



LEGISLATIVE ASSEMBLY OF THE NORTHERN TERRITORY

Public Accounts Committee

Annual Report

2018-19

August 2019

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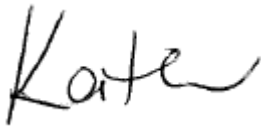
Chair's Preface

Over the 2018-19 financial year the Public Accounts Committee has followed up on matters raised in the Auditor-General's reports, examined reports of independent statutory bodies and scrutinised the subordinate legislation tabled in the Assembly. It has also sought further information on a range of matters through public hearings and ministerial correspondence.

This Annual Report outlines the key issues the Committee has examined and the preliminary outcomes of those examinations. To date, none of these issues has led to a formalised inquiry. Nonetheless the Committee is continuing to monitor how several of these matters are dealt with into the future to ensure transparency and consistency of government decision making.

The Committee has had several changes of membership in the last 12 months as well as a change of Chair earlier this year. All contributing members have demonstrated a great deal of commitment and cooperation to the scrutiny of government expenditure and I thank each of them for their contributions.







Once again I also thank the Auditor-General for the high quality and professional assistance she has provided the Committee as well as Ministers and their staff for their responsiveness to the Committee's requests throughout the year.



Kate Worden MLA

Chair

Committee Members

	Mrs Kate Worden MLA: Member for Sanderson	
	Party:	Territory Labor
	Committee Membership	
	Chair:	Public Accounts Committee Economic Policy Scrutiny Committee Social Policy Scrutiny Committee Standing Orders Committee
	Mr Terry Mills MLA: Member for Blain	
	Party:	Independent
	Committee Membership	
	Deputy Chair	Public Accounts Committee
	Mr Gary Higgins MLA: Member for Daly	
	Party:	Country Liberals
	Parliamentary Position:	Leader of the Opposition
	Committee Membership	
	Standing Orders Committee House Committee Public Accounts Committee	
	Mr Lawrence Costa MLA: Member for Arafura	
	Party:	Territory Labor
	Committee Membership	
	Deputy Chair	Economic Policy Scrutiny Committee Public Accounts Committee
	Mr Tony Sievers MLA: Member for Brennan	
	Party:	Territory Labor
	Committee Membership	
	Chair	Economic Policy Scrutiny Committee House Committee Public Accounts Committee
	Mr Gerry Wood MLA: Member for Nelson	
	Party:	Independent
	Committee Membership	
		Privileges Committee Public Accounts Committee
<p>On 1 February 2019, Member for Port Darwin, the Hon Paul Kirby MLA was discharged from the Committee and replaced by Member for Katherine, Ms Sandra Nelson MLA.</p> <p>On 12 February 2019, Member for Sanderson, Mrs Kate Worden MLA, stood down as the Chair of the Committee and Member for Katherine, Ms Sandra Nelson MLA, was elected Chair of the Committee.</p> <p>On 26 March 2019, Member for Spillett, Mrs Lia Finocchiaro MLA, was discharged from the Committee and replaced by Member for Daly, Mr Gary Higgins MLA.</p> <p>On 17 June 2019, Member for Katherine, Ms Sandra Nelson MLA, was discharged from the Committee and replaced by Member for Arafura, Mr Lawrence Costa MLA.</p>		

