

COUNCIL OF TERRITORY COOPERATION

KATHERINE

Wednesday 2 December 2009

Mr CHAIRMAN: We have a few formal things to say before we start, so we will do that. I will welcome everyone as we go through.

First, we acknowledge the traditional owners and custodians of this land we are on, and we thank them for allowing us to hold our meeting.

I declare open this public meeting of the Council of Territory Cooperation and welcome everyone here today. Before we get down to the necessary formalities, I wish to advise that witnesses appearing during the open forum later today may be appearing before a sub-committee of the council. This does not detract from the value of the evidence, and still forms part of the evidence taken by the council and will be taken into account for reporting purposes. It is the case that some members have other commitments later this afternoon and will have to leave, which is when the full council will become a sub-committee of itself.

Although the council does not require you to give evidence under oath, these hearings are formal proceedings of the parliament. Consequently, they warrant the same respect as the proceedings of the House. I remind witnesses giving false and misleading evidence is a serious matter, and may be regarded as contempt to parliament. Whilst this meeting is public, witnesses have the right to request to be heard a private session. If you wish to be heard *in camera*, please advise the council prior to commencing your answer.

Today's proceedings are being electronically recorded to ensure the accurate transcription of recording. I ask that witnesses and members identify themselves prior to speaking, and persons and witnesses state their full names and positions before commencing their evidence. As soon as practical following this hearing, a transcript of your evidence will be downloaded to the council's website, after you have had the opportunity of correcting errors to facts.

VICTORIA DALY SHIRE
Donald Wegener, Mayor
Sandra Cannon, CEO

Mr CHAIRMAN: I welcome the representatives of the Victoria Daly Shire, Mayor Donald Wegener, and CEO Sandra Cannon. I invite you to address the council. I ask you to give your names and the capacity in which you are appearing today.

Mr WEGENER: Donald Wegener, Mayor, Victoria Daly Shire.

Ms CANNON: Sandra Cannon, CEO, Victoria Daly Shire.

Mr CHAIRMAN: Before we start, I should recognise the members of parliament who are here today: Mr Willem Westra van Holthe, Mr John Elferink, Ms Marion Scrymgour, and myself, Gerry Wood.

Welcome to everybody who is here as well as listening today. Apologies are from Ms Alison Anderson who could not attend today; and Mr Michael Gunner also who could not attend today. So we have covered all the official bits.

I do not know whether you can give us a opening statement about the Victoria Daly Shire - maybe some idea of population, the area it covers, that sort of thing. Then, I am sure we will have plenty of questions for you.

Ms CANNON: Thank you very much. Victoria Daly Shire is probably 169 000 km². It takes in from Wadeye, Palumpa, Peppimenarti, Daly River, all the way down to Daguragu and Yarralin and, then, goes right across to the Western Australian border. It has a budget this year of about \$42m - just under \$42m - although we get different grants throughout the year we are not expecting, so that increases it. We currently employ 340 staff, which is actually an increase of over 58% since 1 July. I suppose one of the ideas of the shires was it would bring about employment on Indigenous communities. All the shires have

really shown that has actually worked. Our current statistics are that our Indigenous employment is 77% of the workforce. Again, that is a pretty high employment statistic.

We run all what you would call the normal services – the waste, the refuse, the roads; and then we do a whole range of the community-type services – aged, youth, and sport and recreation. We do a whole range of commercial services like post offices and DPI contracts and those sorts of things.

Anything else you want to say about it? Obviously, its head office is in Katherine. Probably one of the other issues as well is, for both the new shires, I actually think they brought quite a bit to the economy of Katherine as well. Our regional office is now 32 people, so there is ...

Mr CHAIRMAN: Could I ask why it is not at Wadeye? To improve the economy of Wadeye?

Ms CANNON: Well, you would have to talk to the Shire Transitional Committees. You had consultative committees in place for a year which worked through the process of where the centres were going to be, where the wards were going to be. My understanding, that was through a year's community consultation process. Should it move? Can it move? Possibly. I believe you would probably need to get the regional transport infrastructure worked out a bit better because if it is Wadeye it tends to be cut off about two months of the year as well, so ...

Mr CHAIRMAN: But you would say that also happens in reverse - Wadeye is cut off from Katherine.

Ms CANNON: Yes. Well, from Katherine we can still, at least, get up to Darwin, get out to Timber. You can still manage quite a few of the community visits.

Ms SCRYMGOUR: But, if you look at the land mass you are covering within the Victoria Daly Shire - and you do not even have to look at Wadeye being cut off. I know there are places within the Tennant Creek region that are cut off during the Wet Season. What is the coverage – because you were saying you go all the way down to Daguragu. That is quite a substantial region as well, let alone the top part of what you are trying to do.

Mr CHAIRMAN: Just give your name before you start, just so *Hansard* – they might not recognise your voice.

Mr WEGENER: Yarralin is cut off usually for probably only a month - a total of about a month. It might not be a month straight. For them to get their dry goods and fruit and vegetables, you usually have to fly them in because Sandy Creek comes up and cuts them off. Kalkarindji could be cut off for probably a maximum of a week. Daguragu can be cut off from Kalkarindji for probably up to three weeks at a time. Timber Creek, up until this year - we do not know what is going to happen this year - about three weeks is the maximum Timber Creek has ever been cut off, but it should not happen this year but it could with the new bridge. There are still some low levels in between Timber Creek.

As for why it was not at Wadeye? One, accommodation; there is no accommodation there now. We are sharing everything. Everything that is there is being utilised, whereas, in the early days we thought at Timber Creek, but again, accommodation.

Ms SCRYMGOUR: Pine Creek?

Mr WEGENER: Pine Creek, again, accommodation. It is just the lack of accommodation virtually everywhere other than Katherine.

Ms SCRYMGOUR: With Wadeye and the Victoria Daly Shire, what is the relationship between that shire and the council in Wadeye and how do those organisations work?

Ms CANNON: I suppose part of the question needs to go to John Berto as well, but I actually think we have a good relationship. The memorandum of understanding just before 1 July, we had been working probably about six months beforehand with them which, basically, we cannot actually transfer assets because we do not own any assets, but we actually gave them the right to occupy the businesses that, under theory, would have been coming to the shire, things like the motels, the petrol, the construction arm, anything that we believed had a business development arm went under TDC.

We also split what you would call the non-fixed assets, so what TDC were using to run those businesses, they went over to TDC as well. That is still on a memorandum of understanding at the

moment. Council passed a resolution that if its audit comes back well this first year they would look at transferring all the non-fixed assets for \$1. We cannot transfer the fixed assets because we do not own them, basically.

We do a lot of work together. For example, they might get money through the (inaudible) to develop a sport and recreation centre. It is our sport and recreation centre. They ask if it is okay, we say yes, and then they do joint stuff together. We do joint training together. We jointly lobbied SIHIP, New Futures Alliance, about what we actually wanted to occur up there. From my point of view, the split worked quite well. We are very clearly what you would call the service delivery arm, which is very much just about providing the services. They are very much the economic development business arm. We have just jointly signed up to do the, and I cannot pronounce it, the (inaudible) Road. They got \$1m from ABA, and we are throwing in money as well, so there are quite a few joint projects happening.

We actually quite support the little economic development things growing on each community. Palumpa has just set one up as well. The reason being is they can actually access a lot more money than the shires can as well. We are supporting much here as well. We will be doing some joint training with them and we are even looking at, in the future, handing over the store to the Mutchirr Corporation to actually run.

From my point of view, I do not think shires' core business is shops, pubs, businesses, so ...

Mr CHAIRMAN: It is in the shire plan.

Ms CANNON: Well, it is not actually. They under commercial.

Mr CHAIRMAN: I am not disagreeing with you.

Ms SCRYMGOUR: I think the model that exists out there at Wadeye (inaudible) and then the Victoria Daly Shire and the MOU and that split is an important one. That is not happening in a lot of the other shires. It actually deals with a lot of the conflict.

Mr CHAIRMAN: Can I get some basic figures. I know John has some questions. What is your bag money for the year?

Ms CANNON: For the operational grant it is \$2.7m. That does not include the roads component.

Mr CHAIRMAN: What is your roads component?

Ms CANNON: I think the roads component is just over \$1m.

Mr CHAIRMAN: What is your total rate base?

Ms CANNON: I do not know as in numbers, but I know it is only about 3% of our income.

Mr CHAIRMAN: 3% of \$42m?

Ms CANNON: 3% of \$42m. It comes in at about \$400 000 or something like that.

Ms SCRYMGOUR: Is there any reason why it is only 3% of income? I know there are no rates, but the whole point of the shires was to charge rates.

Ms CANNON: We have very little home ownership, so that would answer some of it. Rate capping answers some of it. We do have large areas covered by pastoral stations, and on the communities there is no home ownership, so we are basically rating the NT Housing. Really the only rate base is Pine Creek and Timber Creek as what would normally be seen as rates.

Ms SCRYMGOUR: You have a lease in place at Wadeye?

Ms CANNON: Anything on Wadeye, currently we are occupying under the five year intervention lease.

Ms SCRYMGOUR: The shire has not looked at your side of ...

Ms CANNON: The shire has been pushing, since its inception, that we need occupancy rights to our buildings. That does not mean we want to own them at all, but we need to have some long term occupancy

rights to make capital investments. If we are making decisions about doing up offices and those sorts of things, we need to know we have some occupancy. One example is we refurbished the office at Daly River. We then were asked to leave the office. We have been pushing occupancy.

Two things are happening at the moment: all the northern shires have begun discussions with the NLC. We have done a draft memorandum of understanding with them, which is going to be about doing individual section 19 type leases on some of the buildings. It becomes more complicated with the new towns, because they are going to be township leases under the Office of Township Leasing, and they negotiate directly with the NLC and the traditional owners. Once that is negotiated us, and the Northern Territory government, comes underneath to do subleases. We have been working with ...

Ms SCRYMGOUR: That is assuming if the whole of township leasing goes ahead.

Ms CANNON: According to the Office of Township Leases, both Wadeye and Daguragu, because Kalkarindji is freehold, will ...

Ms SCRYMGOUR: They cannot compulsorily acquire a town

Ms CANNON: Who knows?

Mr CHAIRMAN: They might try.

Ms SCRYMGOUR: That is right. They can try, but they cannot.

Ms CANNON: From the shire's perspective, all we want is right to occupy so we can develop services from those buildings. Working through that mine field is very difficult for all the shires, because there are so many layers involved and so many different views and agendas going on. It is no different for the Northern Territory government which does not own any of its schools or clinics. They will have to sublease under a township lease too.

The current advice we are getting is they will have to be some form of commercial lease, whereas when we are talking to the NLC on section 19's, they are saying they would understand the concept of not high lease payments because we are delivering community services.

Mr CHAIRMAN: We hope not.

Ms SCRYMGOUR: I know the land council, and others, are saying use a peppercorn rental.

Mr CHAIRMAN: Do you get operational funding from the Northern Territory government? The old councils received operational funding.

Ms CANNON: My understanding is that all links to the FAG grants we do not get.

Mr CHAIRMAN: That is Commonwealth funding. There used to be NT operational funding.

Ms CANNON: We probably do, but I do not have that with me. It is hard to say because last year you received operational funding, establishment funding, and special purpose grant funding. That all came from the Northern Territory government ...

Mr CHAIRMAN: The NT operational used to go year in, year out.

Ms CANNON: Yes, I am assuming it still continues. I have not got the figure.

Mr CHAIRMAN: I only have the Daly Shire plan to refer to. Do you have an up-to-date budget which the council could look at? Have you released the ...

Ms CANNON: Yes, we passed the budget on 31 July for this year that we are in; that would show the NT operational data.

Mr CHAIRMAN: Is that on the web?

Ms CANNON: Yes.

Mr ELFERINK: Out of your \$42m budget FAGs grants is not that much, a little more roads funding, about \$400 000 worth of rates. I am estimating that it is in the order of about \$2.5m of the \$42m is discretionary spending. I presume the rest of that \$42m is tied to grants in the form of federal grants and Territory grants, is that correct?

Ms CANNON: Yes, 78% of our income is all grant funded, which is mainly tied. However, both the NT government and the Commonwealth, as part of the grant process, allows us to put on, what you would call, an administration office or a management charge. Probably out of that 78%, we take back probably about 20%, which becomes our management fee and that is, in a sense, discretionary to us. I mean we still need it, because we still have to pay the cars, the electricity, and the rent, but once that is all finished being paid for, we do have that extra pool of discretionary which has come in from those grants.

Mr ELFERINK: I take it from that answer, there is no expenditure from your FAGs, roads and other money which goes to the administration cost of the federal and Territory government grants, is that correct?

Ms CANNON: There would be some of it.

Mr ELFERINK: Could you put a figure on it, a percentage or dollar?

Ms CANNON: No, not without going back to the budget, because when we are doing the budget process, we do it on 'this is the income we have coming in' and then we do our expenses. We do not then say 'Well, the electricity is coming out of here' or – it would be very hard to breakdown which bits were coming out. We just have to get it to balance at the end.

Mr ELFERINK: What is the distance of roads that you maintain?

Ms CANNON: That would be in the shire plan.

Mr WEGENER: Is that maintain now or will maintain?

Ms CANNON: We are only doing local roads.

Mr ELFERINK: Maybe if you could answer both questions, I would be obliged to you.

Mr WEGENER: Not very many at this stage. It is only estimated at 200 km or 300 km, and in the future, I believe you could say 2000 km or 3000 km.

Mr ELFERINK: Are you expecting to get increased funding? At the moment you are getting \$1m a year to look after the roads that you do have. Are you expecting a commensurate increase?

Ms CANNON: I suppose if you go with the LGANT position, which we are part of, that we are being very clear that before council should be accepting any more roads, a) they should all be of a standard that they are acceptable; and b) they should be on a hierarchy so that everyone knows what road is what road, so there would be a different funding level for say a regional road or a road that joins and there would be a funding model put around that, that the shires would find acceptable.

Mr ELFERINK: Good luck with that.

Ms CANNON: I know this is all theory but, the reality is there is no point handing roads over to us and saying here is two bob. You cannot do anything with it.

Mr ELFERINK: That becomes my next question. As a relatively new organisation, your plant and equipment, I suspect are going to be hand-me-downs from the old councils. Can you tell me about current condition, for example, roadworthiness, registration and numbers of plant and equipment you have available to do your roads? Are they registered, are they serviceable, are they both?

Ms CANNON: We have just undertaken both a fleet review and a plant management review, which was done externally by a consultant who, basically, that is their bread and butter. That is all they do, fleet management and plant management. The fleet management has just come back to us. Basically, their recommendation, which council has actually agreed with, is: 'You have to start again'. We have only about 5% of our fleet which is under three years old. Most of it is between three and 20 years old - and I am talking just the fleet vehicles now.

Mr ELFERINK: Yes.

Ms CANNON: You cannot fleet manage something that is that old. So, our council has made a decision which has said we are going to actually start again. We will get rid of some of that. We know the cost of that is going to be about \$3.5m.

Mr ELFERINK: All right. And plant?

Ms CANNON: On the plant, they are still undergoing the review at the moment, but we also know already that we have no new heavy plant that is under five years old.

Mr ELFERINK: So, do I take it from that answer that you actually have no clear idea what plant you have available to look after your road network, but you are not quite sure how much you are going to be (inaudible)?

Ms CANNON: We have a list which can be provided. The list would ...

Mr ELFERINK: But this is different to an actual grader?

Ms CANNON: Yes.

Mr ELFERINK: I have seen a picture of a grader, and looked at the grader in the yard. They are two different things.

Ms CANNON: Currently, we have about three working graders. So, we do not have the capabilities on every community.

Mr ELFERINK: Are they road registered?

Ms CANNON: Yes, all our plant we are using is now road registered – the ones that we are using. There is some dead plant sitting in the dead plant grave, but there are lots that ...

Mr ELFERINK: How does that go with the average (inaudible)?

Ms CANNON: I suppose, in a sense, we are also a bit lucky in that, at Daly River we actually have what we call a road construction crew which is getting period contracts from DPI to actually do the roads. We have actually expanded and developed that. That was another group of employees we spoke to and said: 'Do you want to go on your own as a business?' They went through a process with the consultant and said 'No, we actually want to stay with the shire'. So, within the shire we actually have what I would call a functioning road construction crew with the appropriate equipment for that area. However, that is something we could actually build on.

Do we have appropriate equipment in lots of the other areas? No.

Mr ELFERINK: Well, I am about to get to that.

Ms CANNON: Yes.

Mr ELFERINK: I am about to start talking about (inaudible).

Ms CANNON: The only other place where I think there is appropriate construction equipment, I would probably say would be at Wadeye. Most of that would be under TDC. They received a very generous grant which allowed them to buy about \$2m worth of proper construction equipment to help with the SIHIP stuff as well. We are using that equipment as well. We day lease off them for the rollers and those sorts of machines.

Mr ELFERINK: All right. So, you have, basically, the bare minimum, if you like, and you need to - because, if you are about to be the beneficiaries of several thousand kilometres worth of roads and you are not quite sure how much, that might be a challenge for three graders. That is more as an observation than a question.

Waste management ...

Mr CHAIRMAN: John, Willem has a question on roads. Do you want to do a roads question?

Mr WESTRA van HOLTHE: Well, just on assets, seeing as we are (inaudible) before we move away.

Mr CHAIRMAN: Yes, okay.

Mr WESTRA van HOLTHE: The outside consultant who did your management reviews for fleet and plant - do you know how much that cost?

Ms CANNON: \$22 000.

Mr WESTRA van HOLTHE: \$22 000. And who paid for it?

Ms CANNON: Council paid for it.

Mr WESTRA van HOLTHE: From what?

Ms CANNON: We have in our budget, on the expenditure side, a line item which is for consultants. So, there is \$100 000 in there. It would be hard to say which bits of that ...

Mr WESTRA van HOLTHE: So, it came from the discretionary pool?

Ms CANNON: Yes, it came from the discretionary pool.

Mr WESTRA van HOLTHE: Did you, or have you, received asset lists or registers from the subsumed community government councils?

Ms CANNON: Not specifically direct from each community council. You sometimes got those in some of the records, but the department undertook a large exercise six months prior to us even coming into existence, which was about going out and trying to find all those assets, whether they were fixed or non-fixed. This is not knocking the department but, in a sense, we almost had to restart on some of those lists. We were having buildings listed as assets when they were not on assets - if you do not own a building, you cannot give us a huge list of building assets, and if we accept those assets, which they are not, they also impact on our budget, because you actually have to depreciate for assets that you do not own in the first place. So, in building assets, now we have done our own list, it is very small, it is not big.

On non-fixed assets, we have probably spent the past year going through looking for them, finding them, deciding they no longer exist, deregistering half of them, registering half of them, so I think it would be fair to say that dealing with assets appropriately, over the past year and the next two or three years are going to be a major thing for the shires to do.

Mr WESTRA van HOLTHE: So basically you are left with incomplete lists and information about what you should have been taking over as assets?

Ms CANNON: Yes.

Mr ELFERINK: It seems to be a non-get in the question.

Ms CANNON: Yes.

Ms SCRYMGOUR: If I could ask Sandra, or maybe the Mayor. Were either of you involved in the transitional committee? Don, during the transition and moving towards a super shire over all these areas, at any time did the transitional committees get informed, or had knowledge of, because there has been effectively getting rid of all the small councils that were out there and any associations, that would have been something that the transitional committees had some idea of.

Mr WEGENER: We had some idea about it, but that was virtually all it was, an idea. Yes, I knew what Timber Creek had, I probably knew what Yarralin had, maybe to a lesser extent what Kalkarindji and Daguragu had, only because I had been through the area. But what the Daly region had, I would not have a clue. A lot of the stuff that was listed as an asset was well and truly dead, and it was listed and it has a value alongside of it and I asked one of our blokes, and he said: 'There it is, over there, Don'. There was a

truck sitting there with no wheels on it, the engine was gone, but it was still listed as an asset. This is a lot of the problem. Yes, we have a heap of assets on the list, but when you went through them there was virtually nothing usable.

Ms SCRYMGOUR: I asked these same questions in Central Australia and I was quite astounded what came out of that line of questioning. Did the alarm bells go off with any members of the transitional council, or when the shire took over the responsibility, that there were, I suppose, inadequate audits or transfer of assets to the shire, which were going to be a liability rather than an asset?

Mr WEGENER: There probably were alarm bells ringing but, at that stage, there was not a lot we could do about them because they were ours, they were given to you. They were given to you because they were owned by this community government council or that community government council. There are, I felt, some anomalies. When I have chased it up through the Timber Creek region, that, if it is under a given value, or older than certain years, it is no longer classified as an asset, this relates back to the CDEP side of it, yet some of the stuff I am talking about, I know how old is, because I purchased it. But when I went to try to get it for us, now I am on the other side of the fence: 'Oh no, that is dead, that has no residual value'.

Mr CHAIRMAN: Can I ask the question on the roads. Recently, I went down the Amanbidji Road. I would imagine that is one of your roads?

Mr WEGENER: Yes, only 30 km.

Mr CHAIRMAN: That is handy, because it is a bit longer than that 60 km. Do the technical owners only grade half of that road?

Ms CANNON: We are only responsible for the local roads within a community. That is all we are responsible for at the moment. Amanbidji is classed as an outstation. We are only responsible for the roads on that community based on the \$100 000 we get to provide all essential services to the community.

Mr CHAIRMAN: So the government has to build a road from the Victoria Highway to the front gate for Amanbidji. Amanbidji is not a bad outstation; it has a clinic, a fine school and fairly new houses there. It sounds an inefficient way to grade a road, which is what I am getting at. If you have to grade the road, where do you get the grader from?

Mr WEGENER: When it was Timber Creek Council, Timber Creek graded from the white gate to the community, and the government graded from the bitumen to the white gate. What happened was if the government had their grader there, our funding would go to the government and they would grade it. If we had our grader there, we would grade it and we would get some funding from the government.

Ms SCRYMGOUR: Amanbidji is a community living area established on a pastoral lease. There is a fundamental difference in the way it is funded.

Mr CHAIRMAN: There is a road to a medium size community. Will they be paying rates?

Mr WEGENER: Yes.

Mr CHAIRMAN: They would be hoping the road is graded. You are saying many of your assets are not up to scratch. The council I come from, Litchfield, has never had its own plant. You mentioned the association with Port Keats. You are using them as subcontractors. Have you looked at the alternative, which may not give you as much employment; however you subcontract all your road works within the shire and do not keep and maintain those fairly expensive assets?

Ms CANNON: We are halfway through looking at our future plant needs, and already the consultant is beginning to say you need to look at other options rather than just buying it all and doing it all yourselves. We are in the middle of that discussion at the moment. There is a general feeling even if we were going to be doing it ourselves, leasing per job would be the best and cheapest way to do it. The full report has not gone to council yet; they know it is being looked at.

Whether we subcontract or not and how that works, all I can say is our road construction crew, which gets the period contracts under DPI, makes quite a sum of money which comes back to the shire. Whether you are talking local employment or not, that is 15 local Indigenous guys doing all the roads along that area. So there are positives and negatives. We are in the process of looking at what is the best and cheapest way.

It might be different in different areas. For example, in Wadeye, the best option might be to subcontract it to TDC. Down at the bottom, it might be our own road construction crew does it.

Mr CHAIRMAN: In competition to TDC instead of ...

Ms CANNON: It evens out, yes.

Mr CHAIRMAN: You need competition for subcontractors too.

Mr WEGENER: On the roads, and I stand to be corrected, Vic Daly Shire, to my knowledge, is the only shire which has CAL accreditation.

