

ESTIMATES COMMITTEE

Question Taken on Notice

Date: 11 June 2019

Subject: Use of interstate consultants

From: Mr Gary Higgins

To: Treasurer, the Hon Nicole Manison MLA

Agency: Department of Treasury and Finance

Number: 2-9

Question: Can the Treasurer explain why \$1.232 million was paid to interstate consultants, how those decisions were made, and why we did not use local companies?

Answer: Note that the response to Written Question No. 559 subquestion no. 16 relating to consultancies inadvertently omitted three of the four pages intended to be provided as the attachment to the answer. The full list of consultants is provided now as an attachment and the response to this question refers to the information in this attached table.

Of the total \$1.235 million paid to consultants, \$0.499 million was paid to businesses that either have their head office in the Territory or whose Territory-based staff undertook the consultancy.

A total of \$0.597 million was paid to interstate consultants engaged to provide: expert and specific advice on electricity related matters associated with implementation of the Northern Territory Electricity Market; adoption of the National Electricity Rules; and to assist the Utilities Commission fulfil its legislated responsibilities undertaking reviews of power system performance, system control charges and proposed amendments to various codes to implement new generator performance standards.

There is limited local experience in these fields in the Territory, particularly individuals or firms with relevant technical expertise that are independent of local companies with commercial interests and/or are not conflicted in the matters. These contracts were mostly acquired through a panel contract. Under the panel contract arrangements, following an open tender process, a number of suppliers have been selected to be able to provide identified services across a range of areas including economic regulation, financial (auditing and compliance) and technical engineering.

A total of \$0.160 million was paid under a panel contract to two actuarial firms for advice and reports relating to the Territory's defined benefit superannuation schemes and pensions, and the Northern Territory Public Sector Workers Compensation Scheme. While both firms have principal places of business interstate, one of them has a Darwin-based actuary who undertakes all of the work allocated to their firm. There are a limited number of actuaries operating within Australia, with only one of the tendering firms having a local employee.

A total of \$0.049 million was paid under a consultancy for specialised taxation advice for two superannuation funds in order to progress government superannuation administrative reforms. The interstate consultant had been appointed by the trustees for the funds to provide tax advice since 2005. Accordingly, the consultant already had a detailed understanding of the rules for both funds and their tax position, representing the least risk option and the best value for Territory.

The engagement of Deloitte for State Revenue Office benchmarking was the result of a procurement process undertaken by the Queensland Government on behalf of all states and territories, with the cost shared across the jurisdictions on a per capita basis.

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Purpose	Cost \$	Entity/Person	Principal place of business	Tenders / EOIs
Implementation of the NT Electricity Market	328,926	Oakley Greenwood Pty Ltd	QLD	Panel Contract
NT Health Return to Budget strategy	301,781	KPMG Australia	NT	Select Quote
Fiscal Strategy Panel support	90,093	Ernst & Young	NT	Select Quote
Regular review of NTG Superannuation Schemes	88,623	Cumpston Sarjeant Consulting Actuaries PriceWaterhouseCoopers	VIC	Panel Contract
Actuarial Services to the Northern Territory Public Sector Workers Compensation Scheme	72,777	Cumpston Sarjeant Consulting Actuaries	VIC	Panel Contract
Assist the NT to Adopt the National Electricity Rules	69,410	Jodi Smith	ACT	Panel Contract
System Control Charges Review	60,715	ACIL Tasman Pty Ltd	VIC	Panel Contract
2016-17 NT Utilities Commission Power System Review	57,000	Hydro-Electric Corp T/A Hydro Tasmania	TAS	Panel Contract

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Purpose	Cost \$	Entity/Person	Principal place of business	Tenders / EOIs
Review of Gas Governance Arrangements	55,813	Frontier Economics Pty Ltd	VIC	Panel Contract
Tax Advice for Management reform	49,140	SLCA Pty Ltd	WA	Select Quote
Disaster Recovery Funding Arrangement (DRFA) review	17,891	KPMG Australia	NT	Select Quote
Legislative Drafting of Package 3 for the NT's Application to the National Electricity Rules	14,550	Dennis Richard	SA	Single Select
Independent Commission Against Corruption (ICAC) Readiness Assessment	10,000	Ernst & Young	NT	Select Quote
NT Electricity Market Specification Peer Review	9,570	Steve Edwell Consulting	WA	Select Quote

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Purpose	Cost \$	Entity/Person	Principal place of business	Tenders / EOIs
Probity Services Related to the Selection of NTGPASS Successor Fund and NTG Default Superannuation Fund	6,800	Assurance Advisory Group Pty Ltd	NT	Panel Contract
Generation Performance Standards	1,350	Parsons Brinckerhoff Australia Pty Ltd	NSW	Panel Contract
NT's contribution to work commissioned by the state and territories for Office of State Revenue Benchmarking Reports	162	Deloitte Touche Tohmatsu	QLD	Panel Contract
Total				