Committee Secretariat

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Terms of Reference

Sessional Order 14

- (1) Standing Order 177 is suspended and the Public Accounts Committee appointed under that Standing Order shall continue with the following terms of reference.
- (2) The Public Accounts Committee has the following duties:
 - (a) to examine the accounts of the receipts and expenditure of the Northern Territory and each statement and report tabled in the Legislative Assembly, pursuant to the *Financial Management Act* and the *Audit Act*
 - (b) to report to the Legislative Assembly with such comments as it thinks fit, any items or matters in or arising in connection with those accounts, statements or reports, or in connection with the receipt or disbursement of the moneys to which they relate, to which the committee is of the opinion that the attention of Parliament should be drawn
 - (c) to report to the Legislative Assembly any alteration which the committee thinks desirable in the form of the public accounts or in the method of keeping them or in the method of receipt, control, issue or payment of public moneys
 - (d) to inquire into and report to the Legislative Assembly on any question in connection with the public accounts of the Northern Territory
 - (i) which is referred to it by a resolution of the Assembly or
 - (ii) which is referred to it by the Administrator or a Minister
 - (e) to inquire into and report to the Legislative Assembly on any matters within the executive authority of Ministers of the Territory to which the committee is of the opinion that the attention of the Assembly should be drawn.
 - (f) the reports by statutory bodies tabled in the Assembly, including the recommendations of the Electoral Commissioner tabled under section 313 of the *Electoral Act*
 - (g) in relation to any instruments of a legislative or administrative character which the Assembly may disallow or disapprove:
 - (i) whether that instrument has sufficient regard to the rights and liberties of individuals, including whether the instrument:
 - (A) makes rights and liberties, or obligations, dependent on administrative power only if the power is sufficiently defined and subject to appropriate review; and

- (B) is consistent with principles of natural justice; and
 - (C) allows the delegation of administrative power only in appropriate cases and to appropriate persons; and
 - (D) does not reverse the onus of proof in criminal proceedings without adequate justification; and
 - (E) confers power to enter premises, and search for or seize documents or other property, only with a warrant issued by a judge or other judicial officer; and
 - (F) provides appropriate protection against self-incrimination; and
 - (G) does not adversely affect rights and liberties, or impose obligations, retrospectively; and
 - (H) does not confer immunity from proceeding or prosecution without adequate justification; and
 - (I) provides for the compulsory acquisition of property only with fair compensation; and
 - (J) has sufficient regard to Aboriginal tradition; and
 - (K) is unambiguous and drafted in a sufficiently clear and precise way.
- (ii) whether that instrument has sufficient regard to the institution of Parliament, including whether an instrument:
- (A) is within the authorising law which allows the instrument to be made; and
 - (B) is consistent with the policy objectives of the authorising law; and
 - (C) contains only matter appropriate to subordinate legislation; and
 - (D) amends statutory instruments only; and
 - (E) allows the subdelegation of a power delegated by an Act only in appropriate cases and to appropriate persons and if authorised by an Act.
- (3) The Committee will consist of six Members.
- (4) The Committee will elect a Government Member as Chair.
- (5) The Committee will provide an annual report of its activities to the Assembly.
- (6) This resolution does not change the Chair, membership, or existing inquiries of the Committee.
- (7) Standing Order 176 is suspended and the Subordinate Legislation and Publications Committee is dissolved.

- (8) The Public Accounts Committee will have access to the records of the former Subordinate Legislation and Publications Committee and may continue the consideration of any matter commenced by that Committee.

Adopted 24 August 2017

1 Introduction

Establishment and Functions of Committee

- 1.1 The Northern Territory Public Accounts Committee was established by the Assembly on Tuesday 18 October 2016 under Standing Order 177.
- 1.2 On Thursday 24 August 2017 standing orders 177 and 176 were suspended and the Subordinate Legislation and Publications Committee was dissolved.
- 1.3 The terms of reference for the Public Accounts Committee are now in Sessional Order 14 and include the function of the previous Subordinate Legislation and Publications Committee¹ to examine all subordinate legislation and report to the Assembly if it considers the subordinate legislation should be disallowed. The terms of reference also extends the Public Accounts Committee's inquiry into whether the subordinate legislation has sufficient regard to the rights and liberties of individuals.²
- 1.4 The previous duties of the Public Accounts Committee remain. These are to inquire into and report to the Legislative Assembly on any question in connection with the public accounts of the NT as it deems necessary, as well as any matter referred to it by the Assembly, Administrator or any Minister. The Committee also examines the reports of the Auditor-General.
- 1.5 The Public Accounts Committee also has the duty "to inquire into and report to the Legislative Assembly on any matters within the executive authority of Ministers of the Territory to which the committee is of the opinion that the attention of the Assembly should be drawn"³ and the "reports by statutory bodies tabled in the Assembly" including recommendations of the Electoral Commissioner.⁴

¹The Public Accounts Committee was also granted access to the former Committee's records and was empowered to continue consideration of any of its commenced matters.