Mr ELFERINK: How many dumps are you running?

Ms CANNON: There would be one in each community. The only one which currently comes under the licensing proper regulations is Wadeye.

Mr ELFERINK: Are you getting pressure from the department to bring any of those others under the umbrella of proper licensing, and if so, how much is it going to cost?

Ms CANNON: We are getting vague memos telling us vague things will be happening in the future. Probably separate to NT. My experience has been in every other state eventually you will have proper licensing regulations on your waste disposal, even in communities. We have already put in a special purpose grant this year, going in with Roper, Gulf and Katherine, to say we want to do a 10 year waste management strategy for this whole region which will be looking at all those things. What are the current - what is the regulation in the (inaudible), what is it – and I can guarantee, yes, that is going to be another bucket of a large amount of money both Katherine and the shires will require.

Mr ELFERINK: One more question and then (inaudible) in 10 words or less, including expletives, CouncilBiz, the computer program you have been given?

Ms CANNON: I do not think it is – it was a great idea, still was a great idea, bringing it all together, all being under one provides great security and many of the risks come out of it.

Mr ELFERINK: Does it work?

Ms CANNON: TechOne is a great system. Was it implemented? No.

Mr ELFERINK: Is it working now?

Ms CANNON: Pardon?

Mr ELFERINK: Is it working now?

Ms CANNON: Is it working now? It is partially spitting out things that I am half happy with, but we are in the middle of remediation. I am being reliably told that on 1 February it will be spitting everything out perfectly.

Mr ELFERINK: Okay.

Ms SCRYMGOUR: Out of your \$42m budget centre, how much of that is for the CDEP program?

Ms CANNON: Yes, I am just trying to think. We now only do the bottom end.

Ms SCRYMGOUR: When you say bottom end ...

Ms CANNON: We only now cover the Timber Creek, Daguragu, and Yarralin area.

Ms SCRYMGOUR: So Nauiyu and Wadeye is ...

Ms CANNON: Nauiyu has its own small CDEP. Peppimenarti has its own little small CDEP, which they carried on funding. Palumpa and Wadeye were under the shire but they gave it to Jobfind in this new round.

Ms SCRYMGOUR: The Resource Centre at Timber Creek, does it pick up any – I take it the Resource Centre at Timber Creek is still – is it still working or it is no longer there or?

Mr WEGENER: Yes, it is still working. There is a CDEP coordinator, and she has two team leaders.

Ms CANNON: No, we have CDEP from Timber Creek now, yes.

Ms SCRYMGOUR: Do you have CDEP or do you contract it ...

Mr WEGENER: We have CDEP at Timber Creek.

Ms CANNON: Yes.

Ms SCRYMGOUR: Okay, so that CDEP which was under the Resource Centre is now under the Victoria Daly Shire and that gets contracted to the Resource Centre to do work or undertake work ...

Ms CANNON: Some of it – they are still working on their CDEP community plans at the moment, which say what is going to happen in each ...

Ms SCRYMGOUR: Are you responsible for all services to all of the outstations that are in the ...

Ms CANNON: No.

Mr WEGENER: No.

Ms SCRYMGOUR: Okay. Who provides that service?

Ms CANNON: The Resource Centre.

Ms SCRYMGOUR: Is that still under the Resource Centre?

Mr WEGENER: Some of that still is.

Ms CANNON: We provide probably about 50%, across – and when we came over, if the outstations had been serviced by the community councils we inherited them; if the outstations had been serviced by Resource Centres that continued.

Ms SCRYMGOUR: Yarralin Council, for example - would you still look after some of those ...

Ms SCRYMGOUR: Pigeon Hole and also ...

Ms CANNON: It still does.

Mr WEGENER: Lingara.

Ms SCRYMGOUR: Lingara and those outstations, so all of those are the responsibility of the Victoria Daly Shire and the same with Daguragu, Kalkarindji and those outstations?

Ms CANNON: Yes.

Mr WESTRA van HOLTHE: We will hear more about the remediation program later on, but for you, how much will the remediation program on TechOne cost you?

Ms CANNON: The remediation part is probably going to – it is hard to cost because half the time you do not – the poor staff work many more hours than they should do. Even on some of the backfilling I actually still think – and sending people to Darwin – it is in the figure of at least \$100 000. That is separate to how much did the implementation of CouncilBiz, that never happened, cost me. You are talking that is now probably nearer \$1m. The original view was they were going to bring all the communities online, that

was all going to happen and now that has gone down to, we are bringing one office in each community online and if you want networking around, the shire has to pay for that.

Somewhere like Wadeye has libraries, childcare centres and you would want them all networked. That cost has now been dumped back on the shires.

Ms SCRYMGOUR: So, you are saying that the council office in Wadeye - if you want your shire office in Wadeye to link up all its other programs within Wadeye, you are going to have to fund that as part of the CouncilBiz establishment costs?

Ms CANNON: No.

Mr CHAIRMAN: You own it. Do councils not own ShiresBiz?

Ms CANNON: Do we own ShiresBiz?

Ms SCRYMGOUR: Or CouncilBiz?

Ms CANNON: CouncilBiz.

Mr CHAIRMAN: CouncilBiz, yes.

Ms CANNON: We were forced to become directors of a subsidiary. I believe that is slightly different to owning something.

Ms SCRYMGOUR: So, each of the CEOs are directors of CouncilBiz? Are there any moves from the shires to look at ...

Ms CANNON: The ShiresNet, which is the roll-out to the rest of the communities, does not come under CouncilBiz. ShiresNet is still with the department, because the department ...

Ms SCRYMGOUR: Is the membership, though, of CouncilBiz not the CEOs ...

Ms CANNON: CouncilBiz was meant to originally be a subsidiary to run an IT support service and an IT training service. That is what it was set up for. That makes a lot of sense for eight shires to work together - to have one help desk and one training area. That is what CouncilBiz was meant to be. What it became ...

Ms SCRYMGOUR: I tell you, two shires in my electorate want to pull out of it.

Ms CANNON: Yes. What it became was trying to sort out the mess, which we should not have been doing at all, but nobody else was doing it.

ShiresNet has always been with the department. ShiresNet was the roll-out to the communities; that never ever came under CouncilBiz. The original promise we were made is: 'You will all be linked together, you just have to tell us what you need'. A year later it has become: 'You will get one line in, and anything else you want done the shires need to pay for. We will do it at the same time'.

Mr WESTRA van HOLTHE: So, how much is your contribution to CouncilBiz? The lot? Do you have to pay X number of dollars for the licensing fee or something like that?

Ms CANNON: You need to be very clear. There is a difference between licensing fees that all the shires would have had to pay whether they were part of CouncilBiz or not - you have to pay your licensing fees. There are user fees which is where we are charged for how much Internet we use, how many phone calls we use. There are user fees based on usage.

Then, there is what you would call the overhead fee, which is paying for CouncilBiz to have people there to actually do something. The overhead fee is probably about \$300 000. The others, when you add them all up together, all come to about \$1.2m for this shire this year.

Although that sounds a huge amount, Darwin City Council pays over that to run its IT service. So, whether we like it or not, IT is an expensive business, especially when we are talking eight service centres and the regional office. Could we do it cheaper? Yes. Have we done it badly? Yes, but I do not think we

are ever - even when we are all sorted out - going to be running an IT service across such a vast area for under about \$700 000 each shire anyway.

Ms SCRYMGOUR: You would not mind paying that amount of money if ...

Ms CANNON: If it worked!

Ms SCRYMGOUR: ... it actually worked and provided the kind of information you needed.

Ms CANNON: I would not mind paying my \$1.2m if it worked.

Mr WESTRA van HOLTHE: I suppose the point is, too, that you are paying \$1.2m, or \$1.5m if you add the others in as well. You were promised certain things the system was supposed to provide for. So, you are still paying the same amount of money, but you are getting less than you were promised in the early days? Is that correct?

Ms CANNON: Oh, yes. It has not been a good process.

Mr CHAIRMAN: I am going to have to ...

Ms SCRYMGOUR: Yes, just one more, Mr Chairman. I have been trying to explore this all down the track, but in a different question.

Mr CHAIRMAN: I have one question before we go, so I will ...

Ms SCRYMGOUR: All right. Okay, Mr Chairman, I will let you ask one question, if I am allowed to ask one more.

Mr CHAIRMAN: Oh, okay.

Ms SCRYMGOUR: So – now I have lost track. You do this all the time.

Mr ELFERINK: I can ask them (inaudible) right now.

Ms SCRYMGOUR: No, you are too fast. With the Council Biz and with the financial records, what has been put in place? Having spoken to some other shires, the issue of breaching, you know, with their financial acquittals back to the department, has that ever happened with the Victoria Daly Shire with not meeting their acquittal time frames because of the reporting under Council Biz?

Ms CANNON: Yes, it has happened to all shires, and it has happened with every department, Commonwealth or Northern Territory department. It used to get quite insulting when NT Housing were going to breach us and they were the same department that brought us the system that we could not do, so there have been some funny things within all this. On the other hand, there has been a working group set up with FACSIA on it and a few others who have begun to work through some of those issues now and say you cannot start breaching them and all that.

Again, part of it goes back, we should never, as a new shire, have been responsible for the past acquittals of the old community councils. We were promised that originally and somewhere the champions disappeared out of the department and they all became ours.

Ms SCRYMGOUR: That is what I was trying to ask some questions about. Surely some alarm bells should have gone off at some point when this was happening? I was asking, what was that shire in Central Australia, one council, \$1.6m debt you know, surely ...

Ms CANNON: The alarm bells were going all the time, but, at the same time, you have to remember the audits were all coming back at different times. It was not like it was this day an audit suddenly appeared.

Ms SCRYMGOUR: So did you just receive the audits of every council that was within your shire?

Ms CANNON: We have now, but it has taken us over a year to do that.

Ms SCRYMGOUR: How long?

Ms CANNON: Over a year to do that, and one of the councils has an audit without an opinion, as in, we will not give you an audit and no one will give us one so ...

Mr CHAIRMAN: I am going to get my last question in. It was something you raised right at the beginning. You said that the new council has created more employment. That may be the case if you take the big picture now, but just take in the local council, the council's core functions, roads and dirt and rubbish, maybe it sounds really (inaudible). Take the agencies out of the system; are you employing any more people within the core functions at local council level than if you would if you had a combined number of local government and community councils as before?

Ms CANNON: Yes, but not that huge amount.

Mr CHAIRMAN: Okay, the reason I am asking that is because I think that is a little bit of a fallacy with the government. Agencies are people who are funded by an outside source, by Centrelink as well. You get funds to run those things. They are not something that the local government actually has funded itself, and if we look at funding from roads grant money, rate money, and occasionally special purpose grant money but, outside of that, you do not get any other funding for local government but federal funding.

Ms CANNON: Could I actually say two things to that. One, that is normal local government across the whole of Australia, but even though they might get up to about 60% out of rates, they have a much higher rate base. They are still dependent on grant funding to do a lot of programs.

Mr CHAIRMAN: It is not only that, everyone gets that, but you are getting agency money ...

Ms CANNON: But so are other local governments.

Mr CHAIRMAN: Well, they might, but we did not have before. What I am saying is that the government said this will create more employment. That employment with the agency was already there, so when the agency comes into Centrelink it will employ two or three people.

Mr WEGENER: A lot of that money was not there before because, in the past, a lot of that money, a lot of that work was being carried out by cost shifting. Marion was doing this and not getting paid for it; she was doing that and was not getting paid for it; and she was the local clerk for that.

Ms CANNON: I understand what you are saying.

Mr CHAIRMAN: Aged care in the Northern Territory is not normally local government funding. It is a Northern Territory government funding, and they are passing those responsibilities on to you. But from a local government perspective, and do not forget, your job is to make the roads and fix them up, pick the litter up and that ...

Ms Scrymgour: Take the waste away.

Mr CHAIRMAN: ... and that sort of thing. The agencies, to some extent, they knew part of the super shires it created by becoming agencies and local government itself continues as it should.

Ms CANNON: No, local government, the old community councils were doing a huge amount of what they would deem was local government work or community council work, which they were getting no payment for. They were doing airports, they were running sport and rec programs, they had a part-time worker doing aged care, but suddenly they became childcare. Yes, they are agency funded, but the community councils were doing much of that before. The difference now is councils have a much stronger voice, and I will give you two examples.

When we started, in the whole of Vic Daly we had three sport and rec officers; that is all that was funded. We have been able to bring together a range of funding programs, some which were new, some which were never there, and received extra funding so every community now has a sport and rec officer. Every community has the capability to have three trainee sport and rec officers if they want, and we have a regional coordinator looking after those sport and rec officers. Is it a core function of local government? I do not know. Is it working, is it good, and is it creating employment? Yes.

Mr CHAIRMAN: We will finish on a good story.

Mr ELFERINK: Other than your road network being uncertain, having an uncertain asset register, having assets listed you probably do not have, having assets not listed you probably do have, thrown out of an office in Daly River, a tiny rate base, a vague idea of what your future waste management will be, and a partially affective accounting system, is there anything else wrong with your organisation?

Ms CANNON: I think they are challenges around a new model of service delivery which can only be better than the old model. If you think reform is going to occur in the first year, I believe that is a silly thing to think. I believe this is a 10 to 20 year process, and you are on a good road.

Mr CHAIRMAN: We are going to have a short break. Thank you very much, Sandra and Donald.

ROPER GULF SHIRE
Clair O'Brien, Deputy Mayor
Catherine Proctor, Director, Corporate and Community Services

Mr CHAIRMAN: Welcome to the Council of Territory Cooperation. Although the council does not require you to give evidence under oath, these hearings are formal proceedings of parliament. Consequently, they warrant the same respect as proceedings of the House itself. I remind witnesses giving false or misleading evidence is a serious matter and may be regarded as contempt of parliament.

While this meeting is public, witnesses have the right to request to be heard in private session. If you wish to be heard *in camera*, please advise the council prior to commencing your answer. The sittings are being electronically recorded to ensure the accurate transcription of the recording. I ask that witnesses and members identify themselves prior to speaking. In the first instance, I would like witnesses to state their full names and positions before commencing their evidence. As soon as practicable following this hearing, the transcript of your evidence will be uploaded to the council's website, after you have had the opportunity of correcting errors of facts.

I welcome representatives of the Roper Gulf Shire, Deputy Mayor Clair O'Brien and Director of Corporate and Community Services, Catherine Proctor. I invite you to address the council and if you could just give your names and the role in which you are here today.

Ms O'BRIEN: Thank you. Clair O'Brien, Deputy Mayor, Roper Gulf Shire. An apology, please, from Tony Jack, the Mayor and CEO, Michael Berto.

Ms PROCTOR: Thank you. Catherine Proctor, Director, Corporate and Community Services, Roper Gulf Shire.

Mr CHAIRMAN: Either of you, if you would like to give a brief run down of what area you cover, population and what the Roper Gulf Shire (inaudible).

Ms O'BRIEN: The Roper Gulf Shire covers from south of the King River to south of Borroloola, down the Stuart Highway to the west, even across the railway line, with pastoral properties, most of the highway towns and then out to the Gulf. Numbulwar is on our northern boundary. As for the square kilometres, I did not come with that sort of information, but I believe it is 185 000km².

Mr ELFERINK: What is your budget?

Ms O'BRIEN: Our budget – around \$30m.

Mr ELFERINK: Yes, how much of that is own-source revenue, how much of that is discretionary for expenditure?

Ms PROCTOR: About 3%.

Mr ELFERINK: About 3% as well.

Mr CHAIRMAN: Does that include, we could probably get a breakdown of FAGs, roads and rates, that would give us an idea of what the general ...

Mr ELFERINK: Yes, that is probably better.

Mr CHAIRMAN: Yes.

Mr ELFERINK: Okay, FAGs, roads and rates.

Ms PROCTOR: FAGs, roads and rates is about \$3m.

Mr CHAIRMAN: That is the total?

Ms PROCTOR: Yes.

Mr CHAIRMAN: Any idea what the rates portion of that would be?

Ms PROCTOR: Yes, about \$0.5m is rates.

Mr CHAIRMAN: \$500 000. What is the road portion of that?

Ms PROCTOR: About \$800 000.

Mr CHAIRMAN: Any idea of the road lengths you presently have to maintain?

Ms PROCTOR: No.

Mr CHAIRMAN: Is that because you do not know? Sorry, I did not mean to put it like that.

Ms PROCTOR: It is because I do not know off the top of my head.

Mr CHAIRMAN: No. That was terrible. I was just scared the council does not know what length of roads it had. You just do not have the information there.

Ms PROCTOR: Yes, do not I have the information. We could ...

Mr CHAIRMAN: Sorry?

Ms SCRYMGOUR: Are we able to get that information from the shire? Maybe we could write to them?

Mr CHAIRMAN: Have you got your budget on the Web now that ...

Ms O'BRIEN: It is, yes.

Mr CHAIRMAN: That would have some of those details on it?

Ms O'BRIEN: Yes, it will.

Mr CHAIRMAN: All right. Some of what we have is a little pre-budget ...

Ms O'BRIEN: Okay.

Mr CHAIRMAN: The material I was given. No, it is all right.

Mr ELFERINK: What was your FAGs put on?

Mr CHAIRMAN: That is part of that \$3m.

Ms SCRYMGOUR: \$3m.

Mr ELFERINK: So it is (inaudible) and the rest is FAGs?

Mr CHAIRMAN: General purpose grants.

Mr ELFERINK: How many do you employ, including CDEP, within (inaudible)?

Ms PROCTOR: There are 350 full-time and part-time employees, and approximately 300 CDEP.

Mr ELFERINK: So, you guys, obviously, won the contract to manage the CDEP?

Ms PROCTOR: Yes, we did, for the majority of the shire, apart from Borroloola and Robinson River.

Mr ELFERINK: So, Robinson River is running their own.

Ms PROCTOR: Robinson River runs their own CDEP. The Borroloola CDEP is run by Mabunji – oh, sorry, and the Minyerri CDEP is run by the Alawa Aboriginal Corporation.

Mr ELFERINK: Okay. What other functions do you run as council - like roads, post offices, aged care, youth programs and ETC?

Ms PROCTOR: Apart from CDEP, we have a mentors program which is aimed at retention of Indigenous people in local jobs. We also have a few divisions within the shire. We operate an environmental health program, an outstation services program, housing repairs and maintenance, and tenancy management programs. We also run libraries, which are a core service, sport and recreation programs, aged care services which include Meals on Wheels and the more intensive support services, childcare services, and broadcasting services. There are probably quite a few more.

Mr ELFERINK: All right. Well, let us talk about roads for a second. You heard the questions, I presume, that were fired at your co-council, for lack of a better term. The distance of roads: I presume you still have not been able to bed down exactly how many roads you may, ultimately, end up with, have you?

Ms O'BRIEN: What we are responsible for?

Mr ELFERINK: What I mean, you know ...

Ms PROCTOR: We know what we are responsible for right now.

Mr ELFERINK: You know what you are responsible for now, but there are other roads coming in the pipeline for you to do.

Ms PROCTOR: Yes, there are. We have an early map from DPI which outlined the roads and who was responsible for them. They were colour coded according to whether the local government was responsible for them, the Northern Territory government, or the federal government. LGANT also maintains some roads in our region. They receive the funding to maintain them.

Mr ELFERINK: Okay.

Ms PROCTOR: So, there is a set of proposed roads that I am aware of which are due to be transferred over to the shire within a time frame of say, five years. However, apart from that original map that I saw, which must have been two years ago, we have not heard anything much further, apart from the meeting that we attended last week with DPI, where they committed to working on a plan to transfer the roads across to the shires. What they did not commit to was what condition or standard the roads would be in when they were transferred over, or what level of funding would be transferred over to the shire in order to maintain those roads on an ongoing basis.

Mr ELFERINK: I just want to make sure I heard you correctly. They committed to making a plan to hand back the roads?

Ms PROCTOR: Yes. Well, they are working through a planning process to hand roads over to the shires.

Mr ELFERINK: So, what you are telling me – and I want to make sure I am absolutely clear on this so there is no mistake: they are still planning, or trying to decide what the plan looks like to hand back the roads?

Ms PROCTOR: Well, from my understanding from the meeting with DPI was that they are still in the planning process.

Mr CHAIRMAN: So nothing decided, just part of an ongoing process.

Ms PROCTOR: Like I said, there was an original map which had the roads colour coded on them to show which ones were proposed to be transferred over to the shire but, since we had that map, there has not been anything further other than a commitment that they are working on it.

Mr ELFERINK: So promised to promise.

Ms SCRYMGOUR: What is your road network?

Ms PROCTOR: Our road network is mainly just the roads within the local communities.

Ms SCRYMGOUR: So only within the communities that are set up.

Ms PROCTOR: Yes, we also look after some other odd roads, for example, the road to Manyallaluk, we look after 36 km from the turn off at the Arnhem Highway which goes into Manyallaluk.

Mr ELFERINK: Tell me about your property plant equipment which should be from community councils. In terms of property plant equipment, how are you off for vehicles, how are you off for things like graders that sort of thing, are they roadworthy, are they road registered?

Ms PROCTOR: The legacy assets that we inherited from the community government councils were generally in a poor state of repair and condition when we received them. In 2008-09, council set a budget for approximately \$1.2m to spend on asset replacement and new purchases, so that includes plant and new vehicles. We bought a lot of new equipment and we upgraded a lot of equipment. This year, we have also been forced to dip into our roads funding to make some essential upgrades and purchases so, at this stage, our equipment is serviceable and it is being used, but I mean ...

Mr ELFERINK: How many graders did you have and how many graders do you have now?

Ms PROCTOR: I do not know how many graders we have.

Mr CHAIRMAN: Can I just ask: when you bought the new equipment, where did that money come from originally?

Ms PROCTOR: When we bought the equipment?

Mr CHAIRMAN: You said you upgraded originally but later on you had to dip into your road fund. Where was your original funding for the first lot of equipment you said you upgraded?

Ms PROCTOR: The \$1.2m. It was what was set in council's original budget in 2008-09.

Mr CHAIRMAN: That was not money from rates. Was that a special purpose grant?

Ms PROCTOR: No, it was just whatever we could do to balance the books.

Mr CHAIRMAN: But you have \$3m. That was the money you created yourself, not putting agencies in there, and you have IT, administration, and that comes up to well over \$1m, probably more like \$2m.

Ms PROCTOR: Yes.

Mr CHAIRMAN: Where, in the long term, will you actually be able to create enough money to buy graders, front end loaders, trucks to move the graders, where will that money come from?

Ms PROCTOR: In the future?

Mr CHAIRMAN: Yes.

Ms PROCTOR: Well, we actually have not really been able to set a budget into the future for an asset replacement plan so, in our first year, we were able to do that, because I think a lot of the costs of, say the set up of the establishment of the IT systems etcetera, was covered by the Northern Territory government in our first year, so there was \$600 000 that we did not have to spend then, but we are having to spend this year, so ...

Mr CHAIRMAN: What I am getting at is: what percentage will the liabilities be? Will they be the same as Victoria Daly? If you have to buy your own equipment and you have to cover this whopping big area, and you only raise \$500 000 in rates, and you have fairly high IT and administration costs, unless you get money from some other source, is the council actually viable to provide that sort of equipment that you need to run, that is what I am asking?

Ms PROCTOR: Well, no, not at this stage. In our original budget for 2009-10, we did not include any depreciation, well just to balance the budget. I think our budget for asset replacement was minimal in our original budget this year. That is why we have had to dip into our roads funding.

