tables? Is there any work the NT government has done?

**Mr TOLLNER:** Are you talking about a Territory example?

**Mr VOWLES:** Yes, I am just well casing ...

**Mr TOLLNER:** I have never heard of it.

**Mr VOWLES:** We will get back to you with it.

**Mr TOLLNER:** You will have to get back to me because I am not aware of any failure in well casings anywhere in the Northern Territory. I am not saying it has not happened, but I am not aware of it. I am certain my Chief Executive of the department is not aware of it. It is important to note that all companies have to provide environmental bonds before any work is done. Work is undertaken to calculate the efficacy of those bonds to make sure there is enough money should something occur.

We have provisions in place to mitigate against unforeseen outcomes. I am not aware of any aquifer pollution in the Northern Territory as a result of hydraulic fracturing.

**Mr VOWLES:** Have you received any complaints around the activities of oil and gas exploration permit holders? Have they been received by the government?

**Mr TOLLNER:** No.

**Mr VOWLES:** None whatsoever.

**Mr TOLLNER:** None. There is significant community concern about hydraulic fracturing and that is understandable. You see enough movies and what not to make you worry. I saw a show, *Gasland*, not so long ago. If it were not a movie you would almost be opposed to anything that had oil and gas involved in it. As far as people having an issue with exploration companies doing business, we have not received any complaints at all.

**Mr VOWLES:** How much activity in offshore oil and gas exploration in NT waters is expected this year and where?

**Mr TOLLNER:** None. NT waters generally only – there are exceptions - go out 3 km. They are really the literal waters. Around islands that 3 km will be extended, but generally around the mainland Territory waters only extend out 3 km.

**Mr VOWLES:** There have been no complaints around oil and gas exploration to the Northern Territory government in the last year?

**Mr TOLLNER:** Yes, there have been complaints to the Northern Territory government about oil and gas exploration. However, to my knowledge there have been no specific complaints about specific activities taking place on the ground. People have complaints with the whole concept of drilling for gas, and they come through as complaints, protests and marching in the streets. You have seen people protest. I am not aware of specific complaints, and if I am wrong I am sure a bunch of departmental people will tell me I have it wrong and there has been a complaint.

**Ms MANISON:** Was there something in the Hawke report which referred to an incident in 2012 around the Georgina Basin and Three Wells where shallow casing failure occurred and hydrogen sulphide gas was detected?

**Mr TOLLNER:** I am not aware of that, but we will get the information and take that question on notice if you want.

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#### Question on Notice No 2.8

**Madam CHAIR:** Member for Wanguri, could you restate the question for the record?

**Ms MANISON:** In the Georgina Basin in 2012 was there an issue with fracked wells where shallow casing failure occurred and hydrogen sulphide gas was detected? What action was taken in relation to that?

**Madam CHAIR:** Minister, will you accept the question?

**Mr TOLLNER:** Yes.

**Madam CHAIR:** That will be question number 2.8.

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**Mr VOWLES:** In the last few minutes could the minister talk about the pipeline? Does that come under you? I know it might be major projects, but considering ...

**Mr TOLLNER:** Yes, it is major projects and obviously will have an impact on this department. I am happy to talk about the pipeline. Four proponents have been shortlisted to connect the Northern Territory to the east coast gas grid and the strong interest is around the Tennant Creek to Mt Isa connection. There are a number of different proposals. It will take significant government support to get the Alice Springs to Moomba connection to work, although I do not know how that will pan out down the track. There are four very interested parties putting submissions to government about the construction of a pipeline they will build and own.

We are keen to support it because we see this as a further way of incentivising onshore gas exploration. We want to incentivise onshore gas exploration not necessarily because we want to turn that gas into LNG or export it to the eastern states, which we clearly do as there are jobs in that as well. However, for the government the Holy Grail - the place we want to get to - is where we have enough gas at the right price to start manufacturing and talking about things like petrochemicals, fertilisers, plastics and all of that stuff. That, in my mind, is where the jobs of the future lie in the Territory. They are highly technical, well-paying jobs which can last for a long time. That is where we would like to get to, but there are steps along that path. One is creating a much deeper gas exploration and gas mining industry in the Territory, and the pipeline is part of that.

Getting companies like ConocoPhillips and INPEX here is building a deeper gas industry in the Northern Territory and it all feeds into getting more expertise on the ground and more gas out of the ground.

**Mr VOWLES:** There were three unconventional wells drilled in the southern Georgina Basin but the third one had to stop because there was a visible leak. That is where that was coming from.

**Mr TOLLNER:** I am not aware of that, but I will get information on it. It predates the CE and obviously me as the minister, but we will dig that information up for you.

**Mr VOWLES:** Thank you. I take this opportunity to thank you very much, minister, and thank you very much, Mr Kelly and Ms Simpson. Thank you for your time and thanks to all the departmental people who have prepared the minister for this. I know it takes a lot.

**Mr TOLLNER:** Madam Chair, I said it this morning while Treasury were here, but thank you again for having us and for the conduct of the committee. I put on the record my appreciation for Ron Kelly and Ms Simpson turning up, as well as the work they do in the department to better the lives of Territorians.

**Madam CHAIR:** Thank you.

That concludes consideration of outputs relating to the Department of Mines and Energy. On behalf of the committee, I thank the minister for attending today and all the officers who provided assistance. That concludes proceedings for today.

The 2015 Estimates Committee public hearings will resume tomorrow morning, Wednesday 27 May 2015 at 8.30 am.

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The committee concluded

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