² Sessional Order 14(2)(g)

³ Sessional Order 14(2)(e)

⁴ Sessional Order 14(2)(f)

2 Committee Program

Meetings

- 2.1 The Public Accounts Committee met 9 times during the reporting period, including 2 public hearings and four private briefings. The details of these meetings are contained in the Associated Minutes of Proceedings tabled alongside this report.
- 2.2 The key issues considered at those meetings are discussed in the following chapter.

Auditor-General's Briefings

- 2.3 The Auditor-General, Mrs Julie Crisp, provided three private briefings to the Committee during the reporting period on the findings of agency audits reported to the Assembly from August 2018 to March 2019.

National Integrity Forum and Conference

- 2.4 On behalf of the Committee, the Chair of the Committee, Ms Sandra Nelson MLA, attended the *National Integrity Forum: Our Choices* and the Transparency International Australia's biennial conference, *Tackling Corruption Together* on 3 and 4 April 2019.

3 Matters followed up by the Committee

Auditor-General's Reports

3.1 The Committee was briefed by the Auditor-General on her August and November 2018 Reports, and her March 2019 Report. The Committee also discussed the Auditor-General's 2017 audit of the Darwin Correctional Centre (discussed below).

Budget Repair

3.2 The Committee held a public briefing on budget repair with the Department of Treasury and Finance and published the transcript on its website. The briefing covered:

- GST reduction.
- Structural imbalance and deficit.
- Government expenditure growth.
- Root and branch reviews.
- *Fiscal Integrity and Transparency Act 2001*.
- Stimulus packages.
- Infrastructure investment and expenditure.
- Petroleum royalty framework.

3.3 The Committee also held a private briefing on budget repair with Mr John Langoulant AO and Mr Craig Graham, Under Treasurer, Department of Treasury and Finance.

Master Builders Fidelity Fund

3.4 In response to questions raised with Members regarding the coverage and administration of the Master Builders Fidelity Fund, the Committee held a public hearing on the Fund with representatives from the Department of Infrastructure, Planning and Logistics, Department of Treasury and Finance and the Master Builders Association of the Northern Territory. The briefing covered:

- Operation of fidelity fund.
- Loan to establish fidelity fund.
- Underwriting agreement with Northern Territory Government.
- Cost of fidelity certificates.
- Trigger events for claims.
- Reporting requirements.
- Operating costs.
- Builder eligibility assessments.

3.5 The transcript from the hearing was published on the Committee's website.

Northern Territory Project Development Framework

- 3.6 Following its consideration of the Auditor-General's audit of the Berrimah Farm Redevelopment Project, the Committee noted in its *2017-18 Annual Report* that the best follow-up to the issues raised in that audit would be to review and investigate the implementation of the Northern Territory Project Development Framework (NTPDF) over time.
- 3.7 In response to a letter from the Committee, the Minister for Trade and Major Projects advised by letter dated 26 November 2018:
- I note the context to the query being the Auditor-General's findings in relation to the Berrimah Farm Redevelopment Project and the Palmerston Regional Hospital. As you are aware, the proposed NTPDF aims to address a number of issues raised by the Auditor-General relating to the planning and development of these projects, and how it can reduce risks for future major projects in the Territory.
- Since the 2018 audit by the Auditor-General, the Department of Trade, Business and Innovation has undertaken further NT Government stakeholder consultations to determine fitness for purpose in the Territory context. The documents continue to be refined to improve clarity and usability pending decisions on application and implementation.
- 3.8 The Committee subsequently sought the Minister for Trade and Major Projects', advice as to the processes currently in place for infrastructure projects and the proposed timeframe for the finalisation and implementation of the NTPDF outlined in the May 2017 *Infrastructure Strategy*.