Mr CHAIRMAN: It is not much good having a grader if you cannot get the money to use it.

Ms PROCTOR: Well, yes.

Mr CHAIRMAN: Which is what you do?

Ms PROCTOR: Yes, that is true. We were probably fairly fortunate in having funds carried forward from the former local governments so we have sufficient works to keep our teams occupied for now.

Mr CHAIRMAN: I did not include wages. I am worried because there is enough money somewhere to get it going. Special purpose grants disappear; you have no guarantee they will stay, as people who have been in local government for a long period of time know. You are meant to get yourself off and running with rates and federally assisted grants; that is the main funding for your core functions. Do you see any other money coming in from agencies to subsidise what you are doing?

Ms PROCTOR: To some extent yes, they are all expected to contribute to whatever services they utilise and we do charge an admin fee on our agency contracts. We have not properly analysed it to know whether it is covering our costs. We have not been able to get accurate financial reports.

What has also helped us to date is the matching funding from FACSIA, administered by the department, which has enabled us to pay wages and core services for Indigenous people locally employed.

Mr CHAIRMAN: Locally employed in what?

Ms PROCTOR: Core services. Our matching funding grant is worth \$1.3m per annum, provided we spend \$1.3m employing people.

Mr CHAIRMAN: Is that a guaranteed grant for 10 years?

Ms PROCTOR: No.

Mr CHAIRMAN: If it dropped off tomorrow?

Ms PROCTOR: We would be in trouble.

Mr CHAIRMAN: I come from a shire which has a few sources of money; it does not rely on grants. 64% of money is rates; the rest is federal assistance money. It has to work hard to stay financial. You are operating with a very small budget which relies totally on grants from the Territory government, which could stop at any moment, to continue your core functions. As John said, you have not included upgrades in waste management. If they come in the way the department of the Environment wants, would that be a huge cost?

Ms O'BRIEN: Yes. Our concern as a council, with distance and low population, is we do not have the capacity, even with rates being capped. If that was lifted, we do not have a population base to be self funding from rates.

Mr CHAIRMAN: Were you set up, to some extent, with wonderful promises however unless you have a guarantee to receive extra funding from an outside source, you are not viable? That is, if you want to maintain roads, have extra roads, you want to maintain rubbish tips, you want to maintain employment, you want to maintain all your parks and your football grounds. Is council viable if it does not receive other sources of money?

Ms PROCTOR: Not in its current state. If the funding drops off then service would drop correspondingly.

Mr CHAIRMAN: Do you get operational funding from the Northern Territory government?

Ms PROCTOR: Yes.

Mr CHAIRMAN: How much is that?

Ms PROCTOR: About \$1m.

Mr CHAIRMAN: Is that different from FACSIA money?

Ms PROCTOR: Yes.

Ms SCRYMGOUR: Does FACSIA money matches the \$1m, or is it separate?

Ms PROCTOR: The \$1.3m is supposed to reflect the operational costs. It must be about \$1.3m; I do not know the exact figures.

Mr CHAIRMAN: You receive FACSIA money and you receive an NT operational grant.

Ms PROCTOR: Yes.

Mr CHAIRMAN: Can you tell us whether the NT operational grant is increasing or diminishing?

Ms O'BRIEN: It depends on your NT Grants Commission.

Mr CHAIRMAN: The NT operational is a grant the NT government would give community government councils; municipal councils did not receive it. We may be getting our grants mixed up.

Mr ELFERINK: Have all audits from former councils which have been absorbed into your shire been completed?

Ms PROCTOR: Yes.

Mr ELFERINK: Have there been any nasty surprises as a result?

Ms PROCTOR: No. Not resulting from the 2007-08 audits. There have not been any nasty surprises, not huge ones. We have some issues that some equipment has vanished or maybe it was never there in the first place, but there were no nasty surprises. We have quite a good relationship with the former community government councils. Members were involved in the shire transition committee and I was involved with it to some extent.

Mr ELFERINK: This equipment which has vanished or was never there in the first place, what was that and where was that from?

Ms PROCTOR: We are probably talking about a few vehicles. Much of the sport and recreation equipment has gone walkies.

Mr ELFERINK: We are talking about cars, were the VIN numbers recorded somewhere and the cars have disappeared or they were never purchased in the first place and written up and the books have not been ...

Ms PROCTOR: Some of them simply end up in the grave yards and they have never been written-off the former council books. I am not necessarily suggesting that they have been misappropriated. It is a

massive clean up job in identifying what assets we have, what we do not have, and why we do not have them.

Mr ELFERINK: In terms of those vehicles - and I am not suggesting, and you are not suggesting that they are misappropriated - I suspect, from what you are telling me, you actually cannot be certain whether they have or have not, because the records are incorrect?

Ms PROCTOR: No, I could not tell you with all certainty.

Mr ELFERINK: No, so there was no certainty. Have any of those audits that you have received in relation to these reviews been modified in any way?

Ms PROCTOR: Yes.

Mr ELFERINK: How many and what were the qualifications?

Ms PROCTOR: The only one I can think of, at this moment in time, one of them was qualified because the closing balances from the previous year did not match up with the opening balances.

Mr ELFERINK: Really, what was the difference?

Ms PROCTOR: I am not entirely sure, but it was to do with the bank accounts. I do not believe it was ...

Mr ELFERINK: Has that been reported to any authorities?

Ms PROCTOR: The department is aware of it - I mean, the department made us aware of it.

Mr ELFERINK: How much was that figure? What was the discrepancy?

Ms PROCTOR: I am not entirely sure. I do not think it was substantial. But it did result in a qualification.

Mr ELFERINK: Perhaps I should turn the question the other way around. Have any of the former councils received an unqualified audit?

Ms PROCTOR: Yes, I believe the majority of them did.

Mr ELFERINK: Most of them came up squeaky clean and there were no problems left along these lines?

Ms PROCTOR: Yes. We have been quite fortunate with the information that has been supplied to us from the former councils. We had to help them complete them, or maybe help some of them finalise their previous audits. We also had to complete many of the acquittals for the funding bodies in relation to the previous years. It is fair to say, we were promised that was something we would not have to do, but I had an inkling that might happen, that we might have to help push the process along and help to acquit grants from prior years. Fortunately for us, we maintained fairly good relationship with the former accountants and they were good enough to supply us with the information we needed to be able to acquit many of those grants.

Mr ELFERINK: Basically, you did the tidy up of one bit ...

Ms PROCTOR: We did the tidy up, yes.

Mr ELFERINK: You had to tidy up their loose ends to establish - I note earlier, you said: 'I have not been able to get accurate financial reports'. Is that a reference to CouncilBiz?

Mr CHAIRMAN: We have a nice letter here somewhere.

Ms PROCTOR: Yes, the TechOne business system. It has been very difficult for us to get any reports out of the system. When we do get them out of the system, we do not trust their accuracy. It has been really difficult for the finance department compiling the audit for this year.

Mr ELFERINK: How are you getting around the problem of the budgeting and preparing for this year's budget, when you do not even know the financial situation is now?

Ms PROCTOR: This year we simply based it on last year's budget, which was not - I mean we had access to some information from the current year and we tried to do it as accurately as we could, based on the expenditure in 2008-09. Where we did not think it was reasonable we put in the same amount as the previous year. Our methodology was not too sound, but we really did not have much choice.

Mr ELFERINK: This is - and by the way, this is no reflection on you guys, you had this inflicted upon you - but this is almost budgetary management 101. We are making it up as we go along. Is not it?

Ms PROCTOR: Yes.

Ms O'BRIEN: My side of that is best guesstimate. Really, they are not even estimates because of what we have to base them on. From a council's point of view - and the whole council - it is totally unacceptable to be put in that position and, hence, our letter that went through council and went to the Chief Minister with copies to the ministers on 11 November.

Mr CHAIRMAN: Have you had an answer, Clair, on that?

Ms O'BRIEN: From the Chief Minister's Office, I believe we had a response just saying that it has been passed over to the minister. Then, the minister verbally at LGANT in Alice Springs got halfway there with it, I guess, with what we were asking for with the apology - the exoneration or wavering of things. We still want it in writing. So, we are still waiting.

Mr ELFERINK: To try not to put too fine a point on it, you could be in for a very nasty surprise at the end of the financial year when this is finally sorted out and (inaudible) press a print button and find red ink all over the place. There is no way you can really anticipate that happening, other than your best guesstimates.

Ms PROCTOR: We have been producing manual financial reports for our council, so they have had access to a monthly balance sheet, which is the closest we can get it. We have been paying - we have been cautious - our monthly BAS based on cash flow, incoming and outgoings, and that is the same cash flow statement we provide the council. There are no massive alarm bells ringing there, but ...

Ms O'BRIEN: But the added burden ...

Ms PROCTOR: There are alarm bells ringing but ...

Mr ELFERINK: There are no massive alarm bells ringing but ...

Ms PROCTOR: There are, but we are being sufficiently cautious and our program managers are aware of the contents of their budgets. They tend to know how many (inaudible) they can afford from their budget, for example, and what their regular expenditure is.

Mr ELFERINK: It has placed you in an awkward situation. Obviously, this does not reflect on you at all. You are stuck with this.

Ms O'BRIEN: Council, I think, on our January or February meeting, right back then, flagged that we should be walking out of here if this was corporate world; that we had been put in here and asked to do this job by the government - and we are there and we want to make it work - but we put it on notice then that ...

Mr ELFERINK: Can I ask you for your opinions? It is only an opinion. In your opinion, was this transfer from local government by communities, to local government by shire, rushed?

Ms O'BRIEN: Yes, yes. I was, as was said earlier, part of the transition committee. I believe all the alarm bells that were ringing and spoken about then were not adhered to. I do not know who was listening and whatever, but things that the transition committee were not satisfied with were still all just rolled over - and this is going to happen. I still really strongly feel, okay, it was rushed, yes, but also that interim period when there was no council. It was bad enough the shires starting when they did, but that was the shires without a council - without elected people. Then, that catch-up of that team building and whatever for

the staff, for headquarters - all that was there going. Then, trying to close that gap of we and us has not been easy either.

Mr WESTRA van HOLTHE: The alarm bells that were so ringing at the transitional committee stage - was they conveyed to the department or to the minister?

Ms O'BRIEN: Yes, they were all involved.

Mr WESTRA van HOLTHE: How was that information raised with them? Just because they were there at a meeting, or did the transitional committee correspond formally with the department or the minister?

Ms O'BRIEN: For me to answer that as just a member of a huge committee, but yes, most of it was minuted or whether there were actual letters going, I am not sure.

Mr WESTRA van HOLTHE: Well, I would like to see that correspondence.

Mr CHAIRMAN: I think that that was ...

Ms SCRYMGOUR: That is something we are going to have to go into when we have a look at what we need to ...

Mr CHAIRMAN: And to be fair, the transition committee minutes were always on the website, so those minutes were probably ...

Ms SCRYMGOUR: They were there.

Mr CHAIRMAN: Yes.

Mr WESTRA van HOLTHE: Well, we have to go to the website.

Ms SCRYMGOUR: We can when we go into do the (inaudible).

Mr CHAIRMAN: (Inaudible).

Ms SCRYMGOUR: Clair, I was really interested to hear what you had to say. In that period with that transition period, and as I understand then, that the transfer to the shires happened, but you were saying that you brought to the attention of the minister and the department at that time some of the concerns that - you were foreshadowing concerns in your shire region. Is that right, or ...

Ms O'BRIEN: I believe so. That 18 months was really hard going, and sitting there, really trying to sort of say, but at the end of the day, we had to take what we were given.

Mr CHAIRMAN: Can I ask two questions. My knowledge of the understanding of the transition committees, ones where we had to get permission to go if you were an outsider, was that part of this deal, that there be a promise that there would be more funding for roads, that this was going to be set up based on the precept that the amalgamation or the reform of local government was going to make it easier to go to the Commonwealth government to get sufficient road funding to maintain the roads that, basically, you are not going to be able to fund them through your rate base or your federal system grants money. Was that your understanding, that you were going to get a pocket of money similar to what happened in South Australia, and that would maintain your roads?

Ms O'BRIEN: I am not sure of the analogy that you have made with South Australia, but definitely we were told we were going to grow the regions, and therefore on that point I have a personal problem with our headquarters not even being in our shire, so, you know, there are things like that. We are supposed to be growing our region, our shire, so that one is another one and, yes, the roads money, because of incorporating so many unincorporated areas, and especially cattle properties, that had never been incorporated, or little tiny towns like Larrimah, Daly Waters, Highway Inn, those sort of places, and I did omit, I am sorry, that we do have Councillor Sullivan here today, too, but on the cattlemen's side, or from the unincorporated areas coming in, that was the big selling point to them, that they were all going to get better roads.

Mr CHAIRMAN: I will ask a more positive question. Part of the reason this council exists is not necessarily the animal of the government (inaudible). It might have to do with some of that, but in the end, this is the government policy, it says that the reform of local government will achieve certain things, it would be positive. Could I then ask, if you had to rethink where you were going in relation to reform, how could you make this reform better? What is needed now to make this reform go forward? Is it just funds or is it more than just that?

Ms O'BRIEN: I guess ownership, like not being directed from the top, that we all grew together with it, and like either the council was there and then put – I mean, I know it is probably unrealistic to think it might have been able to happen that way, I do not know, but I do think that ownership by council – because at the end of the day, the buck stops with council - and I do not think they have had that ownership, the elected members, of coming through with it and delivering it, and not being in control even of their finances. The act says that we must have those financials given to us every month, and we are in breach, really. I mean, we have the best we can do at the time, but we still have not got the tools. On the positive, we want to make it work and that is why we are still there plodding along trying to fix it as we go whilst still trying to train our elected members. We are all on a huge learning curve, and here today is another one.

Mr CHAIRMAN: What do you think of rate capping? Does the council have an opinion?

Ms O'BRIEN: Council has not. It is on the agenda for our next meeting. As a council I do not believe we have discussed it. I guess it is on the agenda because I heard in LGANT, Alice Springs; there is a push to have that cap raised. As I said earlier, I do not think we have the capacity in our shire, cap or no cap, to generate our income from rates. We do not have the rate base because of our population; we are not even 7000 people.

Mr CHAIRMAN: Do you think it is the role of the Northern Territory government to decide what the rates are, or do you think rates are the responsibility of an elected group, such as your local shire?

Ms O'BRIEN: Yes, again, ownership, I do believe council should be responsible for setting its own rates. If it is a directive from the government that rates must be set and we are self-funding, that is not fair by any means because of the size and the areas we have to operate in but not have control over. We had no say; this is the size and you have 12 people to cover the area and you have to generate – it is like putting the pieces of the jigsaw puzzle on the table, we were not given the pieces to put together.

Mr CHAIRMAN: The boundaries were a debatable issue. Do you think the boundaries you have been given are practical? As much as they said you can tinker with the edges, the boundaries were what you received.

Ms O'BRIEN: Boundaries go back a long way, even community government days. There was one session with our transitional committees, we said border to border including Katherine, a mega-shire. The stumbling block was still only 12 people. That is where it fell apart. It made more sense to pool resources in Katherine, not duplicate three services; service a massive area with one hub. I am still six of one and half a dozen on the other on boundaries.

Mr WESTRA van HOLTHE: A question was asked regarding Daly about what the department told shires with respect to community government council and the take-over. Were you told you would have to deal with the old assets, the old financials; it would be presented to you in a take-it-and-run standard?

Ms PROCTOR: That perception was given but we did not believe it would happen because we saw the amalgamation of Nyirranggulung. I was involved in the tidy-up going back to the early days when Barunga, Beswick, and Bulman were amalgamated. We had to do the tidy-up there, so I suspected it would be a similar case with the shires. We were given the perception everything would be rosy and it would be handed to us on a plate.

Much effort went into that also. The department sent out staff to collect information on assets, for example, and that was stored in a massive data warehouse. Photographs were taken too, but some files were lost. The usefulness of that information is here and there because it was no longer current when we needed to use it. We did find many councils, in the lead up to the transition, were spending money and were purchasing many things. I think there might have been the perception that the shire was going to come along and take all their money and they would not have it anymore or something. There were many worries back in those days.

Mr WESTRA van HOLTHE: You were basically told in that uncertainty with the old community government councils, then the department came in and directed your staff officers to go and do asset checks and those sorts of things, is that what you are saying?

Ms PROCTOR: No. The department sent their own staff out there to do that. They did try to do much of preparation work. It is just unfortunate that much of it was not really usable by the time we came to use it.

Ms O'BRIEN: Can I just add there, I believe they only had jurisdiction over community government councils. They could not ask for assets or do anything in areas where they did not have that jurisdiction in the unincorporated areas.

Ms SCRYMGOUR: That is not true. There was legislation that wound down many of those other councils and incorporations, and all of that transferred across to what was going to be – that transfer was supposed to be sent there. That was an issue I had with it (inaudible). All these other organisations, that transfer should have happened. They did have jurisdiction to transfer that around. If someone has told you that, they have misled the councils because that should have been something - that is why all the other associations were wound down.

Mr WESTRA van HOLTHE: You mentioned just a moment ago, that some of the old community government councils went out and spent up big in the lead up time to this transition. One of the shires down south had outstanding debits, called outstanding, of \$1.3m spent over the last six weeks of the life of that community government council. Do you have any similar outstanding debits from those community government councils?

Ms PROCTOR: Yes, they were all spending up big in the last few weeks. There was not anything corrupt about it.

Mr WESTRA van HOLTHE: No, I am not suggesting that there was. I would like to know what it was spent on ...

Ms PROCTOR: None of them came over in debt. Most of them brought over cash reserves with them, some quite substantial, up to \$2m and some minimal, \$50 000.

Mr CHAIRMAN: We have a couple more questions. One more from Willem and Marion.

Ms SCRYMGOUR: Clair, I do not know whether I should ask you this, I suppose that prior to the shire development, you had the Nyirranggulgung Shire, which operated quite effectively, as I understand, do you think – and it goes to the question that Gerry asked about the boundaries - that establishing - what have you got here, one, two, three, four different wards, five - Nyirranggulgung is one ward, but given that it was operating quite effectively and the amalgamation was okay, but adding all these other wards and the unknown that was there, may be it should have taken time to hold off or?

Ms O'BRIEN: I certainly do not know much about Nyirranggulgung or how it operated or whatever. I was at Mataranka Community Government Council and was not there for a long time, I was only there for a few years. In all my time in the Territory, and I have only been a Territorian since 1993, I have been in unincorporated areas. My move to Mataranka in 2003-04 was obviously on the bottom end of it, so that is how I got involved. All my other time in the Territory was in unincorporated areas. It is all a huge learning curve for me, but that would have, maybe in hindsight, it could have been another shire. But we were directed on the number of shires that were going to happen, on the number of (inaudible) that we had to have, and all those sorts of things. It was all a fait accompli. It did not matter how much consultation or whatever, this is what is going to happen at the end of the day.

Ms SCRYMGOUR: Numbulwar ward, what is your representation from them?

Ms O'BRIEN: One.

Ms SCRYMGOUR: One, okay. And the South West Gulf Ward which includes right across to Woollogorang and (inaudible) ...

Ms O'BRIEN: There are three.

Ms SCRYMGOUR: There are three for them. The Never-Never Ward ...

Ms O'BRIEN: Yes. There are three, yes.

Ms SCRYMGOUR: And Yugul Mangi is ...

Ms O'BRIEN: Two. On population, the Mataranka or the Never-Never Ward, that really came up with two representatives, when worked on population. The Yugul Mangi would have been eligible for three, but it was negotiated with the proximity, the distance covered, with two big Aboriginal communities and all the unincorporated areas in the Never-Never Ward, that Yugul Mangi conceded one representation so it was better distribution, which was really good negotiations.

Mr CHAIRMAN: Can I finish up? I will only ask two questions. One is about commercial services. In your business plan, you are supposed to have airstrips, boat ramps, and barge landing maintenance, forestry operations, coastal river, maritime, navigation markers, community housing, and building new reconstruction, community stores, horticulture, housing repairs and maintenance, management of construction, housing tenancy management, mainstream services such as postal services and Centrelink, non-council roads, power, water and sewerage, visitor accommodation, and tourist information. Do you do all that and, if so, do you have enough funds to operate all of those things?

Ms PROCTOR: Yes, we do all that. We operate it on a fee-for-service basis. We have a manager who oversees all of our commercial operations. We have a lot of local employment in those operations, which is really challenging for that manager. I could not tell you whether we are actually in the black with all of these operations right now, but I know it is managed very carefully.

Mr CHAIRMAN: The last thing you just mentioned. If you wanted a centre for your shire from Katherine, where would you put it? Are you going to use Mataranka as a centre for the council, or was it elsewhere in the shire?

Ms O'BRIEN: If the mayor was sitting here, he would probably say Borrooloola. However, since I am sitting here, I am going to say Mataranka. It is serviceability as well, right on the highway, and accessibility through the Wet and whatever, and it is central.

Mr WESTRA van HOLTHE: Very quickly. How many business activity statements were submitted late to the Australian Taxation Office?

Ms PROCTOR: Possibly six. I think we finally got it together in, probably, about January 2009.

Mr WESTRA van HOLTHE: And how many times was the shire fined by the ATO for late submission of BAS statements?

Ms PROCTOR: We have only received one letter with a fine of about \$66 000, but we wrote a letter requesting some clemency and they waived it.

Mr CHAIRMAN: All right. We probably have another 101 questions to be asked. We hope to return - well, we not hope to return, we will return, because you have raised an enormous number of issues, and there are a lot of issues out there. As I say, our job is not only questioning and finding out but, hopefully, seeing whether we can recommend the government changes which will make local government reform actually work.

I do not think anyone is against local government reform; it is simply a case that it is a big effort to reform a large area with a small population and small rate bases. That is what we are looking at, and thank you very much for coming today.

Ms O'BRIEN: Thank you for the opportunity, and we hope it is an ongoing thing, and not just a one-off. We do have some documentation. We do not know whether it is suitable. And our Tidy Towns. Our big plus was the Barunga and Ngukurr awards, and there is a media release there.

Mr CHAIRMAN: Would you be able to send us a list that we have raised that is not in the budget?

Ms O'BRIEN: Yes.

Mr CHAIRMAN: Good. Not here, could you send them? Just talk to Robyn here, if you could send us a list of the roads. They might have links on them as well.

Ms PROCTOR: Yes, we do have that.

Mr CHAIRMAN: Thank you for that. We might keep going because poor old Rohan is out there. He is a man of the media. I heard him on *Country Hour* yesterday.

Mr SULLIVAN: That was my first appearance for a while.

Mr WESTRA van HOLTHE: I just have to make a quick phone call.

Mr CHAIRMAN: Yes, that is fine. We will keep moving. If anyone wants to come and go they are most welcome. It is fairly informal meeting, but you can have a cup of tea and coffee. By the way, I forgot to mention the men's toilets are outside through there and the ladies.

Tabled Paper 1

Media releases: KAB/Tidy Towns Judges visiting Barunga, 24 November 2009 [sic]
Barunga wins Territory's Tidest Town Award, 06 November 2009

Tabled Paper 2

Hand-written note, Roper-Gulf Shire roads as at 30 June 2009¹

Tabled Paper 4

Oplus ShiresBiz Implenentation Project Report, 5 June 2009

¹ Icebed – 10.08km; sealed – 48.47km; gravel – 222.28km; formed – 154.70km; flat-bladed track – 538.55km;
Total: 975.08km

NORTHERN TERRITORY CATTLEMEN'S ASSOCIATION
Rohan Sullivan, President

Mr CHAIRMAN: I call to order this public meeting of the Council of Territory Cooperation. Although the Council does not require you to give evidence under oath, these hearings are formal proceedings of the parliament, consequently they warrant the same respect as proceedings of the House itself. I remind witnesses that giving false and misleading evidence is a serious matter, and they can be in contempt of parliament. Whilst this meeting is public, you do have the right to request a private session, if you wish to give it *in camera*, please advise the council prior to commencing your answer.

Today's proceedings are being electronically recorded to ensure the accurate transcription of the reporting. I ask that witnesses and members identify themselves prior to speaking and, in the first instance, I invite witnesses to state their full names and position before commencing their evidence. As soon as practical following this hearing, a transcript of our evidence will be available on the Council's website after you have had the opportunity of correcting errors of fact.

I welcome Mr Rohan Sullivan, President of the Northern Territory Cattlemen's Association, and I now invite you to address the Council. I might just ask you to repeat that, your name and the capacity in which you are speaking today.

Mr SULLIVAN: Mr Rohan Sullivan. I am President of the Northern Territory Cattlemen's Association. I am also a councillor on Roper Gulf Shire. I can take one hat off and put the other one on if the committee requires that, or is interested in my take on some of the council issues.

Mr CHAIRMAN: Do you have an opening statement or just a brief statement about why you are here today?

Mr SULLIVAN: I will not worry about introducing NTCA. I think you all know what we are about. My main reason for appearing before the committee was to give a perspective from the pastoral industry on the local government reform and their implementation of shires. In general, the implementation of shires so far has not greatly affected the pastoral sector in that the shire activities have been generally focussed on Indigenous communities and the issues there, and also the rates cap in place at the moment has kept rates at a low level. I think people generally will not complain about payment of basically what is a token amount, where really there is no service delivery to pastoral properties in general. I think, in general, most pastoral properties would not have a great expectation of there being a lot of service delivery from the shires.

I think there has been some misunderstanding in some areas about the role of shires with respect to roads. Certainly, from my experience with the Roper Gulf Shire, there have been some approaches for road works to be done on station accesses, which we have declined because that is a Territory government responsibility at the moment. Also, there has been a perception that shires can sort out some of the land issues around towns, and I am referring to cases such as Mataranka, where Mataranka is chronically hamstrung for housing, basically because there has been no land release by the Territory government and that, in general, the excuse has been that, because of native title and land rights' claims around the town, that they have not been able to do anything.

The local board at Mataranka recently did a bit of an audit of the housing climates in town and identified between 14 and 20 houses needed to meet the current demand for housing in Mataranka. This would be for organisations such as Sunrise Health and the department of Education, but we are also looking at a potential expansion of the lime plant in Mataranka and a meat works starting up out at Eisey Station, which may require some accommodation in Mataranka for supervisory staff, and also good old Larrimah, regarded as a back water by some, but there are actually people who want to get a block there in Larrimah so they can build a house, but there are no blocks available. People have been approaching me, for instance, as a councillor, to try and sort out the land issues around these towns when, in fact, the shire can do very little at the moment because it is really a Territory government responsibility, and I suspect the same would be in Borroloola and Daly Waters as well.

The main problem with the shires, as far as finances go, is the rate base is too small, as Clair mentioned, to make any meaningful contribution to council revenue. 45% of the Territory is not rateable because of land tenure. In the Roper Gulf Shire, for instance, there are 56 pastoral properties, plus Mataranka and Borroloola, and a handful of road houses, which form the rate base for the shire. There is also community housing in Aboriginal communities however, in general, the rate base is too small. You

have a population of approximately 7000 people, and the economic base is not there. There is very little economic activity in those communities, apart from government money being spent to fund various programs.

As you would be aware, we are fairly strong opponents of the shire implementation. One of our objections was around rates, and the potential for these to increase over time to an unsustainable level. The then minister, Elliot McAdam, said it was not about rating the pastoral sector; it was about leveraging money from the federal government. I heard the assertion there would be up to \$20m a year available for roads as a result of the incorporation of the rest of the Territory. I think we have yet to see this materialise, and if you look at the need for roads funding in the Territory, it runs close to \$2bn to bring the road network up to standard.

Mr CHAIRMAN: Did you say \$2bn?

Mr SULLIVAN: \$1.7bn is the figure is being discussed with Infrastructure Australia. There is no way the rate base of shire councils can meet that requirement.

At the moment the councils only have responsibility for local community roads. It really is a Territory government responsibility, and we would probably suggest any lobbying organisations such as LGANT and the shires do on rates for roads is directed to the federal government rather than towards the Territory government lifting the cap on rates.

The last point I wanted to make from our industry's point of view is there is a perception about our industry and its capacity to pay, because we manage a fairly large land base. There have been substantial increases in the unimproved capital value over recent years, however historical rates of return based on (inaudible) figures from the late 1970s until 2006, the mean annual return to capital was 2.2% for the pastoral industry in the Territory. Over the same period the mean annual inflation rate was 5.2%. That represents the money available to pay bills, rates, rents etcetera.

I think that is all. I have some points on working futures and the shires. I might finish there.

Mr WOOD: I will be the devil's advocate. Rosewood Station, on the Western Australia and Territory border, is split by the interstate boundary. Have you any idea what they pay on the Western Australian side compared to the Northern Territory side? The devil's advocate's answer to that is: the question is: what is the difference in rates? Do you have any idea what they pay in Western Australia?

Mr SULLIVAN: No, I do not know a figure off the top of my head, but I do know the rates are substantially more in Western Australia and, particularly, Wyndham, East Kimberley, I believe has a large differential between the rates the pastoral industry pay and the rates other general rate payers pay.

Mr CHAIRMAN: What I am looking at, they pay a higher rate than they would in the Northern Territory. But, if you took Halls Creek Shire, you would have to say it is pretty – except for Halls Creek and maybe Turkey Creek, there are not many facilities, and those station people probably do not (inaudible) anyway. Could you argue they pay rates and they do not get many services, but they are still happy to pay that rate yet, in the Territory, the NT Cattlemen's Association is basically saying: 'We do not want to pay much for the same reason, because we do not get services? They pay a rate and it goes into a general fund of money for the shire, even if they do not use the rubbish tip at Turkey Creek or the roads, they still need to pay, why would the NT Cattlemen's Association not support the same concept?

Mr SULLIVAN: My understanding is that the shires there are responsible for the road access to those stations. You say they are happy to pay the rates, I am not sure whether that is the case or whether they consider that to be equitable. I know that in Derby, West Kimberley, for instance, their rates are something in the order of 11¢ in the dollar, which will add up to a fairly substantial amount and, at that level, I do not think that could be justified in the Territory.

Mr CHAIRMAN: Is it true also that the government has done an arrangement with the pastoral properties, that, basically, as the rates go up, the pastoral leases go down?

Mr SULLIVAN: That is true. At the moment it is not in place, because it requires a legislative change to the *Pastoral Lands Act*, which has not happened yet. The current situation is that if the rates cap is lifted, there is no offset against our pastoral lease.

Mr CHAIRMAN: This is theoretical. If the rates went higher on your pastoral lease, the community would be paying ...

Mr SULLIVAN: I do not think that would ever happen because the pastoral leases have a three year review of their unimproved capital values and the government is also able to set the multiplier on the unimproved capital values after each evaluation.

Ms SCRYMGOUR: It would be nice if the minister could ...

Mr CHAIRMAN: That is true.

Ms SCRYMGOUR: Bringing back some memories, Rohan.

Mr SULLIVAN: I cannot see that being a realistic situation.

Mr CHAIRMAN: I do not know which hat you have on, but the question I put before, whose job is it to actually raise rates, the elected members of the council or the government?

Mr SULLIVAN: All right. For instance on our council, I believe, fewer than half of our members would be actual ratepayers, who would have to write out a cheque for rates every year and, in fact, I think it would only be three out of 12 are actual ratepayers. It becomes a fraught issue, about how much responsibility or – the argument is always that the councillors are not going to lift rates up excessively because they are ratepayers themselves. Whereas, I think on most of the shire councils, that will not be the case. The people may be residents in NT government owned housing on communities, the rates for those places are taken out as part of the rent, people are not writing out a cheque to pay the rates.

If you have a majority of councillors, who are not ratepayers as such, then I do not believe that they are able to appreciate the impact of increases in rates on their constituents.

Mr CHAIRMAN: I understand this, but I suppose I am looking at the principle, that the councillors, whether they are ratepayers or not, are elected members because they live in that community and that is the only requirement to be voted within that shire. Do you think they really should be the ones who are set as a democratically elected body to lift the rates for anywhere or should it be the government who steps in and overrides that?

Mr SULLIVAN: I believe the government should set certain limits on the councils' ability to raise those rates. Particularly so for the pastoral estate where, over time, with a free-for-all-type situation, you could have large discrepancies in the level of rates between different shires throughout the Territory, which results in inequities across the pastoral state in the Territory.

Mr CHAIRMAN: Could that not happen in reverse? Say, the minister thought you should pay high rates? You are saying the minister should be responsible. And he said: 'You are all going to pay \$0.5m a year in rates'. Is it not a reverse that he is not elected by you - your shire, therefore, you have no way of voting against that imposition because the minister, who was not elected by your council, is making a decision over your rates? In other words ...

Mr SULLIVAN: Sorry, are you asking my opinion as a ratepayer or ...

Mr CHAIRMAN: A ratepayer. I can ask you as a councillor actually, or a ratepayer, because that is what we have with pastoral - who should actually be the final arbiter of what that rate should be?

Mr SULLIVAN: I believe, as I said before, the minister needs to have the final discretion over what the level of rates is on pastoral leases.

Mr CHAIRMAN: If all the shire councillors in your council were ratepayers, would you still say the same thing?

Mr SULLIVAN: Provided there were sufficient safeguards for there not to be a big differential between, say, pastoral lease rates and other general rates, because that is the situation that has happened in Western Australia.

Mr CHAIRMAN: One of the issues you have, comparing what you say here, is Western Australia get a much higher amount of federal assistance grants money because of the total population of the state.

Therefore, have a bit of money to collect. Whereas, our shires have a very low federal assistant grant amount of money, as we have seen today, and their only other option is, basically, from rates.

Mr SULLIVAN: Yes. So, maybe I should ask a question. Is that because of population base or is that just historical?

Mr CHAIRMAN: Because local government funding is not divvied out to the Northern Territory the same as health funding. Local government funding is based on population. Because we have a small population we get a small amount of money from the federal government. Then, it is divvied out on horizontally equalisation. So, the further away you are the larger amount of money you get. There is nothing we can do about that, but the problem is, we do not have the same amount of money as your equivalent cattle station or shire such as Halls Creek, Derby, West Kimberley, or Mount Isa. They get more money per head of population because they have got a bigger population.

So, the only alternative is with rates, unless the NT government (inaudible). So, do you see any other way of your council, Mataranka, being able to raise sufficient funds to keep yourself going if it does not raise the rates?

Mr SULLIVAN: Well, they can reduce the number of core services they provide, and go back to a more basic model.

Mr CHAIRMAN: Which services do you think are basic?

Mr SULLIVAN: Well, look at doing things like horticulture and that sort of thing. I do not know that is necessarily council's role to be running horticultural programs in communities - for one example. If you were to go back to the core thing of rubbish ...

A witness interjecting.

Mr SULLIVAN: Yes. Rubbish and street lighting.

Mr CHAIRMAN: Any other questions?

Mr ELFERINK: A couple. Going back to your opening statement (inaudible) land release (inaudible) in your area around Mataranka. You suggested you have been told that there are still outstanding land rights claims in the area?

Ms SCRYMGOUR: No, native title.

Mr SULLIVAN: No, there is native title and ...

Mr ELFERINK: You said there are land rights issues, though.

Mr SULLIVAN: I believe there are still Aboriginal land rights.

Mr ELFERINK: Do you know what those particular issues are?

Mr SULLIVAN: No, I do not, but I know ...

Mr ELFERINK: That title to be acquired, that is all (inaudible).

Mr SULLIVAN: Yes, well, I think there is a bit of a lack of will. Certainly, the Mataranka area is getting closer to resolution of those native title claims. It should happen early next year. But the process has still got to be gone through then to acquire the native title in order to start releasing blocks of land.

Mr ELFERINK: I was just curious about the land rights, the outstanding land rights issue. I was trying to make sure that it was actually a land rights issue that was outstanding, not a native title issue.

Mr SULLIVAN: Look, I am not sure, John. I know for sure there are native title claims, but I also understood, and maybe not so much around Mataranka, but Larrimah, that there were land claims still in the system around there.

Mr ELFERINK: My understanding is that I thought they were all done and dusted. Just on another thing, you mentioned the Cattlemen's Association intimating there was \$20m in the pipeline as a result of federal roads funding for the establishment of these councils and you said it had not been forthcoming. How much has been forthcoming, do you know?

Mr SULLIVAN: Well, I do not think there has been any extra.

Mr CHAIRMAN: That was the federal government?

Mr SULLIVAN: Yes.

Mr ELFERINK: Yes, that is the federal ...

Mr SULLIVAN: Yes, I mean we ...

Mr ELFERINK: ... the federal funding. That is the justification for the establishment of these councils, that it was to have federal funds, then one could be led to the conclusion that there is enough money in the pipeline, which has been a very expensive exercise with no (inaudible).

Ms SCRYMGOUR: But that was always the thing that pushed – I know when we first got the (inaudible) information it was under the CLP.

Mr ELFERINK: Yes.

Ms SCRYMGOUR: It was always dubious, because it is going to get you more road funding.

Mr ELFERINK: Well, and that ...

Ms SCRYMGOUR: And it has never eventuated.

Mr ELFERINK: I return to the point that ...

Ms SCRYMGOUR: When you have plenty of locals but they all ...

Mr ELFERINK: I am not interested in having an argument. I just wondered if the concern was that was actually was occurring.

Ms SCRYMGOUR: Well, it has been a long ...

Mr CHAIRMAN: I know that before when I spoke about the Pitjantjatjara lands, that was the example used. The South Australian local government was able to put an argument to the federal government that it needed money outside of the normal process to get federal funds, funding for roads, which is very hard to get, and they have a program which basically let them get \$20m a year or something like that, as a grant to do all the roads in the Pitjantjatjara area, which is (inaudible) area, it has its own sort of administration. That is what is missing. It was sort of a promise, I think, by the previous government and the federal government, and also, if you say supported the idea of amalgamation, whether they supported the boundaries is another matter, but that was part of the sweetener to go through with this.

Mr SULLIVAN: Yes, we had advice from federal – because we approached federal ministers about it. They basically said that they did not think there would be extra money. I think it was driven out of Darwin that they ...

Mr CHAIRMAN: I think also the Local Government Association pushed it.

Mr SULLIVAN: Yes, definitely.

I will go to *A Working Future* – and I have probably mentioned this to you before, Gerry, that I just see a discrepancy, or a disconnect, between the current model of shires and the model of *A Working Future*, where you have 20 growth towns. I think there are three growth towns in the Roper Gulf Shire – that is Ngukurr, Numbulwar and Borroloola. My understanding of how these growth towns would work is that they would be a sort of a centre, and then there would be a mob of outstations around them which that town would service, those outstations, and it seems to me that that would suit a local government model where there was a local council in that town, maybe with some members from the outstations, and that would

basically run the affairs of the town. In this case, we have a shire based in Katherine, and which basically has no relationship to the growth town model, I do not believe anyway. I just wanted to ...

Mr CHAIRMAN: There is one argument that says bigger is not necessarily better.

Mr SULLIVAN: I just wanted to raise that with the committee as an area I see that may want consideration ...

Mr CHAIRMAN: Do you think Mataranka should have been put forward as a growth town? It has a school, it has a police station.

Mr SULLIVAN: I think it is probably a bit different in that it already has some businesses, so it is probably a bit ahead. But it could be a growth town, even without much government input.

Mr CHAIRMAN: If you look at the ...

Mr SULLIVAN: With more land available and that sort of thing, it could actually happen anyway.

Mr CHAIRMAN: More land, more rates.

Mr SULLIVAN: Yes.

Mr CHAIRMAN: And there is another issue out there, which is growth towns.

Mr SULLIVAN: Mainly just the growth towns, yes. I just wanted to get that on the record.

Mr CHAIRMAN: You spoke about access to stations being a function of the Northern Territory government. Is that what you were saying earlier?

Mr SULLIVAN: No, the access roads into properties are.

Mr CHAIRMAN: Once they are passed the cattle grid, they are your business?

Mr SULLIVAN: Not necessarily; some go right to the homestead.

Mr CHAIRMAN: Is that not ceasing? I think there is some funding to Carlton Hill Station and several other stations, and that funding is going to cease?

Mr SULLIVAN: I believe that is being worked through at the moment. There will be some money, on a case by case basis, for properties to receive a one off payment based on the nett present value of the road to bring it up to a standard, and stations would then take responsibility for their own access roads, which would be for single user roads. Not one for an Aboriginal community at the station; a station would take responsibility for their own road, which has already happened.

Ms SCRYMGOUR: If you have a pastoral property with community living areas being established, the roads going in to those community living areas, are they the responsibility of the pastoral property or the shire? Who maintains those roads?

Mr SULLIVAN: No, I do not believe so. I believe, where it is a multi-user road, which it would be up to the ...

Ms SCRYMGOUR: Up to the station gate, that would be the entry point.

Mr SULLIVAN: Up to the point where the community living area is would be a multi-user road, which would probably be retained by the Territory government perhaps for handover to a shire at a later date. From then on, if it is a single-user road to the station, it would be handed over to the station to manage. That is my understanding.

Mr CHAIRMAN: It brings in the area I have always had trouble with. If I owned a block of land, there is no way council or government would grade a road to my house, because it is private. On Aboriginal land there are quite a few roads. However, I cannot get from the minister whether the road has to be gazetted a public road, because you receive federal assistance grants based on use. That is what the road money is

used for. If there is a road going through Aboriginal land, is that counted as land the shire looks after and receives funds for, if a permit is required to enter that land. It is the same as you are saying. You need a permit to go through the Aboriginal ...

Ms SCRYMGOUR: Permits no longer apply to (inaudible) communities.

Mr CHAIRMAN: If you go to a community, is it a private road or a public road? If it goes to a cattle station, is it a private road or a public road?

Mr SULLIVAN: Where the public road went right to the station homestead are earlier ones, where they ...

Mr CHAIRMAN: If the road goes to a cattle station, the boundary of its property to the homestead would not be regarded as a public road?

Mr SULLIVAN: If it was not gazetted. If it was gazetted, it would be regarded as a public road.

Mr CHAIRMAN: If a road went to a community - I am not talking about inside the community, because we do not need a permit ...

Ms SCRYMGOUR: No, no, if you look at from Maningrida to Jabiru, the whole road network which links into the Arnhem Highway is a gazetted public road.

Mr CHAIRMAN: Yes, but you need a permit to travel that road.

Ms SCRYMGOUR: You would need a permit the minute you go across Cahills Crossing. You would need a permit to go from Cahills Crossing to Gunbalanya on that road, but you do not need a permit inside Gunbalanya.

Mr CHAIRMAN: Where you need a permit, does that road receive federal government grants?

Ms SCRYMGOUR: It is an unincorporated road and what many of the shires need to do with these roads is, through the land councils, get the road corridors or whether the Northern Territory government gets the road corridors, so they can open them.

Mr CHAIRMAN: The anomaly I have is that I cannot get the Federal Assistance Grants to build a road on private property. That road, even though gazetted, must be private, because you have to get a permit to drive on it, so that makes it private. On top of that there is a very little rate base for people, for houses on Aboriginal Land Trust. I am saying that, essentially, there needs to be a clarification of what roads are private and what roads are public. I believe some money is spent on roads which are private roads, which are not the council's responsibility. I wanted to make sure that the councils will not grade the road from the cattle grid at the entrance to your station or homestead; it will not be its job. It is a private road. If you want to come down that road, you have to either ring up and get permission, or you ask permission once you are there ...

Mr SULLIVAN: If it is a single user road, yes.

Mr CHAIRMAN: I see it as an anomaly in the way money is distributed, based on whether a road is gazetted or not, or privately owned ...

Unknown: An extra paragraph to the report, Gerry.

Ms SCRYMGOUR: Could two councils be funded, which they are, to deal with those roads?

Mr CHAIRMAN: We will leave that debate for another day, it has not gone anywhere with the minister. Are there any other questions for Rohan?

Thank you. We might have time for a little break. Thank you for coming.

KATHERINE TOWN COUNCIL
Anne Shepherd, I am the Mayor
Geoff Brooks, the CEO

Mr CHAIRMAN: I call to order this public meeting of the Council of Territory Cooperation. Although the council does not require you to give evidence under oath, these hearings are formal proceedings of parliament and consequently they warrant the same respect as the proceedings of the House itself. I remind you that giving false or misleading evidence is a serious matter and may be regarded as a contempt of parliament. Whilst this meeting is public, witnesses have the right to request to be heard in private session. If you wish to be heard *in camera*, please advise the council prior to commencing your answer.

Today's proceedings are being electronically recorded and to ensure the accurate transcription of the recording, I ask that witnesses and members identify themselves prior to speaking in the first instance. I invite witnesses to state their full names and position before commencing their evidence. Would you be able to give your full names please, and the role in which you are here today?

Ms SHEPHERD: I am Anne Shepherd, Mayor of Katherine.

Mr BROOKS: Geoff Brooks, CEO of Katherine Town Council.

Mr CHAIRMAN: Thank you for coming. As soon as practicable, following this hearing a transcript of your evidence will be uploaded to the council's website after you have had the opportunity of correcting errors of fact.

I welcome, officially, Mayor Anne Shepherd, and Katherine Town Council CEO, Geoff Brooks, and I invite you to now address the council. As you were not here earlier, I welcome members of the council; you should know your local member, member for Port Darwin Mr Elferink, Marion Scrymgour, member for Arafura, and I am the member for Nelson.

Thank you very much for coming. I do not know whether you have an opening statement. Perhaps we could ask a general question about the size and population of Katherine, and if you have any ideas of funding in the form of FAGs money, roads money, those sorts of details. We would like some idea of what keeps you operating.

Ms SHEPHERD: Katherine's population is just under 10 000. Tourism is a big thing in Katherine. We also have a very good horticultural industry; mining on the fringes also. We are in the centre of the pastoral industry. Katherine is a hub for the pastoral industry, and in spite of being as close as we are to Darwin, I think Katherine is a very thriving community, a thriving region.

Mr CHAIRMAN: Tindal?

Ms SHEPHERD: Let us not forget Tindal and what is happening there. Millions of dollars are being thrown into the development of Tindal at the moment. This has a big impact on Katherine, and it is a large part of our economy.

Mr CHAIRMAN: Can I ask in relation to Tindal, we have been talking previously about rates. Does the federal government give you any money in lieu of rates for defence land within Katherine?

Ms SHEPHERD: No.

Mr CHAIRMAN: Have you ever asked for it?

Ms SHEPHERD: I guess we have not. Geoff can answer that.

Mr BROOKS: Yes, on a per household basis they pay an equivalent to a rate charge, and also pay a garbage charge.

Mr CHAIRMAN: They do give you some money?

Ms SHEPHERD: Rates in Tindal, yes of course they do.

Mr CHAIRMAN: It would not have been good if they did not. In the case of Litchfield Shire, they get \$800 for the entire Robertson Barracks. Roughly, what is your funding from the federal government?

Mr BROOKS: Federal Assistance Grants, and this is the budgeted figure for 2009-10, is \$1.18m. That includes the roads component.