Darwin Youth Justice Centre

- 3.9 The Committee wrote to the Minister for Territory Families with questions regarding the design process for a new Darwin Youth Justice Centre.
- 3.10 By letter on 15 April 2019, the Minister advised:
- In December 2018, a specialist Design Team was appointed to begin the design process. The Design Team is working alongside Agency representatives to ensure that the bricks and mortar design of the new centre meets the needs of a reformed youth justice system. Design work to date has not been site specific and has therefore been able to progress concurrent with site identification and confirmation.
- Early indications suggested the existing Don Dale Youth Detention Centre site in Berrimah would be suitable. However, long term planning for the area, including proximity to future residential development, resulted in this site being deemed not suitable.
- On 12 March 2019, the Northern Territory Government announced that the rezoning application for the preferred site at Lot 67, McKinnon Road, Pinelands, had been declined by the Planning Minister. The Northern Territory Government has therefore recommenced analysis of alternate site options for the Youth Justice Centre in Darwin, which is currently underway.
- The criteria for site identification of suitable site for the Youth Justice Centre include:
- close proximity to services;
 - accessibility for staff and families from across the Territory;

- an appropriate size and shape of the land;
- expansion options based on population growth projections;
- easy access to transport;
- access to existing or proposed Government services and community services; and
- providing value for Territory in any land acquisition, headworks, site remediation, opportunity cost or other expenses.

Planning and design at this stage of the project is able to progress at this time concurrent with site identification and selection. The design overlay at the selected site, when it occurs, will be undertaken

Room to Breathe

3.11 To follow-up on its public hearing on the Room to Breathe program on 23 November 2017, the Committee sought an update on the implementation of the program from the Minister for Housing and Community Development.

3.12 The Minister provided an update by letter on 24 January 2019. That letter is copied at Appendix A below.

Warren Park

3.13 In November 2018, the Committee sought an update on the construction of Warren Park from the Minister for Tourism and Culture.

3.14 By letter dated 8 January 2019, the Minister advised:

I am pleased to report to the Public Accounts Committee that the development of Warren Park Rugby League Stadium is tracking well, with practical completion currently projected for mid May 2019, subject to weather delays and/or the detection of latent conditions.

As at the end of December 2018, the status of the projects key elements include:

- grassing of all three fields completed ;
- 40 per cent of the carpark completed;
- erection of light towers on all three ovals completed;
- the main stadium and South Darwin Sporting League buildings at 80 per cent completion; and
- over 100 jobs created as a result of this project investment.

In October 2018, a \$0.3 million increase to the Warren Park Rugby League Stadium budget, from \$25 million to \$25.3 million, was approved from within the broader Northern Territory Government infrastructure program. The increase was required due to the presence of asbestos containing material (ACM) detected within the site, requiring significant mitigation strategies outside of the building contract in place. The direct cost of managing ACM stands at \$1.317 million to date.

As at the end of December 2018, \$21.114 million had been expended on the delivery of the Warren Park Rugby League Stadium, with the total cost of the project currently anticipated to be \$25.3 million.

Contract Management of Darwin Correction Centre

- 3.15 The Committee discussed the Auditor-General's 2017 audit of the Darwin Correctional Centre with the Auditor-General. The Committee subsequently wrote to the Auditor-General to ask her to follow-up on the implementation of the recommendations arising from her 2017 audit.
- 3.16 By letter to the Auditor-General on 31 May 2019, the Department of the Attorney-General and Justice advised the Auditor-General of the action taken. By letter dated 19 July 2019, the Auditor-General advised the Committee that of the 15 findings which were accepted by the Department, 13 had been resolved, with ongoing action to address the remaining two findings.

Reports of Independent Statutory Bodies

- 3.17 The Committee reviewed the reports of independent statutory bodies tabled in the Legislative Assembly. The Committee did not follow-up on any issues arising from these reports.

Triennial Review of Auditor-General's Office

- 3.18 The Chief Minister consulted with the Committee regarding the appointment of Mr Michael Blake to review of the Audit Office pursuant to section 26 of the *Audit Act 1995*. Mr Blake met with Members of the Committee in the course of his review.