Mr CHAIRMAN: What is that?

Mr BROOKS: About \$400 000 to \$500 000 out of \$1.18m. That is a reduction from our 2008-09 figure, which is obviously not a particularly pleasing situation.

Mr CHAIRMAN: Was the reduction in general purpose grants or roads?

Mr BROOKS: In both.

Mr ELFERINK: Why?

Mr BROOKS: It is all done by the NT Grants Commission, and they are saying Shift to the Bush, Transfer to the Bush.

Ms SHEPHERD: From the Towns to the Bush.

Mr BROOKS: From the Towns to the Bush.

Mr ELFERINK: The formula they use, and the way it is broken up, is because the shires now exist (inaudible) municipal, (inaudible).

Mr BROOKS: Ours is not all that small. It was \$1.302m in 2008-09; 2009-10 is \$1.18m, that is \$120 000.

Mr ELFERINK: Darwin copped \$30 000.

Mr BROOKS: Two factors which come in to it. One is the decision to distribute more to the shires; population growth comes in to it as well. If Darwin's population had gone up greater, in a relative sense, than Katherine, and it probably did not - I think Palmerston may be the same, they would have lost some but picked up a bit with the extra population.

Mr CHAIRMAN: Has your rate funding gone down?

Mr BROOKS: Yes, not by nearly as much as the general funding, but it did go down.

Mr CHAIRMAN: I will just put a hypothetical. We have been talking to the shires about it looks like they might take over new roads, more roads than they have at the moment. If they did not get substantial money from some other bucket of money, they would obviously put those roads into the same bucket of money that is existing now and you will get less money, because they would have more roads that requires ...

Ms SHEPHERD: We will also have more roads to take over, when the government decides to do that, because we extended our boundaries ...

Mr CHAIRMAN: But if I took ...

Ms SHEPHERD: We will have more roads to take over as well. Of course, the Northern Territory government said initially it would be five to 10 years. It now seems, in the recent conversation, it is all – they are talking about five years, we will have substantial roads to take over.

Mr CHAIRMAN: Does Katherine have a list – it is only a little part of the Territory?

Ms SHEPHERD: It is only a little part of the Territory, but we extended our boundaries 40 km.

Mr CHAIRMAN: Considering all these other shires, which might be taking over more roads than you have to take over, would you think that if they took over you could be substantially affected by the amount of money you would receive for road funding?

Ms SHEPHERD: Most definitely.

Mr CHAIRMAN: The target is the same.

Ms SHEPHERD: We will most definitely be affected.

Mr CHAIRMAN: Could I say, summarising it, that the amalgamation of the shires has affected Katherine, in the sense of money you are not getting because these things are going to the big shires?

Ms SHEPHERD: In that sense, it has, but getting back to the grants from the federal government, we suffer with a large itinerant population in Katherine, which is not recognised by the federal assistance grants. They are not recognised, but we cannot quantify them, of course, either, but they impact on our municipality considerably.

Mr CHAIRMAN: It is not counted as your Aboriginality component?

Ms SHEPHERD: No.

Mr CHAIRMAN: Unless they are full-time residents somewhere ...

Ms SHEPHERD: That is exactly right.

Mr CHAIRMAN: The itinerants who live here are counted where they came from?

Ms SHEPHERD: Yes, they are not recognised. Yes.

Mr CHAIRMAN: We will go to rates money – what is your total?

Mr BROOKS: The rates income is \$3.66m for 2009-10.

Mr ELFERINK: What is your overall budget?

Mr BROOKS: \$6.9m is our overall budget.

Mr CHAIRMAN: And you do not take on agencies, well at least not to the extent that super shires take on?

Mr BROOKS: Virtually not at all.

Mr CHAIRMAN: Someone said earlier today, that some of those core functions are local government functions. I must admit I would query that, but in other states they, perhaps, would take on some of those roles.

Mr BROOKS: No. We do not get anywhere near the revenue the shires get from other activities. The only ones that you could describe as non-core, if you like, is the Visitor Information Centre, which we operate and that is funded by Tourism NT. You could say that is a non-core function if you wanted to. Looking through it, you could say that Binjari is effectively a freehold landholding in the municipality and we provide municipal services under an agreement with the Territory government. You could say that was non-core in the sense that it is not on council-owned land.

What would be another one? The airport. There are probably some here that might disagree the airport is non-core, but I believe you could put the airport down as non-core, if you were wanting to make that sort of distinction, but all the others would be classed as classic local government functions, like waste functions and road functions and those sorts of things.

The other one we did not mention in the federal government funding, which I should have mentioned, was the Roads to Recovery funding, which is federal money specifically for roads, which has not gone down, it has actually been increasing over the period.

But if I could say something about roads, because that is probably, in the whole of the restructuring of local government and the impact on Katherine Town Council, likely to be the greatest factor because if you look at Edith Farms – and I know there are a couple of people here from Edith Farms now – you look at those sorts of things magnified across the municipality and then magnified across the whole area of local government, the Territory government has not got anywhere near the funding to adequately look after those roads and to shift it across to local government, in many cases – and they admitted it when we were down at the LGANT meeting - do they know the condition of all the local roads in the Northern Territory? No, not at all; they do not have any idea what the condition is.

For councils like ours, we have said we are not prepared to take any additional responsibilities for roads unless they are brought up to a reasonable standard and Edith Farms would be the classic. To take that over without the funding would be ridiculous. It needs to be brought up to a reasonable standard, and you have to agree on that, so you have to know the condition to start off with, you have to know what you are aiming for, and then it has to be funded, and those funds are not available for the Northern Territory government. They are not available for Katherine Town Council and it is a big question mark.

Mr CHAIRMAN: The reality is then, you are not going to get any more money from the federal government; just the normal road funding formulae. The only other way is to get money from the Northern Territory government, which simply will not have enough money ...

Mr BROOKS: They do not have it.

Mr CHAIRMAN: Right. They will then apply to the Commonwealth and, if the Commonwealth actually says no, then there is really no point in councils even getting into the consultation about these ...

Mr BROOKS: Do not even take it.

Mr CHAIRMAN: They do not even look at it.

Mr BROOKS: No. But what we are being told through local government services is there is scope for getting additional money from the federal government to do something about these roads. It is part of that intergovernmental agreement. Am I using the right word? You know that agreement. It was all supposedly going to - but we have not seen one sign of that yet.

Mr CHAIRMAN: And that was part of where local government reform came into play. That was the example I mentioned before where they used the South Australian and Central Pitjantjatjara lands, where they got \$20m, and it is an ongoing amount. So, it is not just for one year; they have a set amount of money which was called a special grant, I think. So, it is outside normal federal road funding formulae. That is what the promise was for the changes to local government in the Northern Territory. That money does not fund ...

Mr BROOKS: It has not materialised.

Mr ELFERINK: You get the money through the SPP. This is where the local government cannot afford to pass on ...

Mr CHAIRMAN: The problem with special purpose grants; unless you have them tied for a long period of time, when it comes to roads, the thing is it will be a three-year grant and ...

Mr ELFERINK: I think the IGA do not particularly (inaudible) subject of (inaudible).

Mr BROOKS: What we said to Richard Hancock from the DPI, the CEO, at the LGANT conference, was let us quantify the problem. We do not know what the problem is at this stage. Until we know what the condition of the roads, we need to know what our target is and, then, we can work out what the costs are. Then we know what we are talking about. I think he accepted that work would need to be done before we could even sit down and even vaguely start talking about what was going to happen in - as the Mayor said; it was five to 10 years is what I have always been saying, but they are saying five years.

Mr CHAIRMAN: What happened to all the discussions within the transition committees? I visit Litchfield Shire transition committee and they started to come up with details of road lengths, road names, giving some idea of the state the road was in. Was that not done during transition committee stages?

Mr BROOKS: Certainly not in my experience, no.

Mr CHAIRMAN: Maybe Litchfield was a one-off.

Mr BROOKS: It was not done in my experience here.

Mr CHAIRMAN: What would happen to the Edith Farms Road? Have you taken that over?

Mr BROOKS: No, no, we certainly have not, no. However, if we did, there are some very high expectations - not high expectations, reasonable expectations. Sorry!

Mr CHAIRMAN: You will be optional.

Mr BROOKS: We have had a few great meetings up at these farms, and we certainly understand there are some big problems with that road. There have been subdivisions done out on the road without any thought to what is needed. In the Wet Season, there are lot of places you cannot even get through. There is no power, for example, further out. It is an area crying out for investment. For us to be saddled with Edith Farms Road in the condition it is in at the moment, without any funding, would be a disaster. It would be a disaster for everybody and would cause great unhappiness. We just have to say no, no way; we are not going to take those roads over.

Mr CHAIRMAN: So there were subdivisions done there without any money going into a trust fund or infrastructure levy going into a trust fund to maintain that road on the when it was outside of the council's area?

Mr BROOKS: Yes, well it has all been subdivided, in a lot of cases, without people having power and without proper road access. That has been done.

Ms SHEPHERD: It was subdivided before we had local government responsibility for it as well.

Mr BROOKS: This goes back many years. It is a tremendous area. There is huge potential there. There is certainly a strong desire on the part of the residents to improve the situation there, but finding the funds to do it - there are no funds that we are aware of.

Mr ELFERINK: The vital question is how much?

Mr BROOKS: That is what we need to do; quantify it and work out how much ...

Mr ELFERINK: So you do not even know how much?

Mr BROOKS: No, we need to quantify it and this needs to go right across the Territory, so it is all quantified so we know what the problems are. Our problems for the Katherine municipality, in comparison with the two shires represented here today, are tiny. I can imagine what they are going to inherit.

Question on Notice 1 - Roads

Mr WESTRA van HOLTHE: Could I ask, Geoff, potentially how many kilometres of road could be handed over to Katherine Town Council from the NT government?

Mr BROOKS: I will take that one on notice, Willem. It is not huge amounts, but I can certainly work that out for you. To be fair, Edith Farms is probably the worst one that we could point to. A lot of the other ones have been sealed and are probably not in such bad condition, but I can certainly provide that information. It is not thousands of kilometres, nothing like what the shires have to do; it would be measured in the hundreds².

² Answered 9 December 2009: *KTC's current responsibility is for 138 km - virtually all sealed. In 5 to 10 years from 4 Jan 08 the Government have indicated that all local roads within the expanded Council*

Mr ELFERINK: Could I ask a new question. Did I hear correctly that your budgets come (inaudible).

Mr BROOKS: That is the income.

Mr ELFERINK: Yes, \$3.5m from rates, FAGs is \$1.1m or \$1.2m.

Mr BROOKS: Yes.

Mr ELFERINK: What are your other funding sources?

Mr BROOKS: The other funding sources, so Roads to Recovery is \$223 000, we get an operational grant for Binjari at \$219 000, we get library support for our library.

Mr ELFERINK: Binjari is the service distributor for the town camps?

Mr BROOKS: Binjari is a community and we have a well documented arrangement with the NT government.

Mr ELFERINK: Do you have any town camps now in Katherine?

Mr BROOKS: Not what we would call town camps, no. Some might use the description; I would not use the description for ...

Mr ELFERINK: Well, let us say, are there living areas which are covered by associations and those sorts of things?

Mr BROOKS: Yes, there are.

Mr ELFERINK: Do you rate them or are they (inaudible)?

Mr BROOKS: No, we rate them. They pay on the basis of a multiple dwelling. So, if it is a multiple dwelling, so Kalano, and Binjari we do as well, so there is a payment per house, at a rate of, I think it is about \$500 or \$600 a week.

Mr CHAIRMAN: Is that a voluntary payment?

Mr BROOKS: No.

Mr CHAIRMAN: On what basis do you charge these? What is the ownership of the land?

Mr BROOKS: We levy the rate on the basis that it is – in the case of Binjari, for example, it is owned by the Binjari Aboriginal Corporation, which I might say is paid through the NT government processes, and we rate it on our rates declaration, declares a multiple dwelling rate in a particular zoning, and that is what we charge them. It is part of the agreement we have got with the NT government.

Mr ELFERINK: How many employees does the council employ?

Mr BROOKS: Thirty-nine.

Mr ELFERINK: Do you have any sort of CDEP program in Katherine?

Mr BROOKS: Not that we are involved in. I mean there are strong CDEP programs in Katherine, at Kalano, but not that we are involved in.

boundaries will be transferred to KTC. Estimated lengths to be transferred are sealed 53.8 km, unsealed 81.0 km.

Mr CHAIRMAN: Do you have any Aboriginal corporations that ever claimed the non-governable organisation?

Mr BROOKS: No.

Mr CHAIRMAN: Could it do that?

Mr BROOKS: I do not think so. Bearing in mind that you have the Binjari Aboriginal Corporation, and the reason we got involved is the Binjari Community Government Council sold it. They ran out of money and just could not continue, so the Department of Local Government stepped in and said we have to provide core services to the Binjari community, and they engaged Katherine Town Council to do that, and it is a proper agreement, so they know exactly what we do and every item is costed, and then Kalano came in and they said to Kalano, we want you to be the housing provider, and Kalano do that, and that is really the way it is being run at the moment.

Mr ELFERINK: Mr Chairman, I think we might be talking about the Supreme Court decisions from about 15 years ago where town camps in Alice Springs were (inaudible). That does not necessarily apply to all corporations.

Mr CHAIRMAN: I know Litchfield, most of the Aboriginal communities do pay some rates. There are a few that will not. It was a problem when (inaudible).

Mr ELFERINK: Probably because there was no real institute (inaudible).

Mr BROOKS: Yes, I am not quite sure, I think a lot of that status has been removed from a lot now, but certainly Kalano and Binjari pay rate on multiple dwellings.

Mr CHAIRMAN: All municipal services?

Mr BROOKS: At Binjari we do. Kalano actually collects their own rubbish.

Mr CHAIRMAN: Do you get a discount?

Mr BROOKS: We do not charge them a waste charge.

Mr ELFERINK: In terms of waste management, how do you dispose of that?

Mr BROOKS: We have got a land fill out at (inaudible) Quarry Road.

Mr ELFERINK: So there is some, for a lack of a better word, sabre rattling with some of the new shires from the Territory government in relation to how to manage their sites. Are you getting any of that?

Mr BROOKS: What do you mean?

Mr ELFERINK: Well, in some of these local communities there, the rubbish dump is a backhoed hole which is filled up with rubbish and shovelled in, and the Northern Territory government, through its department of NRETAS, as Environment, has been indicating that they are going to clean up their act and licences and those sorts of things. Are you getting any of that?

Mr BROOKS: No, we have a licence, and the licence sets out what our obligations are. To be honest, the only problems we have had with the licence is when someone sets the dump on fire, and then NRETAS are on to us and, as you know, it is very hard to put a dump out. That is about the only problem we have, where we are not meeting our licence requirements.

Mr CHAIRMAN: Is it still in a flood plain?

Mr BROOKS: We are still in the flood plain. We have it in our plan of management.

Mr CHAIRMAN: People at Daly River are still using some of your fridges.

Mr BROOKS: One of the things in our plan of management is relocation. We would say, and have been saying for a long time, a 20 year life for the dump. You cannot stay on the flood plain.

Mr CHAIRMAN: Can you give us a general idea on where you see the future of Katherine, specifically in relation to floods? What has been decided? There was talk about moving the CBD to higher ground, and no more development. Has something been settled so the town goes forward?

Ms SHEPHERD: I believe we cannot continue to develop in the flood plain. We would be in a river bed. I do not mean we should pick up the town and shift it, but I believe land should be available where future development can take place instead of us continually building in the creek bed, which is what we are doing at the moment. There is only Katherine East; most of the residential area is out of the flood plain. I believe we are very foolish to keep building in the river be; the future has to be out of the flood plain.

Mr CHAIRMAN: What discussions have you had with Lands and Planning regarding a master plan which recognises that is the way Katherine should be regarded?

Ms SHEPHERD: We have certainly talked to Lands and Planning. We have been trying to get a land use plan for Katherine since the new act has been in place. The last land use plan was 2002 –a very valuable document, excellent document – and we want a similar document to chart our future and see where we are heading as far as building is concerned. We have not been able to get that. We had a workshop with quite a number of people involved. We have not seen a first draft of that workshop, which was 18 months ago. Certainly 12 months ago, anyway.

Mr ELFERINK: Your last Land Use Structure Plan was 2002?

Ms SHEPHERD: Yes.

Mr ELFERINK: What was proposed in the 2002 plan, which was, of course, after the floods? Did it take into account the location of the CBD or not?

Ms SHEPHERD: It did not take into account the flooding, no.

Mr BROOKS: No. No it did not.

Ms SHEPHERD: No, it did not, but it was a very good document for guidelines.

Mr ELFERINK: I think land use structure plans, when they are done, are excellent documents. I am surprised, three years after a flood, they produced a document which does not account for it.

Mr BROOKS: The land use concept plan was superseded when the NT Planning Scheme was introduced. The NT Planning Scheme has bubble diagrams, which is really no replacement for the land use concept plan. I believe it was 2000 rather than 2002; however it is a good springboard for coming up with something more current. There are many different views, particularly in the main street area, about the wisdom of relocating from the flood plain, but it is a discussion which really has not been had. Without a land use concept plan to plug those ideas into, you end up not being sure which way to go.

We often hear about extra developments. I mean anybody who goes to Woolworths can see it is absolutely run off its feet. Woolworths are doing extremely well, however the residents are perhaps not being as well served as they could. We have had visits from Coles, and the issue of developing in a flood plain is difficult for them. If they want to develop outside the flood plain is there any land? No, there is no land appropriately zoned. There is future developed land identified, but there are no plans for it.

We are saying let us get together. The community might decide the flood plain is the place to stay and we could build things high enough and we put up with it - they might not, but it is a discussion which needs to be had.

Mr ELFERINK: Government has enthusiastically told you this new plan, apart from having had initial discussions 18 months ago, is almost ready?

Mr BROOKS: It is in the minister's office at the moment.

Mr ELFERINK: I thought that might be so.

Mr BROOKS: One of the key components in the 2000 plan was the extension of Chambers Drive. There has been a big investment made for the first section of Chambers Drive, and it is quite critical in avoiding very low lying flood prone land; it is critical in getting people out in times of flood. It is also critical in opening up rural development type land, which is where people want to live. They want to live in the rural living zone and again it is nowhere. In 2000 someone thought it out, and you can look at all the plans around Katherine. They have all these roads shown and the road reserve has been put in place. In overall governmental expenditure terms, you are probably talking \$4m to \$6m. It is not a huge project, but council believes it is critical for Katherine's development and it is just not being confronted.

Mr WESTRA van HOLTHE: Do they have to deal with native title issues and clearances?

Ms SHEPHERD: That has all been cleared. The road reserve is there and it has all been cleared.

Mr ELFERINK: The road reserves are ready to go ...

Mr BROOKS: Some of the land around it has native title issues.

Ms SHEPHERD: But not the actual reserve.

Mr BROOKS: It just needs money.

Mr WESTRA van HOLTHE: There will be no objection to putting a road in.

Mr BROOKS: No, it is all there. It has been established and the road reserve is in place. It just needs money.

Mr CHAIRMAN: Can I finish up there, quickly, is there anything in the *Local Government Act*, as part of the reform process, which you think is too onerous or do you think the new *Local Government Act* is a good act, or do you think there are any changes that should be necessary, because there are far more about reporting today than there has ever been, as a matter of course...inaudible...16:31:28... the council? Do you have any thoughts on the new *Local Government Act*?

Mr BROOKS: I do. I believe, (a) the act is much simpler than the last one and it is much easier to read and follow your way through. It has worked pretty well for Katherine Town Council. But if I had the option to send this to the department already, if you had to make some suggestions about some changes and these are the ones which are coming immediately to mind.

I believe there are some timing issues associated with the conditional rating, having to get approval for conditional rating from the minister, before you actually work on your plan of management, before you have done your budgets, and everything, does not make much sense in our scenario, and I believe that would apply to the shires the same way.

The whole issue of reviewable decisions is one that is new to the act, and that is the most convoluted system you have ever seen, if you work through it. It goes back to administrative review, back to the council, back down again, back and forth.

Ms SHEPHERD: We are probably the only council which has experienced that.

Mr BROOKS: We have had a go at it. It is a nightmare approach and an unnecessarily convoluted process. For those who were at the LGANT meeting, the description of the regulatory audit was absolutely crazy, and it is at odds to what you have in your bylaws.

Mr ELFERINK: What would you recommend instead, something like an AAT, an administrative appeals tribunal for the Territory? I mean reviewable decisions ...

Mr BROOKS: It would lead to the Local Government Tribunal in the end.

Mr ELFERINK: Yes. I am wondering, if it is such a shemozzle, I will rephrase, if it is so difficult in other jurisdictions and, of course, in the federal jurisdiction you have the administrative appeals tribunal, which is a body that oversees all of the governments administrative decisions, would you see it going that far, or would you want to see it simplified?

Mr BROOKS: I do not believe there is anything wrong with the Local Government Tribunal which has been set up. I understand it was the same under the previous act, there is a tribunal and basically the Chief Magistrate of the Northern Territory, I believe, handles that. I do not see anything wrong with that, it is the process of - we have to have an administrative review committee, if there is a decision, there are different review of decisions and what can happen, in some cases, if it is not controversial it says the CEO can make a decision, if not it goes to council. If someone challenges that, it goes to the administrative review committee, which then makes advice back to council, and there is another step after that, I just cannot remember at the moment, and then ultimately it is up to them, the person who is disagreeing with the decision, to take it to the tribunal. It is a very expensive process, a hard process to explain to the person that is disgruntled with it all.

Mr ELFERINK: Are you suggesting you could simplify it ...

Mr BROOKS: I think you could fast track it, you could make it much quicker than that. Particularly for smaller, for Katherine - obviously it would be different for a council like Darwin - it could quite possibly go straight to the council to consider, if you have an issue in a small municipality it is not that hard for the council to make a decision and that is ultimately what happens in the long run.

Mr WOOD: Last question.

Ms SCRYMGOUR: I do not know if it is the last question, but I do have a question for the Mayor. Can you tell me, in terms of your population, when you look at the Indigenous population - and you mentioned earlier the number of people that have come from communities into town, and there was a *Stateline* program last week, about the influx from remote communities here - have you noticed that increasing since the shires and the intervention and all of that? Have you seen an increase of people coming from those outer regions into Katherine?

Ms SHEPHERD: Yes, we have. Of course, it is only anecdotal. However, what our rangers tell us, what the community is telling me, what I have seen myself, yes, there is an increase. I would say there is definitely an increase. I cannot quantify it though, Marion.

Ms SCRYMGOUR: So maybe one of the things that needs to be done, is a study on the mobility of people from communities.

Ms SHEPHERD: We have been given some figures – haven't we? - at different times, but they are living rough in the river corridor and, at times, it has been up to 300.

Mr BROOKS: Three hundred is the figure that Mission Australia quote.

Ms SCRYMGOUR: Do your rangers collect any figures when they are going along the river banks and other places, just to get an indication or estimation of who is in what area?

Ms SHEPHERD: Mission Australia has done, and I believe our rangers have done that sort of work with them. So, there has been some information about that and where they are all from. They have come from Lajamanu, Alice Springs, Tennant Creek, Borroloola, from the closer communities of Beswick, Barunga and Manyallaluk, and places like that - from all over. One of the things that contributed to it a little also – the buses that are now operating. A lot of people come in on the bus and they do not have a return ticket. They get into town and do their shopping and whatever else they are going to do, and get stuck here, really.

Probably alcohol is involved there as well, I would think. Of course, that is not everyone, but that is certainly contributing to it. My idea is, perhaps there should be some regulation about purchasing a return ticket.

Ms SCRYMGOUR: The issue of land availability for transitional housing?

Ms SHEPHERD: I cannot hear you.

Ms SCRYMGOUR: Transitional housing, sorry, Anne. Land availability. Katherine Town Council, it was raised with me, is one of the organisations I want to talk to because they have seen that increase. In terms of people's health ...

Ms SHEPHERD: Transitional.

Ms SCRYMGOUR: Transitional. They raised the transitional housing; the doctors were saying there is none ...

Ms SHEPHERD: It is essential we get some transitional and short-term housing. Kalano now - and I do not know when it is going to happen - have six demountables they were funded through the ICC. They still have not been stumped and put on the Gulpin Camp. They were for that purpose, which is totally unsuitable, really. Yes, we desperately called out for short-term accommodation for these people. In the Dry Season it is probably lovely living on the river and the river corridor. I am sure it is very nice. I would not mind living down there myself in the Dry Season. However, now, of course, they need some shelter. Really, there is nowhere - there is nowhere to point them.

We took a hard line in the last 12 to 18 months about shifting illegal campers on. But, goodness me, where do you shift them to? You put them further into the bush, further away, where they are likely to do more damage to themselves or to their children, and further away from help. However, we have nowhere really to send them - to point them in what direction?

Mr CHAIRMAN: All right, thank you very much for that. Thanks for coming today ...

Ms SHEPHERD: Are we dismissed, are we?

Mr CHAIRMAN: It is not quite dismissed. I am trying to keep on time; I have a bad reputation.

Ms SHEPHERD: I was just getting warmed up.

Mr CHAIRMAN: I know. I am sure I can find you some more questions; I have no doubt about that. I hope this council is a continuing council. There are issues we have heard from all three councils today. Yours are, to some extent, legislative issues, plus issues of homelessness. Another council certainly has issues - and we forgot to ask about ShiresBiz. However, Des is coming up in a minute to give us a bit of an indication how he is fixing it. Thank you very much for coming in today; we appreciate it.

Ms SHEPHERD: Can I just say, though, we have no new housing. We have had no new housing at Binjari. Those old people are still living in that bottom camp that Marion knows how ordinary it is. There is no new housing for Binjari and, yes, we could do with a bit on the Gulpin Camp as well.

Mr CHAIRMAN: Not on the SIHIP list?

Ms SHEPHERD: No.

Mr WESTRA van HOLTHE: I think Binjari is getting some refurbishments ...

Ms SCRYMGOUR: I think refurbishments.

Ms SHEPHERD: Refurbishments only, yes.

Mr BROOKS: Look at the houses at the camp.

Ms SCRYMGOUR: We were debating with the government, what is the interpretation of refurbishments. What is a refurbishment?

Mr WESTRA van HOLTHE: Yes, some of them you cannot refurbish.

Ms SCRYMGOUR: That is right.

Mr WESTRA van HOLTHE: Because you cannot find the (inaudible).

Mr CHAIRMAN: All right, we might keep going.

SHIRESBIZ REMEDIATION CONSULTANT
Des Kennedy, Project Director
DEPARTMENT OF LOCAL GOVERNMENT AND HOUSING
Sarah Polhill, Executive Officer for the Big Rivers Region

Mr CHAIRMAN: I will ask Des Kennedy if he would like to come forward. I just thought I would check, Sarah Polhill, would you like to come up? We are only going to – I will explain when you come what is going to happen. Des is the man who will answer to the lease area.

Sarah is here on behalf of the Department of Local Government. Unfortunately, we picked a day that they had planned for about three months to have a major managerial meeting, so Sarah has come down as a representative. She will not be able to answer the specific questions, but what we can do is use Sarah as a means of getting questions on notice back to the department. So, if we are talking about policy questions, or questions in relation to how ShiresBiz/CouncilBiz ever came into being, Sarah will take those questions via our *Hansard*, I suppose, back and Des, I presume, is the fixer, so his questions have to relate not so much to policy but how his work fits in that, so I will read out the little bit of work first.

I call to order this public meeting of the Council of Territory Cooperation. Although the council does not require you to give evidence under oath, these hearings are formal proceedings of the parliament and consequently they warrant the same respect as proceedings of the House itself. I remind witnesses that giving false and misleading evidence is a serious matter and may be regarded as a contempt of parliament. Whilst this meeting is public, witnesses have the right to request to be heard in private session. If you wish to be heard *in camera*, please advise the council prior to commencing your answer.

Today's proceedings are being electronically recorded. To ensure the accurate transcription of the recording, I ask that witnesses and members identify themselves prior to speaking and, in the first instance, that I invite witnesses to state their full names and positions before commencing their evidence. As soon as practical following this hearing, a transcript of your evidence will be uploaded to the council's Website after you have had the opportunity of correcting errors of fact.

I now welcome Mr Des Kennedy, ShiresBiz Remediation Consultant, and I am not sure if Sarah is meant to be under these guidelines as well. I will put you in there anyway. I also invite Ms Sarah Polhill from the Department of Local Government to now address the council. I have to officially ask you to give your name again and the reason you are here today.

Mr KENNEDY: My name is Des Kennedy and I am the Project Director for the ShiresBiz Remediation Project.

Ms POLHILL: Sarah Polhill from the Department of Local Government and Housing, Executive Officer for the Big Rivers Region. I am here to take questions on notice on behalf of the department.

Mr CHAIRMAN: Who are you going to start with first?

Mr ELFERINK: I will start with Des first.

Mr CHAIRMAN: Could you just give us a little explanation of what we are talking about – ShiresBiz and CouncilBiz?

Mr KENNEDY: Yes, I think it is important that everyone understands the terminology, because every time I look at the press and the articles that are around, people talk about different things. People talk about CouncilBiz as if it is a piece of software, and they talk about ShiresBiz as if it is something else including ShiresNet.

So let me clearly state that CouncilBiz is an organisation set up under the local government reform to provide services, the same as Simon said earlier, to provide certain services and IT services to leverage better pricing and so forth for the shire councils and, as such, it is a good idea. It is a good principle, given the lack of IT resources in the Northern Territory, particularly in the regional areas like Alice Springs and Katherine, and it makes logical sense to have these services function for the shire councils.

ShiresBiz is a name given to the technology, one suite of business solution software that was implemented for the shire councils; and ShiresNet is the extension of the network that was put in place as part of the Northern Territory government network to provide communication facilities to the communities.

Ms SCRYMGOUR: Sorry, what was the last one?

Mr KENNEDY: ShiresNet. It is a networking capability. This is the problem with using names for things but that is the way we work. To answer your question in what went wrong, the principles around which the software was implemented - to have a single piece of software all shires could use and leverage off each other in reporting, expertise, and so forth and have a single instance of a license does significantly reduce the cost to the hire councils. We can talk about the overall cost the shires have been hit with, which is a separate discussion.

Technology One Suite was a good idea, ShiresNet was a good idea. Where it fell down was in how it was put together; there was no commonsense applied to what was being done; there was no overall business management of the process. There were people involved from the department but a number of those key people left the project before the shires were due to go live. You had a number of people who focused on the technology component, who were left carrying the can for the whole thing. There was no one, in my view, who was looking at how the shires would operate in a holistic way; looking at what funding they needed, what funding they had access to, what training was available, etcetera. There were some very strange things happening.

CEOs were appointed to multimillion dollar shires in March, April, and May. They had no officers, no staff, no process and you implement a piece of software. If you were doing it for Liverpool City Council or Sydney City Council, and you started in February, you would expect to be completing it a year after July, 18 months rather than four months. The time frame was crazy. I am part owner of a software company, and there is no way on this earth they could have effectively implemented a solution for a stable shire council in that period or time.

Mr CHAIRMAN: Was it a government requirement to get it up and running in four months?

Mr KENNEDY: Correct.

Mr ELFERINK: It was the minister?

Mr KENNEDY: I would not know; I presume it was. In February it was decided the shires would go live with the new system on 1 July.

Mr CHAIRMAN: Who were the people that left? Were they department people?

Mr KENNEDY: Department people.

Mr CHAIRMAN: From the Department of Local Government?

Mr KENNEDY: Correct.

Mr CHAIRMAN: They were part of the initiation ...

Mr KENNEDY: They are part of the core team who put together the system side of it, if not the whole thing.

Mr ELFERINK: Was their decision to leave in any way connected to what they thought was going to be an impending problem?

Mr KENNEDY: That is a question you would have to direct to them.

Mr ELFERINK: Were exit interviews done?

Mr KENNEDY: I would not know. I do know a number of those individuals have since left local government, and have now rejoined the local government. They are around, so you certainly could ask them.

Question on Notice 2 – ShiresBiz – timeframes and attrition rates

Mr ELFERINK: Mr Chairman, I notice Sarah is scribbling away frantically as we speak. Could we place these questions on notice?

Mr CHAIRMAN: Number 2.

Mr ELFERINK: Question number 2 on notice is: was the reason for the departure of the people putting the package together in any way related to the timeframes being demanded of them by government?

Question on Notice 3 – Names of employees engaged in implementation of ShiresBiz

Mr CHAIRMAN: Do you know the names of those people who have left the department?

Mr KENNEDY: Yes I do, and to be perfectly honest the name of one escapes me right now. There are a number of other people who are not in the department who were involved in some of the decision making process for the shire councils, who are still in Local Government. Their names are well known within the department.

Mr CHAIRMAN: I can put it on notice, so that does not put you on the spot.

Mr KENNEDY: I would rather you did that, thank you.

Mr CHAIRMAN: That is fine, as long as it is done. Could we have the names of those people who left the department at the time when the ShiresBiz program was about to be initiated? Could we also have the names of those people, still within the department, who were involved in the introduction of the ShiresBiz program?

Mr KENNEDY: Just going on from that. I guess there are a couple of other points I would like to make. The certainty of the implementation was highlighted, when you consider that the ShiresBiz system was meant to roll out 1 July 2008. Also, on 1 July 2008 CouncilBiz was formed, without officers, without staff and was expected to provide support to the shire councils from 1 July 2008.

Mr ELFERINK: What was so important about that date?

Mr KENNEDY: The start of the financial year.

Mr ELFERINK: I understand that, but the thing is no one yet, be it the minister, the former minister, the current minister, or any other person has told me why it was set for the 1 July 2008. Des, I was wondering if you ...

Ms SCRYMGOUR: Financial year.

Mr ELFERINK: I understand that, but why was it not 1 July 2009? Much of this could have been avoided, if it had been planned. Des is telling us that ...

Ms SCRYMGOUR: Two years of this (inaudible).

Mr CHAIRMAN: Hang on, hold it, hold it. Let Des answer.

Mr KENNEDY: It comes back to what was not thought through. You had community councils that were using systems - my understanding is was something like 18 out of the 60 odd councils used LGANT systems, they were still operational. The department made the decision not to use those systems, going forward, and maybe that made sense. I was not around so I am not really in a position to comment about how effective they would have been for the new shire councils. But I think some consideration should have been given to that. At the very least, consideration should have been given to the financial positions that were in those systems, which were not used in the new system going forward.

Question on Notice 4 – Replacement of LGANT IT system with ShiresBiz system

Mr CHAIRMAN: Can I just ask you a question on notice, because I think it is an important question, and I was involved in LGANT. LGANT spent a large amount of Commonwealth money setting up IT systems. Could the government explain why it dissolved the LGANT IT system that had been in place successfully for a number of years, with the ShiresBiz program?

Mr KENNEDY: I think to try to answer that, to some degree, there is a time at any point with a piece of software where you need to review it and review how effective it is. I know that the department went through a tendering process to look at three pieces of software, including the one that LGANT was using to support the community councils. I guess, going through that tender process, they believed that the Technology One solution represented the best opportunity for the shire councils going forward. I have not seen the other systems, but I do know that the Technology One suite is very effective, as a standard, robust financial system. It has weaknesses and strengths, like any other piece of software, but the problem was not the software; the problem was everything else around it. If you are taking the same configuration, the same chart of accounts, the same lack of process and you used any of the other systems that were available, you would have ended up with the same catastrophe anyway. That comes back to a lack of planning, proper control, and engagement; it was just never going to work.

Mr CHAIRMAN: Who was directing it? Was it a core group or – I know I have asked for names, but are they actually sitting ...

Mr KENNEDY: The answer is, from a purely technology point of view, yes, there were a couple of people who were involved in the shire councils. One of the CEOs of the new shire councils was involved. A couple of people from Local Government and Housing were involved and a steering committee, but they basically focused on the system side. My point earlier was that focusing on the system side is fine, but if no one is looking at it holistically and saying: 'Does this make sense? Does this time frame make sense? Does the funding make sense? Are there people there who know how to manage this when it goes in? Does that make sense?' From a commercial point of view, those things were not thought through.

Mr ELFERINK: Who was in that position? I find it difficult to imagine there was not anyone in that role.

Mr KENNEDY: I am not aware of any single person who would have been held accountable, or has been held accountable, for the implementation of the ShiresBiz system.

Mr ELFERINK: Walk me through this, please, Des, because I am having trouble wrapping my head around this.

Mr KENNEDY: Sure.

Mr ELFERINK: You have the technical guys over here saying: 'We are modelling ShiresBiz together and this is going to be the system they use. The whole thing is being pushed through'. Surely, at some point, these guys come together from the different areas and say: 'We are going to have a meeting about how things are going and how things are going to play out'? I image when that meeting occurs, people stick their hand up in the meeting and say: 'Bugger, there is a problem'. Did that occur?

Mr KENNEDY: I agree with you. Those things should have been happening ...

Mr ELFERINK: Yes, but ...

Mr KENNEDY: The answer is - I have only been involved in this since May, and I certainly was not involved in any way, shape, or form before that. So, my guess is it did not happen.

Question on Notice 5 – Consultation in relation to supershores³

Mr ELFERINK: Question on notice, Mr Chairman.

Mr CHAIRMAN: Yes, Question 5.

Mr ELFERINK: The question will be to the CEO of the department. Were any meetings held between the various interested parties to determine and discuss the formation of the new super shires, and any problems associated with those super shires? If there were, please make available all minutes, notations and correspondence between that committee, the departmental CEO, and any briefing notes provided to the minister?

Mr CHAIRMAN: I ask that we may be able to bring that down to the IT (inaudible) because that is ...

Mr ELFERINK: No, because this is a much bigger. I want it that broad because IT is a component of a much bigger problem, as Des is pointing out. IT is over here, and IT knows it has a problem, but there are other sections involved - departmental officers, and we have just heard about a council CEO involved in this whole process – who seem to be sitting in silos. If what I am hearing is correct, they have not actually spoken to each other, which is why this is – so this is not the (inaudible) and ...

Mr KENNEDY: Yes, that is what we do not know ...

Mr CHAIRMAN: The reason I would like it thinned out is because there are other areas that would be right outside the (inaudible) to look at, at the moment.

Mr ELFERINK: Well, actually, no, Mr Chairman. This goes down to the very essence of how the Northern Territory is governed and this is a particular issue ...

Ms SCRYMGOUR: It is a bit extreme.

Mr ELFERINK: No, I am not being a bit extreme.

Ms SCRYMGOUR: You are.

Mr ELFERINK: Because if departments and departmental staff are not talking to each other, this shemozzle, this muck-up, is going to happen again, and it is going to cost the taxpayers millions. I would like to be able to (inaudible) in a report. And I would like to be able to recommend in the report to government how to avoid these sorts of things when they occur.

Ms SCRYMGOUR: Yes, that is fine. We have a number of issues we need to discuss during a deliberative committee meeting after this. I would like to have that very issue discussed in the deliberative committee. I have no problems with writing and seeking that information, but for what purpose? I will have this discussion with you in a deliberative meeting after we have finished.

Mr ELFERINK: Well, I am happy to have discussion ...

Mr CHAIRMAN: Are you happy to put that question on hold until we have (inaudible)?

Ms SCRYMGOUR: So put it on notice, but we need to have a discussion.

Mr CHAIRMAN: Let us move on. Okay, we will have it down as a question, and we will discuss it afterwards, thanks.

Ms SCRYMGOUR: Can I ask a question, Mr Chairman? Des, in your capacity, you are employed as an independent consultant?

³ Subsequently discussed at deliberative meeting and re-phrased to be: *Were any meetings held between the various parties to determine the development and implementation of information technology systems for the supershores? Please provide any minutes, memos and/or hand-written correspondence in relation to it.*

Mr KENNEDY: Yes, let me explain my role to date. At the end of April this year, I was asked by the Northern Territory government to come and do a review of the implementation of the ShiresBiz system. I spent a lot of time talking to the department, a significantly more amount of time talking to the shire councils and the staff, most of whom showed a lot of animosity - and probably rightly so - to someone being paid by the department to do a report for the department. I spent time talking to Technology One. The report, when it was completed, really annoyed everyone, and no one felt comfortable with it, and I guess that made it very clear that I had hit the mark.

Ms SCRYMGOUR: Can you briefly, which shires, or when you are looking at, is it just under the top end of the Northern Territory, so you would be looking at the system that has been in place, I suppose, in the Victoria Daly, in the Roper Gulf?

Mr KENNEDY: It was not so much about the access for me. The briefing that I had, and let me just go through the terms of reference, was to: assess whether the intended objectives of the solution had been realised; assess the effect of an appropriate use of an implementation process; assess whether users had been properly trained; assess the quality of the project management and project governors, including analysis of the project management methodology; assess the cause of time and cost over runs; assess the capability and performance of shire councils in allocating personnel to provide leadership, both pre and post 1 July 2008; assess, the current business systems functionality issues and shortcomings; assess, and advise in the role of council bays from 2008; assess and advise the role of council bays, department, or government advising on shire councils and allocation of responsibilities ...

Ms SCRYMGOUR: Are we able to get a copy of your ...

Mr KENNEDY: The answer is yes. It is not a public report, it is pretty widespread.

Ms SCRYMGOUR: Oh no, it is just for the committee's purposes. If we could get a copy of what we have been asked to, your consultants have, it has been six months into doing this review ...

Mr KENNEDY: No, my report ...

Ms SCRYMGOUR: You said May you started.

Mr KENNEDY: Yes, started in May, and that was a 20 day study and to write a report ...

Ms SCRYMGOUR: A desktop study, or when you say study ...

Mr KENNEDY: A report.

Ms SCRYMGOUR: So all of that, can we get a copy of that?

Mr KENNEDY: Yes, you can get a copy of that.

Ms SCRYMGOUR: That is all I am asking you for.

Mr KENNEDY: Once I did that, because I guess I had the best knowledge around of all the various issues relating to how the system was implemented, and had built up the respect of the shire councils and the department and Technology One, I was asked then to come back and lead a team to do the remediation, and that is what I started on 1 July 2008.

Ms SCRYMGOUR: So, in your opinion, in your review, and looking at what was put in place with the shires, you formed the view that it is inadequate in terms of its implementation, whether it is in IT, staffing, quality of staff?

Mr KENNEDY: From every perspective, timing, project management, from every perspective it was doomed to failure. The configuration was wrong. There was no consultation with shire councils about what sort of accounts they had. The guy who was a CEO of one the shire councils imposed the chart of accounts he wanted onto all of the other shires because he was on the committee....He wrote the ledger plans for the council's approval.

Evidence ruled *in camera*

Mr CHAIRMAN: Anyway, let us continue.

Mr KENNEDY: To me, the way it was configured was wrong. It was designed in such a way that, and this is getting into a bit of the technical detail of the product, but the works module, which is all about running projects through the application, was actually misused for financial reporting. Instead of taking financial transactions, that we go through the works module into the general ledger and chart of accounts for proper reporting, all the reporting was bamboozled out of the works module, and it is just not the way the system should be used.

Mr ELFERINK: A quick question, where was the ShiresBiz program sourced from?

Mr KENNEDY: The ShiresBiz program, the application, it is Technology One. It is based in Brisbane.

Evidence ruled *in camera*

Ms SCRYMGOUR: Des, I suppose you spoke to staff and elected members in each shire. I have seen one letter from the Roper Gulf Shire, and spoken to the CEO and others, and everyone was saying it was all good. It was a surprise to find they were having some issues. What seems to be the underlying – is it untrained staff, is it too much expectation put on people who were not trained to do this job, was it expectations from ...

Mr KENNEDY: Yes, yes, yes, and yes. It was software configured wrongly with the wrong chart of accounts; not enough investment in training where the training needed to be. If I was implementing this piece of software for Darwin City Council, I would have a team of trainers on board, sitting with the staff, helping them do transactions real time.

Mr CHAIRMAN: They did not ask the company for help?

Mr KENNEDY: No, no, while the shires were being created there was a training regime put in place in Darwin, Katherine and Alice Springs. The department set the timing for those and the shire councils, because they were struggling to get premises and staff, put, whoever they could get hold of onto the training course. Some of those people had not used technology before, some of them did not have English as a first language, and there was no thought given to how those people were trained in using that application. There was not enough investment in training for sure, and appropriate training.

Mr CHAIRMAN: Did Technology One run training courses?

Mr KENNEDY: Technology One was shown a different model to what was implemented. Technology One sold a solution to the Northern Territory government where everything would be hubbed in Darwin, and that is what they priced. It all changed and everything was being regionalised, and they did not have funding necessarily to provide all the training required, or the people required to do training for eight shire councils. As I said, come back to planning again. The one thing the department has not done is planned at a business level, at a technology level. I have seen no evidence of proper project plans and commitments.

Ms SCRYMGOUR: Des, what has been the view of the CEOs employed by the shires? CEOs are not sitting there and accepting this?

Mr KENNEDY: The CEOs were told by the department everything would be okay. Because they had so many other things to focus on ...

Ms SCRYMGOUR: Being a cynic, you never trust anyone who says 'trust me. it is going to be okay'. I find it incredible, knowing CEOs are in charge of these shires, they would accept this. I want to ...

Mr KENNEDY: I think there was so much going on, in fairness, with the CEOs. They were trying to build their shires, they were trying to get their teams on board, there were no processes in place; they were

trying to get funding. All these things were going on. For them to start thinking about the details of a system the department was guaranteeing was going to work for them, I can understand them saying: I am glad they are looking after that for us, we will have to trust them, because there are so many other things going on. Benefit of hindsight, yes, you are right. They should have been saying: 'I want to see how this is going to work for me in my shire'. Correct.

Mr WESTRA van HOLTHE: Are you aware if and when the CEOs started raising these issues with the department?

Mr KENNEDY: It is hearsay, but I know getting very close to 1 July 2008, a number of the shire CEOs were raising their hands and saying: 'Hey ...'

Mr WESTRA van HOLTHE: Within a couple of months of their employment, they were saying to the department: hey, there is something wrong.

Mr KENNEDY: They were saying: 'I do not believe you are going to have a system ready for us by 1 July 2008'.

Mr WESTRA van HOLTHE: If we could go back to February 2008, and it was decided it was going to happen on 1 July 2008, in your opinion, how long would it have taken to have all of this business sorted out with the computer systems and get it into a state ready to be implemented in a form that would work for the shires?

Mr KENNEDY: I would not have taken – my ideal time would have been 1 July 2009, to give you enough time to plan it, to think about it, to get the right chart of accounts, to get the right balances, do all those sort of things, and even if you put in MYOB for 12 months to keep the shires at least operating their books successfully, with no input balances, then by 1 July 2009, you would have a system bedded down, people trained and so forth. It is easy to say that with the benefit of hindsight. The people in the department who were doing this had not done it before, in fact no one had done it before, taken the likes of a piece of software and put it in eight shires simultaneously, that was a huge task. They may have been able to do it by 1 January 2009, with a little pushing and proper planning, but everyone wanted it done by 1 July 2008.