Subordinate Legislation

- 3.19 The Committee has reported on its examination of subordinate legislation in its reports on Ministerial Correspondence on Subordinate Legislation tabled in August 2018 and May 2019.

Appendix A: Room to Breathe Update



MINISTER FOR HOUSING AND COMMUNITY DEVELOPMENT

Parliament House
State Square
Darwin NT 0800
minister.mccarthy@nt.gov.au

GPO Box 3146
Darwin NT 0801
Telephone: 08 8936 5553
Facsimile: 08 8928 6645

Mrs Kate Worden MLA
Chair
Public Accounts Committee
GPO Box 3721
DARWIN NT 0801

Dear Mrs Worden

Thank you for your correspondence dated 28 November 2018, on behalf of the Public Accounts Committee, seeking an update on the Room to Breathe Program.

The Room to Breathe Program is rapidly expanding into many communities across the Northern Territory, with 46 communities already engaged in consultation about how the program can best improve living conditions in their community.

Tenants at each house are consulted about their living arrangements and how additional living spaces can be tailored to their family's requirements and ease the impact of overcrowding in their homes. This program is unlike any other previous remote housing programs and has been positively received in remote communities. Additional bedrooms, bathrooms, verandas, outdoor living spaces, dust suppression and modifications for people with mobility and disability impairments are key features of the program.

The progress of the program depends on the community and tenant availability to ensure that they are closely involved in the important decision making process. This often extends the consultation period, however, this Government is committed to providing the opportunity for Aboriginal people to have a greater say in how their community is managed through strong local decision making.

As at 31 December 2018, Room to Breathe works have been completed for 125 homes, achieving an overall increase of 84 additional bedrooms, 80 additional living spaces and seven additional bathrooms. A detailed breakdown of completed works by community is enclosed at Attachment A.



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For the 2018-19 program, scoping has been undertaken for 397 houses in 24 separate communities across the Northern Territory. Planning is well underway for the 2019-20 program, with a further 79 houses scoped in three communities. Room to Breathe 2018-19 planned works is enclosed at Attachment B, including communities where scoping has been completed in preparation for delivery of works in 2019-20.

At 31 December 2018, the program financials are:

- total program \$51.5 million
- total commitment \$16.51 million
- total expenditure \$9.6 million

In addition to the above, construction tenders for eight communities are at various stages of procurement, with an estimated value of \$20.4 million. Further tenders are also expected to be released in early 2019.

One of the key principles that underpin the delivery of the programs under the Remote Housing Investment Package is a focus on Aboriginal Business Enterprises being ready for work over the life of the program. To date, 96 per cent, or 26 of the Room to Breathe contracts, have been awarded to Aboriginal Business Enterprises (including Eligible Enterprises and Joint Ventures).

With regard to your request for specific program details for Santa Teresa:

- in June 2018, officers from the Department of Housing and Community Development, together with an Aboriginal Interpreter and an architect, visited the community and undertook discussions with 31 households;
- all 31 houses were 'scoped' for works under the Room to Breathe Program, incorporating information provided by residents on their living arrangements;
- architecturally drawn 'concept designs' for modifications were provided to residents for consideration in November 2018. This stage provides tenants a further opportunity to consider the best option for their family living arrangements;
- a Request for Tender was released in December 2018, seeking a suitably qualified builder to undertake works on the first 18 houses; and
- following finalisation of the procurement process, construction is projected to commence in early 2019.

The work in Santa Teresa follows the significant investment in housing which has been undertaken in the community including the upgrade of 93 homes and three new replacement homes.

Thank you for writing to me regarding this matter.