Mr CHAIRMAN: Where are you up to now and can you give us an idea on what it will cost us?

Mr ELFERINK: Before you go down that path, I have one specific question. In terms of the February start date - a slightly subjective question - but as you are an expert in the field, at what point would a person of reasonable competence, have been able to identify that there was going to be a problem rolling this out?

Mr KENNEDY: 1 February 2008.

Mr ELFERINK: From kick off?

Mr WESTRA van HOLTHE: I was hoping to ask a couple of quick questions too. When were you engaged to commence your review?

Mr KENNEDY: I cannot remember the exact date, but it was around the middle of May 2009. I spent 20 days going around visiting the shires and talking to people. I was abused by quite a number of the CEOs, like verbally abused.

Ms SCRYMGOUR: Why were you abused?

Mr KENNEDY: Because they thought I was the enemy because I was being paid for by the Northern Territory government. They did not believe that someone could be in and do a report that was independent, irrespective of who was paying the bill. They had great doubts about my ability to put out a report that was ...

Ms SCRYMGOUR: If your job was to look at the system and report, to fix it ...

Mr KENNEDY: The government in general ...

Ms SCRYMGOUR: That is why I was asking why the CEOs ...

Mr KENNEDY: Governments, in general, have a habit of getting reports written to say what they want them to say. In fairness to the Department of Local Government and Housing, it was straight and honest ...

Ms SCRYMGOUR: It was not just because of local government ...

Mr KENNEDY: The Northern Territory government told me very clearly that I was to be absolutely open, straight and honest in my reporting, that I was not to hide anything, and they would accept the output and they did.

Mr CHAIRMAN: The report that you have there is the one it will get?

Mr KENNEDY: (inaudible).

Mr WESTRA van HOLTHE: I have one more question. From whoa to go, including your engagement as a consultant, through to the end of the remediation program, will have the computer systems up and running, smooth as silk, press a button, print reports, do everything else - how much is that going to cost and who is paying for it?

Mr KENNEDY: To answer it, I cannot give you a definitive number and that is because there are still some things the shire councils want us to do, which have not been approved yet by the department. One of those is a budgeting module which will assist the shire councils to budget, and the second one is an inventory module that a number of the shires want to use.

Mr WESTRA van HOLTHE: Do you have range from that to ...

Mr KENNEDY: It will be somewhere, at a guess, between \$3.5m and \$4.5m. If I could make comment to that given the mess that it was in, right, and the mess that had to be fixed, there were two ways you could fix the mess. One was to remediate what was there already, and there are good signs we need to be doing that, and the technology does work, it is not the technology's fault. The people who have been trained in the technology are ready. There are inbuilt costs, in terms of licence fees and so forth, that are already there. That comes to some cost.

The alternative was to use the software Barkly Shire has chosen. Let me say they were given a sweetener to try to get the other shire councils to move across to the Civica platform. That is why Geoff made the point it only cost him \$400 000 to get his system implemented. However, I do know Tiwi Shire was given a quote of over \$1m to get that software implemented for them. So, Tiwi Islands is a small shire. Extrapolating that, of course, the other shires to not do the remediation and start from scratch and put in Civica, (1) would have crucified the shire councils, but (2) would have cost \$9m-plus.

So, from a sensible use of funding, given the mess was made, the most sensible use of funding was to do the remediation, in my view.

Ms SCRYMGOUR: This is really more a statement, Des. I developed a regional health service on this side of the Victoria Highway. I opened nine clinics in the distance between Lajamanu to Timber Creek to near the Western Australia border. Networking nine clinics into a database in Katherine has cost less than the cost to these shires, in what has been put in place. I have been trying to grapple with it. Why has it become such a huge expense? I know when I look at the Roper Gulf Shire and (inaudible) and (inaudible), some of these costs – and I know from the Tiwi Shire where my mob have just ...

Mr KENNEDY: Can I ...

Ms SCRYMGOUR: I am not going to tell what they say.

Mr KENNEDY: Well, let me try to talk to that. The cost of the Technology One software is not particularly expensive, on a shire-by-shire basis - just the leasing of the software. Where the big hit is, right now for the shire councils, is not in the computer system itself, but it is the way the Northern Territory government has a deal for providing desktop services to all the departments. To get the desktops in quickly for the shire councils, they signed them up to the Northern Territory government deal.

Ms SCRYMGOUR: This is what I am trying to get to, the ...

Mr KENNEDY: Okay, let me – if you do not mind, please. So, they signed them up for that deal. The way the Northern Territory government put together that deal, they bundled a lot of cost into the provision of those services. You can argue whether that is right or wrong, and you can argue either way, but it was done. So, for example, they had 12 to 15 project managers and their costs were built into the cost of every desktop.

None of the shire councils have access to those 12 project managers because they are all extremely busy doing work for the departments. So, the shire councils are paying an inherently high cost for something that is a commodity. There were a couple of other incidents, similar sort of things out there being worked on now.

Mr ELFERINK: Can you give us an example of the cost?

Mr KENNEDY: Well, let me tell you one of the issues that we found, because I am involved in that as well - in the other times of day I have to spend. The contract put together for the shire councils had support for desktop devices for seven days a week, 24 hours a day. So, that means if a laptop breaks in the office in Katherine tomorrow at 2 o'clock in the morning and, if somebody reports it at 2 o'clock in the morning, Fujitsu or CSG will have somebody on-site at 4 o'clock in the morning to fix that laptop. Terrific, except no one is in the office outside office hours. The shires do not need support on their laptop equipment and their desktop equipment outside office hours, 8 to 5, five days a week. If it breaks down over the weekend, they can wait until Monday morning and get it fixed then. So, how that works in terms of pricing is – and I used to be ...

Ms SCRYMGOUR: Let alone if you are sitting at Borroloola.

Mr KENNEDY: I used to be Head of Infrastructure at Qantas and NRMA and those sorts of companies. You pay a 40% premium, minimum, to get that (inaudible). So, you have to ask yourself the question: who on earth made that decision? The other question that needs to be asked is: is the Northern Territory government paying 24/7 for all their desktops to Fujitsu?

Mr ELFERINK: I think they might be.

Mr KENNEDY: I do not know.

Ms SCRYMGOUR: It is part of the terms of the ...

Mr ELFERINK: You have to ask yourself the question. Did you ask that question? Did you get an answer?

Mr KENNEDY: The answer is, that piece of work is still in progress, so it is just an issue that has been raised ...

Ms SCRYMGOUR: But you give an honest and frank answer in your report, do you not?

Mr KENNEDY: Well, the report that will be written will absolutely highlight that as a real issue, and by the way, you know, maybe you want to leverage, as you guys can do, is put pressure on the Northern Territory government to pay back that loading for the shire councils between 8 and 5 service, and 24 hour service. I do not know what that amount of money, is by the way.

Mr WESTRA van HOLTHE: The cost of that service provision is built into the cost of the ...

Mr KENNEDY: Correct.

Mr WESTRA van HOLTHE: For example, a laptop costs some around \$4500 per year.

Mr KENNEDY: Per year, it costs about \$370 a month, but what that does not include, understand what that includes, that includes the leasing cost of the laptop; the leasing cost of all associated equipment; the cost of having a Microsoft suite loaded; the cost of supporting e-mail. All those things are built into that cost. It is not just going down to Dick Smith and buying a laptop and leasing it. Make sure it is comparing apples with apples. One of the things the Northern Territory government is doing as part of its new contract from 1 July 2010 is separating those, so you will be able to see what is the actual cost of having the PC

delivered to you, as opposed to the cost of the services that drive that device. That is good, because then you know it is much more competitive.

Mr CHAIRMAN: Can I just say to members that we are going to run out of time again. We might ask Des, when he has finished his report, or if it is possible, would you come back and talk to that report if that is okay?

Mr KENNEDY: To which report?

Mr CHAIRMAN: You are having a report as well?

Mr KENNEDY: I am doing this one; a colleague of mine is doing the other one.

Mr CHAIRMAN: This one here.

Ms SCRYMGOUR: When are you finished, Des?

Mr KENNEDY: It is a piece of string really ...

Ms SCRYMGOUR: Well, how long is the piece of string?

Mr KENNEDY: The last shire council will be remediated the last week of April 2010. That is our current plan, and just briefly talk to that, if we were doing it from scratch with another piece of software, it is a much easier process, because you do not have to take all the leggy stuff and move it into a new one. But what we are actually doing is something that should have been done right at the front - a full consultancy process with each of the shire councils. You know: how does this interpret; what has this done to your company; what sort of accounts do you need; what reporting do you need; how do you want the screen to look; how does it work for you? And then we are taking the old one, pulling it through, pulling the data apart, putting it back together again on a new structure and putting it into production. It is a huge piece of work.

Ms SCRYMGOUR: We could leave it there.

Mr CHAIRMAN: In February we might do that, if it is okay by you for February? A piece of string going out fast.

Ms SCRYMGOUR: I will be at the Tiwi Shire tomorrow, but ...

Mr KENNEDY: My team are at the Tiwi Shire on Monday through Thursday.

Ms SCRYMGOUR: We are all in Darwin tomorrow morning.

Mr KENNEDY: I am actually meeting with them tomorrow, Friday afternoon.

Ms SCRYMGOUR: I must be meeting with them. They have invited me into the meeting. It must be ...

Mr KENNEDY: Please, I would be delighted for you to come.

Mr CHAIRMAN: Sarah has probably written up a fair list on what we had on there. I give you Sarah.

Mr KENNEDY: Sorry, I did not give you a chance to talk.

Mr CHAIRMAN: What we would be looking for is a full history of this project, from the beginning to now, and you could probably note some detailed information in relation to letters to the minister in relation to this, what the minister knew about this particular matter, the minister at the time. Things like, for instance, was there a particular unit that was in the department that had the responsibility for this project? We are looking for things like that.

Ms SCRYMGOUR: Do you want this on notice?

Mr CHAIRMAN: Oh, no I do not think we need this on notice, because Sarah is – no, we will take it on notice.

Ms SCRYMGOUR: I think we should put it on notice. That way we can write ...

Mr CHAIRMAN: Question 6. Will the department give us full documented history of this ShiresBiz, CouncilBiz from its initiation to the present time, and information on what the minister knew about this matter, and whether there was a group of people in the department who had specific responsibility to ensure this project went ahead.

Mr ELFERINK: Mr Kennedy has offered his (inaudible) were there any time frames (inaudible).

Mr KENNEDY: I do not know what the protocol is with the department. I can send you a copy tomorrow, but they are programs written for the department.

Mr ELFERINK: My understanding is Mr Bird was the CEO of the Chief Minister's advisory department.

Ms SCRYMGOUR: Well, we should ...

Mr CHAIRMAN: It has to be presented first. We could ask once it has been presented.

Ms Nuske: It has gone to the department.

Mr CHAIRMAN: That is okay then. Ask the question.

Mr WESTRA van HOLTHE: Who in the department ...

Mr KENNEDY: I have talked to the report, and the shire councils have a copy of the report.

Ms SCRYMGOUR: I believe if it has gone to the shire councils, there should not be a problem in presenting it to the committee.

Mr KENNEDY: If someone is to advise me to do that, I am happy to do that.

Mr CHAIRMAN: We have a copy. Could we table that?

Mr ELFERINK: This is the report from 12 May to 5 June 2009?

Mr KENNEDY: Yes.

Mr CHAIRMAN: We will finish for today. Thank you, Des for a very interesting discussion. I have written, as a summary: 'too rushed' and I could probably apply that to most of the local government reform. Thank you very much for all your information. Thank you, Sarah, for listening and we will be asking to come back when we have had a chance to look at the report.

Mr KENNEDY: I can send you all a copy.

Mr ELFERINK: That would be good.

Mr CHAIRMAN: We will have a short break.

Mr ELFERINK: Thank you Des, for your being so forthright, and your evidence. It is refreshing.

OPEN FORUM

**Jim Forscutt, Public Officer, Edith Farm Volunteer Fire Brigade
Tina MacFarlane – Private Citizen**

Mr CHAIRMAN: I declare open this public meeting of the Council of Territory Cooperation and welcome everyone here today. Before we get down to the necessary formalities, I wish to advise that witnesses appearing during the open forum later today may be appearing before a sub-committee of the council. This does not detract from the value of the evidence, and still forms part of the evidence taken by the council and will be taken into account for reporting purposes. It is the case that some members have other commitments later this afternoon and will have to leave, which is when the full council will become a sub-committee of itself.

Although the council does not require you to give evidence under oath, these hearings are formal proceedings of the parliament. Consequently, they warrant the same respect as the proceedings of the House. I remind witnesses giving false and misleading evidence is a serious matter, and may be regarded as contempt to parliament. Whilst this meeting is public, witnesses have the right to request to be heard a private session. If you wish to be heard *in camera*, please advise the council prior to commencing your answer.

Today's proceedings are being electronically recorded to ensure the accurate transcription of recording. I ask that witnesses and members identify themselves prior to speaking, and persons and witnesses state their full names and positions before commencing their evidence. As soon as practical following this hearing, a transcript of your evidence will be downloaded to the council's website, after you have had the opportunity of correcting errors to facts.

I welcome Mr Jim Forscutt, who I understand wishes to address the council on local government building codes and I invite him now to address the council.

Welcome Jim, could you give us your full name please and the position that you are appearing.

Mr FORSCUTT: Yes, thank you. Jim Forscutt, Public Officer, Edith Farm Volunteer Fire Brigade. I am representing it today, with its full permission. Mr Chairman, thank you and thanks for giving us the opportunity.

I have made available to you a draft of the comments on the Katherine Town Council Draft Five Year Municipal Plan, because in it are the – and you can read it at your leisure – but one of the big areas is planning and on the back of it I have put a planning boundary, for members' information. For those of you who do know, to build or to do any extensions, or even get permission to build, you have to have a planning boundary. I put it to this esteemed group that, up until two years ago before we got local government, only 5% of the Northern Territory was incorporated in local government.

I am now saying the other 95% which has been brought into the equation does not have building or planning control. We have people out there in the rural area - and you heard the CEO of the Katherine Town Council talking about land availability. So, individual people are doing subdivisions and land is being made available out there, but it is outside the planning boundary.

To give members an indication of what is going on - and my younger son is involved, so it is personal in that sense - he went in to the department and asked for a building permit and was told: 'You do not need one. You are outside the planning boundary'. He said: 'Okay, what do I do then?' They said: 'Well, you get a letter from your builder to say it meets the building code requirements'. So, that was okay. Then, when he goes to borrow money from the bank, the bank says: 'Well, that is no guarantee - not good enough'. I am saying it is causing utter confusion out there, because the planning boundaries have not been extended. That is right across the board, for heaven sake. That is right over 95% of the Northern Territory.

In my previous role, Mr Chairman. as you know, I was Mayor of Katherine for 16 years; I was also president of the local government with your good self sitting there at my right-hand side for a while. I also was Deputy Junior Vice President of Local Government of Australia for a period of time. So, local government and the role it plays, to me, is so important. When I put in a submission to council - and I have queried them there regarding this planning area; charging differential rating came up. I have had a reply from the council and that is acknowledged. Under the act, you cannot differentiate outside. So, all those issues are in that paper. I spoke to Willem about it before, so he is aware of that.

I just want to bring to your attention the area of multiple dwellings. I thought, what happens now with the rating, even in town or anywhere else? I went to the Chief Minister's Department. I saw Sharon and I said: 'What is this multiple dwellings? I cannot find it in the act, and it is not even in there'. 'Please accept my delay in responding, but there is no specific definition of dwelling in the current act'. Who makes the decision, I am asking, to rate me with another unit when, under the old act, you always remember caravans were exempt and things like that. I am saying the building codes and all that in local government, as is with the Northern Territory government, is out of kilter.

Mr CHAIRMAN: Can I just ask something there? Medium density or multiple density development comes under the NT Planning Scheme. The NT Planning Scheme comes under the act.

Mr FORSCUTT: That is right; that is exactly right. So, outside of the Planning Scheme, there are no planning boundaries. So, how do they rate it and identify what the building is? It does not give you a definition, Mr Chairman.

Mr CHAIRMAN: I need to just be careful so I am not ...

Mr FORSCUTT: No, go for your life.

Mr CHAIRMAN: The NT Planning Scheme can apply over the whole Territory.

Mr FORSCUTT: Yes.

Mr CHAIRMAN: But you are saying the building code does not apply over the whole Territory?

Mr FORSCUTT: Yes, but the planning boundary has not been extended under the act to incorporate the other 95% - not that I can find.

Mr CHAIRMAN: Do you mean the building plan boundary?

Mr FORSCUTT: The building plan boundary, yes, I have identified on that bit of paper, was the planning boundary, which is also your building boundary.

Mr CHAIRMAN: Is this the same boundary as Katherine Town Council?

Mr FORSCUTT: That is exactly. Since the extension of boundaries, that is it there.

Mr ELFERINK: Well, what it throws up then when whoever wants to go and raise capital for the purposes of constructing a building, the bank says: 'Mate, you have a letter from your builder, but we are not impressed'. Will an engineer's report satisfy the bank?

Mr FORSCUTT: It does not necessarily; that is the point I am making.

Mr CHAIRMAN: Would you really - being the devil's advocate here, I am talking about chook sheds out at Mistake Creek. Would you really want the building board to go out to Mistake Creek and check out ...

Mr FORSCUTT: No, with all due respect, I am not. But, I am saying if you are going to have stuff coded, it comes back to areas that people want to do the right thing, for heaven sakes. They want a building that is built to code so, in the future, if they want to sell it. I do not have to tell you guys here of the bloody problems even in Katherine, and Tennant Creek with the Red Rooster, and Alice Springs and Darwin. We have been having it for years, but you know, the government puts out a department moratorium for existing building to achieve compliance, have you read it, do you want me to table it? What a joke. It only complies to the planning boundaries, and you know, we do not even have an assessor down here to do all this.

I suppose what I am saying to you guys is, is there some way we can speed the process up and charge us all fair and equitable with the overall development of the Territory, that is what I am asking.

Ms SCRYMGOUR: This has been an anomaly in planning for a long time, Mr Forscutt.

Mr CHAIRMAN: There are issues that go beyond that. The issue in relation to buildings outside the building board, you either put a building authority over the entire Territory, which to me is impractical, and I think you know ...

Mr FORSCUTT: Mr Chairman, that is your prerogative.

Mr CHAIRMAN: But the other one is to get sort of get designation within the act to cover those people who wish to build, say, at Larrimah, for instance, because there is no building board that go to Larrimah, if they want to build a house down there and they wanted a code, you need some way to have that, when it has got its certificate and signed by a building engineer, that had some weight, if someone has to ...

Mr FORSCUTT: Mr Chairman, heaven forbid I should talk to you about local government, but Paul Everingham brought in the 500 metres of the highway, so probably Larrimah is dumped. But that aside, the thing that is upsetting me as a long-time Territorian is that here we are going through all these anomalies again, and we do not seem to be catching up, and the reason I put myself out, I mean, I represent, we have 47 members in our organisation out there, and they are all trying to develop and go ahead. You heard the Katherine Town Council CEO comment on, even for the roads and all that, that is because we are right up their nose and it is all in the explanations in there, it still belongs to the government, I asked all the questions in there that are relevant, not just to me, but to everybody in the 95% of the Territory that is unincorporated and out there who has control of the ...

Where is the wildlife ordinance between local government, and then you go and ring up the department, and it says, oh no, go and get a permit from council. So you go back to council and say, I need a permit to kill wild dogs in my region, and then they say you have to go back to the department and do a course so you can use 1080 to kill them. I am getting tired of bureaucratic run around. As a long time Territorian, let me tell you, they are not worth feeding. Cannot we just have some clear cut policies where people can go ahead, and who want to live and develop the Northern Territory in a fair and equitable way. I am saying the anomalies are there within the multiple dwelling problems, there with the planning boundaries and the building codes, and I just think it is a joke and we are getting further behind, in my view. I am really concerned. I think we are being let down.

Mr CHAIRMAN: Did you explain a multiple dwelling in here?

Mr FORSCUTT: Yes.

Mr CHAIRMAN: What is the issue you are trying to ...

Mr FORSCUTT: The multiple dwelling issue. New buildings, that is, after 2009, must be meet all certification requirements during the moratorium and forced actions may apply to anybody breaching it. Well, that is okay, but that only applies to your building area, and I am saying there are now people outside the building code area that want to do the right thing and build a house, and they cannot get a building permit.

Mr CHAIRMAN: There are two issues, there is building outside the building code area, which you want to bring it up to code and you want to get some, perhaps, legislative certainty, you say if that is built up to code, it is given some sort of classification, so that people have some, if you want to raise capital, it means that the place, or you want to sell it, you have got some way of letting them know it is going to be okay.

But the issue of multiple dwelling ...

Mr FORSCUTT: There is no specific definition of a dwelling in the current act, although, in the previous act, it defines a residential unit as a dwelling, as a house, a flat or other substantial self-contained residential unit but, except in section 77.6 and 1.22(iii)(b), does not include a unit within the meaning of the *Unit Titles Act*. So when you go and read all that ...

Mr CHAIRMAN: What date is that?

Mr FORSCUTT: This is from the Katherine Town Council, 28 September 2009 at 11.37 am.

Mr CHAIRMAN: There is a definition in the Northern Territory Planning Scheme, which comes under the Northern Territory *Planning Act*, which defines a multiple dwelling. When you look up a zone it will tell you whether a multiple dwelling is permitted, requires discretion, or is oppressive.

Mr FORSCUTT: Mr Chairman, with respect, you do not have zonings outside the planning boundary.

Mr CHAIRMAN: That is true.

Mr FORSCUTT: These are the anomalies. It is all right for those knowledgeable in the building industry, but for the average Joe Bloggs, with all due respect, who wants to get on with life without having to go through all the bureaucratic crap, it is not there for them to explain.

Mr CHAIRMAN: You are asking for a total zoning of the whole Territory?

Mr FORSCUTT: I am not asking that. I am saying it does not exist. I thought that is why you guys were here, to listen to the problems involved with local government.

Mr CHAIRMAN: We are listening, but we thought you might have a solution.

Mr FORSCUTT: No, you did not ask me that.

Mr CHAIRMAN: Well, I gave you a hint ...

Mr FORSCUTT: I will give you a hint. I am saying there is no draftsman identified in Katherine so I can get a certificate of occupancy to comply; I have to go to Darwin. Somewhere here there is another certified policy framework, they will pay me – have you seen that, Mr Chairman – \$2 per kilometre or something - that is rubbish. The point is can we not have a building consultant or a draftsman who is certified to do the work around here. I know of buildings in this town, some still government, and some are private enterprise, which do not have a certificate of occupancy within the planning boundary. To get that done, just the thought of it, you have to get a person down from Darwin, you have to pay all the costs, and literally they dig up your foundations to see if you put them in three metres.

Mr CHAIRMAN: Do you have building certifiers in Katherine?

Mr FORSCUTT: No, none at all, that is what I am saying.

Mr CHAIRMAN: Why not?

Mr FORSCUTT: I do not know.

Mr CHAIRMAN: Building certifiers are private.

Mr FORSCUTT: Yes, that is right. That was only brought in a few years ago, as you know.

Mr CHAIRMAN: I even know when it was brought in. It was in the previous government's time and there was a lot of controversy over this.

Mr FORSCUTT: Yes, I am not arguing that. Do not play politics with me, Mr Chairman.