Yours sincerely



GERRY MCCARTHY

24/1/2019

Room to Breathe - Total completed works - 1 July 2017 to 31 December 2018

Community	Number of dwellings completed	Number of additional 'bedrooms' completed	Number of additional 'living spaces' completed	Number of additional 'bathrooms' completed	Number of 'other improvements' completed	Number of dwellings where 'disability works' completed
ALI CURUNG	4	1	4		4	
AMPILATWATJA	5	4	3			
AREYONGA	6	6	5	2	8	1
BESWICK	4	4	1			
BULMAN	3	3	2			
ENGAWALA	2	2	2			
HERMANNSBURG (NTARIA)	14	6	6		9	
KINTORE	4	1	1		3	
LAJAMANU	6	4	5			
LAKE EVELLA (GAPUWIYAK)	5	5	4			
MANINGRIDA	25	16	17		16	
MILIKAPITI	8	2	4		4	
MILYAKBURRA	2	1	2			
NGUKURR	8	8				
NUMBULWAR	4	3	1			
RAMINGINING	7	7	6		1	
TITJIKALA	3	3	4			
WADEYE	8	2	8	1	1	1
WARRUWI	2		2			
WEEMOL	4	5	3	4	6	1
WURRUMIYANGA	1	1				
TOTAL	125	84	80	7	52	3

- 'Living Spaces' are described as laundries, kitchen renovations, enclosed verandahs, additional verandahs, shelters and carports.

- 'Bathrooms' count represents the number of individual additional showers and toilets added to a dwelling (note: if a single room combination shower/ toilet is added, this is counted as one).

- 'Other improvements' include but not limited to concrete pathways, insulation, storage cages and yard works (dust suppression, drainage and landscaping).

- Disability works is described as dwelling modifications to support current tenants with disability needs (measure is number of dwellings per community, not number of modifications).

ATTACHMENT B

Room to Breathe planned works

Total planned works from 2018-19 approved program budget

Community	Number of dwellings planned	Number of dwellings scoped	Planned additional 'bedrooms'	Planned additional 'living spaces'	Planned additional 'bathrooms'	Planned 'other improvements'	Number of dwellings planned to receive 'disability works'
ALI CURUNG	25	26	18	11	6	31	
AMPILATWATJA	18	17					
ANGURUGU	20	26					
AREYONGA	20	12	10	20	8	28	2
ATIJERE (HARTS RANGE)	6	9	8	14	5	15	
HERMANNSBURG (NTARIA)	20	18	27	27	12	54	1
IMANGARA (MURRAY DOWNS)	4	6	5	5	4	39	
IMANPA	6	8	5	21	8	24	1
KALTUKATJARA (DOCKER RIVER)	13	13	11	25	4	21	
KYBROOK FARM	13	13	14	11	5	27	1
LAJAMANU	1	1	1		1		
LARAMBA	17	22	35	50	17	64	4
MANINGRIDA	5	30					
MILYAKBURRA	12	15	11	10	9	33	2
NAUIYU	20	23	6	13	5	19	
NGUKURR	10	23					
NTURIYA	5	9	6	9	5	28	5
NYIRRIPI	16	16	20	29	11	46	3
PMARA JUTUNTA (TI TREE)	7	14	7	11	4	35	1
SANTA TERESA	31	31	41	44	19	88	3
TARA	19	19	7	37	4	57	
UMBAKUMBA	22	4					
WADEYE	10						
WARRUWI	23	27	37	48	13	80	3
WEEMOL	14	15	15	24	11	16	2
Total 2018-19 funded works	357	397	284	409	151	705	28

Statistics are accurate as at 31 December 2018. Subject to change as Local Decision Making process is not yet finalised.

Scoping has been completed or is scheduled to commence. Statistics cannot be provided as concept designs are yet to be received.

Scoping completed in preparation for the 2019-20 approved program as at 31 December 2018

Community	Number of dwellings scoped
ALPURRURULAM	29
MOUNT LIEBIG (WATYAWANU)	23
PAPUNYA	27
Total	79

Total 2018-19 & 2019-20	476
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- 'Living Spaces' are described as laundries, kitchen renovations, enclosed verandahs, additional verandahs, shelters and carports.
- 'Bathrooms' count represents the number of individual additional showers and toilets added to a dwelling (note: if a single room combination shower/toilet is added, this is counted as one).
- 'Other improvements' include but not limited to concrete pathways, insulation, storage cages and yard works (dust suppression, drainage and landscaping).
- Disability works is described as dwelling modifications to support current tenants with disability needs (measure is number of dwellings per community, not number of modifications).