Mr CHAIRMAN: No, no. It was brought in a long time ago. That is what I mean.

Mr FORSCUTT: There are government buildings, with all due respect, in this town that have not been certified, or they had not when I left the other office.

The point I am making is why can someone not come up with a good idea and have a moratorium like they did in South Australia. The big railway station in the heart of Adelaide was built back in 1832. It received a special dispensation from the South Australia government as a prior building code. To fix all these problems, why do we not have a cut off date, and let things happen? Anyone from April 2009 onwards, just do it! I am saying they are going to create more problems.

Mr CHAIRMAN: That happens to some extent in planning because if you have a pre-existing use you are allowed to continue with that, but you are saying to have something similar for building.

Mr FORSCUTT: Yes.

Mr CHAIRMAN: All right.

Mr FORSCUTT: I wanted to tidy it up because most of the blocks of land being sold are in the rural area and are outside the planning boundary. What do those guys do? They want to do the right thing. They cannot build a shed and live in it anymore there is so much rubbish going on. We will not go there, Mr Chairman, is that what you are telling me? The point is why doesn't the government explain it to the constituents? I blame the Katherine Town Council as much as anyone – and that is why they are not here today – because I put to it all the complaints I had from the people I represent, and the only answer we have so far ...

Mr CHAIRMAN: Are you a breakaway area?

Mr FORSCUTT: Mr Chairman, you taught me everything I know in local government, and so if I am doing it wrong, I blame you.

Mr CHAIRMAN: No blame; I am an Independent.

Mr FORSCUTT: I have to say it is obnoxious to me to see a piece of paper which says Building Certification Assistance for Regional and Remote Building Control Areas. It is not even inside the planning boundary. Why put it out? Why create this division, I suppose, in the community that one set of laws inside the municipality and another one outside in the new extended areas? It is terribly upsetting to me. There is no incentive to go out and do anything, because you do not know which hurdle they are going to throw at you next.

Mr CHAIRMAN: There are arguments ...

Mr FORSCUTT: Well, give me your arguments against, Mr Chairman, please, because I need answers.

Mr CHAIRMAN: Sometimes it would be commonsense. In townships, obviously you want most of your houses up to a code, but if I am sitting on a cattle station out the back of whoop whoop, I do not particularly want to see the building advisory board come around and tell me my hay shed is not to standard, because I think people will say, 'go away'. The issue you are raising is that if you want to have a moratorium on some of the buildings that are not up to code, you mean leave them as they are.

Mr FORSCUTT: Most buildings in 20 years ...

Mr CHAIRMAN: ... will not be existing anyway.

Mr FORSCUTT: Thank you. That is my point.

Mr CHAIRMAN: It is a similar argument to what I would argue at Howard Springs at the present time as well, is it?

Mr FORSCUTT: I have not been keeping up with your newsletter, but, Mr Chairman, I take it on board. I have said it to the council, because as I see it, they are our elected representatives, we have elected them to represent us fair and square. In that paper work, you will see that we are not even mentioned in their five year plan and that is why the CEO and I have little sniggles over the shoulder. I am saying to him, why would you rate us? You do not run the roads, we have to do that. They are charging us garbage rates, 50 km out there to use the tip. People have a 100 km round trip to put the rubbish in, and you are worried about these shires? God help us.

The point I am saying is - it is not just me, Mr Chairman, I represent about 143 people in that area, but as members 46, and I just believe on their behalf, they are the questions and issues they raise. We do not get any charges other than rates out of that land trust, and we have to pay all the other anomalies.

Mr CHAIRMAN: We know that John F Kennedy made a statement about rates, 'not that I get to my rates, because my community gets the higher rates' or something like that. Do any other members have any questions for Jim?

Thank you for that, Jim. The issue about buildings that are not up to standard outside a building area, whether they should be pulled up. If they are brought up to code, then they need some sort of classification to give them a government tick to say that building is okay, especially when you are dealing with banks and things. The other issue is whether you should leave buildings, especially those outside building areas as

they are, and you want to put a moratorium on and leave those buildings alone, that seems to be common sense and the other one is about the zoning.

Mr FORSCUTT: Mr Chairman, for member's information, can I say to you, the Edith Farm Road, the set of principles negotiations with the shires for the progression of the road transfers over a five to 10 year period. We are factoring in the shire's capacity to resource, manage the road management function will be developed by the Department of Planning and Infrastructure and the Department of Local Government, Housing and Sport in consultation with local government of the Northern Territory. Our local council still has not had that discussion. That is what the road issues are about, because I want to know if and when that is going to do.

Can I also just bring to your attention, these are the anomalies. We do not have power and that out on the Edith Farms area. Again, it is just one of the anomalies.

Mr CHAIRMAN: It is not a local government issue.

Mr FORSCUTT: Well this is. Because there are four in a row upgrades, the government put a new power line down there and they paid for it. That was the question. We thought the peanut farm was paying for it, but my questioning shows me there is also a network extension directly to the peanut farm and Taylors Park. It was paid for by the government and they have already got a power line down there. It was too late to stop, and I said who is doing the planning for Katherine? Why could not they have put it down Edith Farms Road and ring main system the power and we are getting some development in the Territory? The point I am raising is that it is local government in the sense that someone needs to stand up and tell the government bureaucrats that outside of Darwin and Alice Springs we do exist. Our contribution to the economy, as you well know, Mr Chairman, is quite substantial per capita from the Katherine region. Does that not mean anything?

Mr CHAIRMAN: Of course it does. Thank you for that dramatic ending. Are you sure the power lines have been out the front in the company of Australia were paid for by the government ...

Mr FORSCUTT: Yes, I have a copy of the questionnaire here.

Mr CHAIRMAN: Was there any agreement to the clean-up company to contribute to that cost?

Mr FORSCUTT: The clean-up company has to do certain things to it. I did not read it all out for you, Mr Chairman, but sure.

Mr CHAIRMAN: I was just interested, because many developers do not get anywhere ...

Mr FORSCUTT: Mr Chairman, I would not give you a run around; I would not tell you a lie.

Mr CHAIRMAN: No, I did not mean that. It was just an investigative question. Thank you very much for coming, Jim.

Mr FORSCUTT: Thank you, my pleasure.

Tabled Paper 3

Comments on Katherine Town Council's Frft Five-Year Municipal Plan 2009-14,
J Forscutt, 28 May 2009

Mr CHAIRMAN: We are going to ask ...

Mr FORSCUTT: No questions?

Mr CHAIRMAN: No, no. We are going to ask Tina MacFarlane if she would like to come forward.

Ms MacFARLANE: I will be very brief.

Mr CHAIRMAN: I have that statement down on record. We will be very brief.

Mr FORSCUTT: You know her very well, don't you?

Ms MacFARLANE: I am giving evidence as an individual private owner – in that capacity.

Mr CHAIRMAN: I call to order this public meeting of the Council and Territory Cooperation which will now move to an open forum. Although the council does not require witnesses to give evidence under oath, these hearings are formal proceedings of the parliament, consequently, they warrant the same respect as the proceedings of the House itself. I remind witnesses giving false and misleading evidence is a serious matter, and may be regarded as contempt of parliament. Whilst this meeting is public, witnesses have the right to request to be heard in a private session. If you wish to give it *in camera*, please advise the council prior to commencing your answer. Today's proceedings are being electronically recorded. To ensure the accurate transcription of the recording, I ask witnesses and members identify themselves prior to speaking and, in the first instance, I invite witnesses to state their full names and the position before commencing their evidence.

As soon as practical following this hearing, a transcript of our evidence will be uploaded to the council's website after you have had the opportunity of correcting errors of fact.

I welcome Tina MacFarlane who, I understand, wishes to address the council on a range of matters, or matter, and invite you now to address the council. Welcome, Tina. Would you please give your name and capacity in which you speak today.

Ms MacFARLANE: Tina MacFarlane, as a private individual from Mataranka. It is to do, not specifically with local government, but to do with regional development in the Northern Territory. I recently travelled to Canberra and gave evidence at a select Senate inquiry with regard to food development in northern Australia.

It is with relation to the water allocation planning process. My belief and understanding is a lot of the policies are very restrictive for future development. They will inhibit development, especially when the Northern Territory is in its early phases of development.

There are no security levels of groundwater in the whole of Australia to date. There have never been any security levels for groundwater. For surface water there is but, to date, there have never been any security levels. Currently, there is a litigation undergoing with regard to Katherine. There was a hearing on 26 November in Darwin, and they have deferred that hearing to 26 February 2010. That is a Katherine producer actually taking litigation against the water control. Part of that process - I am not privileged, obviously, to the specific litigation, but I am aware it is to do with the different security levels of the water. Personally, there should not be a need for a security level ...

Mr CHAIRMAN: Would you like to explain for members what you mean by security level.

Ms MacFARLANE: There is different - there is high, medium and low. High security means you get water when you have big rainfall years. Then, as the rainfall gets less, you get medium and, then, you get low. What that does is discriminate against different types of agriculture use. The security levels is nowhere less in Australia. I can categorically say that. It is to do with surface water extraction, but not groundwater, because there is a delay period from when the groundwater actually reaches the river water, and they are not categorically - probably do not have the hydrology - to really say it might be five, 10, 15 years delay period. Up here, you might get a huge rainfall one year, say 1200 mm, then 1000 mm the next. It is unprecedented in Australia. Once you begin security levels, it gives uncertainty to farmers, and it is very hard for a farmer to undertake a certain level of development if there is not that security. You think, well no, I am just not prepared to take that risk.

On the back of the thing there is an actual statement one of the producers in Katherine released with the *Country Hour*. He spent a lot of money, and they have changed his licence half medium, half high, and I do not believe he is the one that is litigating at the moment, but I think it has gone to the appeals tribunal. That is to do with the security level. So litigation against the Northern Territory government has already started,

and I think it can be avoided in the future. We have a lot of water to encompass and it needs to be probably fair and consistent.

There are excessive special conditions within the licences, if you refer to your second last page, you will see there is, the last page rather, you will see, each year, it is specifying exactly how much water you can use. In effect, they are saying you can use this amount this year. In effect, if you are developing, if you have a bad year and a bad market and you do not need as much, so you do not use your full water allocation, you risk losing that. Yet, if you have a really good year and you want to develop twice as quickly the following year, you are not allowed to do that because you have not been given permission to use that extra bit of water. I am just saying, if you have 500 ha and you say I will develop 100 ha in year one, 100 ha in year two – year one you have a great crop and you have the money to develop 200 ha the next year, according to these licence regulations, you cannot, because they have only said you can use that amount of water.

I believe it should be in a five year span. You get a lump sum of water and, at year five, it is reviewed. If you do not use it, it reverts back to the government.

Mr CHAIRMAN: What about with water?

Ms MacFARLANE: The other thing is, with subdivision, your water licence is cancelled. If you want to subdivide a block, that is of great concern, because if you have a bigger area of land, and by being able to subdivide, if you have say 100 ha and you think, right, I will sell 50 ha of it, so half the water licence can go to someone new, they might have more intensive development, say a more intensive vegetable crop, and so you are actually allowing more development and more intensive development. However, if you go to subdivide, how it stands in the Katherine plan, you have to surrender your entire water licence.

Ms SCRYMGOUR: Have you met with the Controller of Water ...

Ms MacFARLANE: I met with Karl. I have met with ...

Ms SCRYMGOUR: ... about water resolutions? Have you met with the Controller of Water to ...

Ms MacFARLANE: I met with the Controller of Water. This has been going on for over 12 months.

Ms SCRYMGOUR: Over 12 months?

Ms MacFARLANE: I have all the correspondence with it.

Mr CHAIRMAN: You have been discussing this for quite a while, but one of the things that is coming from Tina MacFarlane that is fine, it does not mean that it is right, we have an agricultural association, which used to be the irrigated crops association, or whatever it was before. We have an association, and if we are trying to change the rules of water allocation, I am not saying you are wrong, but why is (inaudible)?

Ms MacFARLANE: Why is it not? Because, and this is exactly what I said to you, Gerry, when I met with you six months ago. I said, mark my words, there will be litigation in Katherine, and lo and behold, the water planning is declared. The writing was on the wall six or eight months ago, and people do not jump up and down until it affects them. It is not affecting us, but I can see it is going to affect, and it is not going to affect only us, but it is going to be people in the future.

I spoke to Paul McLaughlin, I have spoken to those people before all this happened, and then I spoke to him afterwards, and he said they promised me this would not happen, that he was told, and I mean I have spoken to Ian Lancaster, he is a nice bloke and he has got a lot to do, and probably he has, introducing a new system is difficult, maybe he does not have quite enough staff to get around it. However, they were assured this would not happen, what has happened to them. I was speaking to Paul and he said, well, they assured us it would not. When he bought the place, you saw how much money he paid for the place, he was assured he would get his full licence. Instead, he got half medium, half low, and he was assured of that, and he has documentation with regard to that.

Ms SCRYMGOUR: What sort of (inaudible)?

Ms MacFARLANE: This licence at the end, that is a copy of another fellow, however Paul McLaughlin had roughly 2000 - of a water licence, then the water allocation plan came out and he had half medium.

Mr ELFERINK: Tina, I note from your paperwork you say that you received –on the bottom of page 2: ‘We have not received a response to any of the issues outlined above from Water Resources or the minister’. That was on 13 November. Have you subsequently received any correspondence?

Ms MacFARLANE: We received a letter from the minister on Monday asking us to withdraw our application. To date, we have not.

Mr ELFERINK: On what grounds?

Ms MacFARLANE: On what grounds?

Mr ELFERINK: On what grounds were you asked to withdraw?

Ms MacFARLANE: Gerry would be aware of this because it is in the *Hansard*. We believe it removes your right to appeal because when they declare a water allocation plan, say 100 000 megalitres – I am using round figures – they have decided how much they will receive. You get 20/20/20/20/20. Gerry says: ‘I have more land, I have been here longer. I think I should be getting 30 and Marion, you should be getting 10’. Once it is given out, they have no more water to give you. They have already given it to you; you are not going to surrender it. You can appeal, but you will receive a letter saying: ‘We cannot do anything; we have given all the water out’. The appeal process is absolutely meaningless. The letter says you can appeal, however, there is no more water once it has been declared.

Mr ELFERINK: Why does he want you to withdraw?

Ms MacFARLANE: He says, under legislation, he needs to advertise it. We told minister Hampton, when he was in Katherine, we were happy to have it advertised, but can we leave the application sitting there – according to the act you have to advertise it – and give us an amount of water when you declare the plan? That way you stay in the process, you are not withdrawing. I have a letter saying: ‘I formally withdraw my application’; it was sent to me by the department.

Mr ELFERINK: The minister has pre-written you a letter saying ...

Ms MacFARLANE: Yes, pre-written the letter.

Mr ELFERINK: ... ‘I am going to write a letter for you withdrawing the application, please sign it and send it ...

Ms MacFARLANE: Yes.

Ms SCRYMGOUR: When the water allocation plan was done for the region ...

Ms MacFARLANE: It has not been done for Mataranka yet.

Ms SCRYMGOUR: None for Mataranka yet.

Ms MacFARLANE: It is not completed and this is why I am airing it. I hope they will get it right, because much of it is to do with policy and regulation. We have an advisory committee, but many of these things are policy and regulation, and the advisory committee can only act on government information as received, and what regulations bind them. That is why I have addressed it at ministerial level, and that is why I was addressing senators in Canberra too, because it is a policy and regulation issue.

Ms SCRYMGOUR: I was trying to check whether there was a ...

Ms MacFARLANE: Yes, it is not a personal thing. We do not have an allocation, we are just ...

Ms SCRYMGOUR: I know it was a requirement, under the National Water Initiative, to put that in place, but there is absolutely nothing ...

Ms MacFARLANE: They have been consulting Mataranka since mid-2008, and they have said we have 127 000 mega litres available, and the committee has to decide how much they give the environment and how much for agriculture.

Ms SCRYMGOUR: Part of that consultation was to present the data on the aquifers ...

Ms MacFARLANE: Yes, they have done that to a degree, but in many areas there are still unknowns. If you are trying to obtain a water balance, they simply do not have the data to give you that. All they have is the rainfall figures and the river flows.

Ms SCRYMGOUR: They do not have the actual aquifer water ...

Ms MacFARLANE: They do not have the levels. This is the problem because there is no development in Mataranka so far, they cannot see the effect of irrigation because nobody is pumping. To date, there has been no effect on the aquifer, so it is difficult. We are suggesting let development happen, we can help the government get their science and then at years five and 10, the government has the ability to adjust it.

Ms SCRYMGOUR: What are the two main - is it Tindal and Ooloo?

Ms MacFARLANE: We are under Tindal; we are the same as Katherine.

Ms SCRYMGOUR: You are under the Tindal aquifer?

Ms MacFARLANE: Yes, the same as Katherine.

Ms SCRYMGOUR: As I understand it, there has been substantial research in looking at, in terms of Tindal, but I understand that in the Ooloo aquifer, so it is just this side of Katherine that you are talking about.

Ms MacFARLANE: No this is Tindal, it goes all the way from Katherine to Mataranka, and Ooloo goes out Frewena, north to the Daly.

Mr WESTRA van HOLTHE: The aquifers overlies each other, so ...

Ms MacFARLANE: No, it is the same aquifer.

Mr WESTRA van HOLTHE: Yes, but Ooloo sits on top.

Ms MacFARLANE: Yes, it sits on top but it is slightly different.

Mr WESTRA van HOLTHE: But it actually overlies.

Ms MacFARLANE: We have also had the issue, which I have brought up on several occasions and in much of my correspondence, Katherine actually use the figures from 1961 to 2007, and in Mataranka it is wanting to use from 1900 to 2008. There was not even any rainfall taken, and we are saying: 'That is ridiculous' and they are saying: 'We want to be a little fairer'. We are saying: 'What about a gauging station? There is one at Larrimah, and there is one at Katherine from 1957 onwards, when they started taking the river flows from 1960. That is your most accurate information. Use that. You used it for Katherine; you have more accurate data for Katherine. You should be using it for Mataranka. It is the same aquifer'. But they want to use from 1900 onwards and on the life of me, they are saying: 'But then your average' - I think it is about 30% less is available - like if you do ...

Ms SCRYMGOUR: Who is saying that, Tina? Is that Water Resources ...

Ms MacFARLANE: Ian Lancaster, it is coming from.

Ms SCRYMGOUR: Because all the hydrology that is done, like you said, it should ...

Ms MacFARLANE: We have met with the hydrologists.

Ms SCRYMGOUR: I will talk to Karl Hampton ...

Ms MacFARLANE: ... and the thing is, I spoke, I do not know, Marion, if you have met, I met with Richard Creswell after the ABARE meeting, and I asked: 'Is there any scientific evidence, why they would be using from 1900 onwards?', and he said: 'No'. I asked: 'Is there any scientific reason why they should

not be using from 1960 to now?,' and he said: 'I cannot comment on the planning process', and he would not get into it, but he said: 'From a scientific point of view, no, there is not'.

Ms SCRYMGOUR: I will follow this up, because I can tell you that as the former minister ...

Mr CHAIRMAN: So you are to blame, are you?

Ms MacFARLANE: No, I did not get a chance to meet with you ...

Ms SCRYMGOUR: No, no. But Malcolm, who I was sitting with yesterday, and we were both quite keen to ...

Mr CHAIRMAN: So, he is to blame?

Ms SCRYMGOUR: We were trying to do good, Malcolm and I ...

Mr CHAIRMAN: Malcolm and I, it sounds like a movie.

Ms MacFARLANE: All we are trying to do is, like we have been there ...

Ms SCRYMGOUR: The study was going to be based on, and the numbers and the licences and the extraction of what came from those licences were supposed to have been taken from the hydrology studies that were done on this side rather than ...

Ms MacFARLANE: There is very little information down there.

Ms SCRYMGOUR: It is all done in this catchment, so that ...

Ms MacFARLANE: There is only 30 000 megalitres of water that people want down there, which is the same as Katherine, yet we have about three times the amount of water. That is all we are saying. We are there, we are keen to develop and, yes, have a little flexibility and let the Territory develop a little agriculture. That is why I also brought to this, because there are very few avenues to mention agriculture anywhere in government, there are so many other priorities at the moment.

Mr WESTRA van HOLTHE: Can I ask you a question: the figures they have from 1900, who compiled them?

Ms MacFARLANE: The Bureau of Meteorology synthesise them. They are manipulated from surrounding figures and they are - I am trying to think of the name of the system; there is a special scientific system they use, there is not one, there is only 25 rainfalls from 1917, actual measurements, and they are all manual, back in, I can tell you Lindsay's family ...

Mr CHAIRMAN: Nothing wrong with manual, I used to (inaudible) ...

Ms MacFARLANE: Yes, but you go on holidays and there are floods and sometimes the rain gauge falls over, for goodness sake.

Ms SCRYMGOUR: Technology has moved on.

Ms MacFARLANE: It has. That is all we are saying. It used to be the more accurate information; that is all I am suggesting. We are not fighting about any water at this point.

Mr ELFERINK: I find it an unfathomable proposition, if it comes to that, through a synthesised process you create an error of 30% ...

Ms MacFARLANE: That is because there is so little data.

Mr ELFERINK: That is my point. The reliance on such processes, as a result of that synthesis, they then say you get 30% less water allocated.

Ms MacFARLANE: They did not specifically say (inaudible) but if you look at the figures ...

Mr ELFERINK: Because if you do not (inaudible) you flatten the figures out with their help.

Mr CHAIRMAN: I understand that. We will have to wind up. The other option we have is to ask Ian Lancaster to come along and explain.

Ms SCRYMGOUR: I want something (inaudible).

Mr CHAIRMAN: All right. Ian Lancaster; it is not on our radar. That is not to say we cannot write to him and ask him for (inaudible).

Ms MacFARLANE: Gerry, I know agriculture is not on the radar at all, but ...

Ms SCRYMGOUR: No, but what might be – if I could offer just a quick suggestion Mr Chairman. From one committee to another committee. Maybe in the new year – and we have our Secretariat here - we could, maybe, get Tina another (inaudible) under the auspices of the Environment committee to have a look at it ...

Mr CHAIRMAN: That might be a good point.

Ms SCRYMGOUR: ... to maybe get Tina and others to come. That way, we can write to Ian Lancaster, who, by the way, is a separate statutory thing too – the control of water ...

Ms MacFARLANE: We have been asked to withdraw our licence by Friday. I have written to Karl to ask him for an extension until Monday ...

Ms SCRYMGOUR: I will ring him.

Ms MacFARLANE: ... so we can get legal advice on it, because we cannot get a solicitor to give us legal advice with regard to it.

Ms SCRYMGOUR: We can invite you in with (inaudible).

Mr CHAIRMAN: Well, we might see if the other committee, which would be probably more appropriate and also probably a better way to bring Ian Lancaster into the system, to address the Environment, and Sustainable Development Committee. I will leave that with the chair of that committee. She is ...

Ms MacFARLANE: Are you the Chair? Sorry, I brought it up. I have been trying to get meetings and no one will see me, except for Gerry and Willem.

Ms SCRYMGOUR: No, we met the agricultural association, and the horticultural run an association, so we should take it up with them.

Mr CHAIRMAN: Okay, we are going to have to wind up. Thank you all for coming.

Ms SCRYMGOUR: I will talk to Karl about it ...

Ms MacFARLANE: Yes, that is why I gave you ...

Tabled Paper 5

Documentation in relation to water allocation in the Katherine/Mataranka area, T MacFarlane

The Council adjourned