



LEGISLATIVE ASSEMBLY OF THE NORTHERN TERRITORY

COUNCIL OF TERRITORY CO-OPERATION

PUBLIC HEARING, THURSDAY 3 JUNE 2010, DARWIN

Members:

Mr Gerry Wood, MLA, Member for Nelson – CHAIR
Ms Alison Anderson, MLA, Member for Macdonnell
Mr John Elferink, MLA, Member for Port Darwin
Ms Lynne Walker, MLA, Member for Nhulunbuy
Ms Marion Scrymgour, MLA, Member for Arafura
Mr Willem Westra Van Holthe, MLA, Member for Katherine

Witnesses:

Department of Housing, Local Government and Regional Services, represented by:

Ken Davies	Chief Executive, Department of Housing, Local Government and Regional Services
Fran Kilgariff	Senior Executive Director, Local Government, Regional & Community Services
Mathew Fagan	Executive Director, Services Delivery Co-ordination Unit
Andrew Kirkman	Executive Director Remote Housing

Local Government Association of the NT, represented by:

Kerry Moir	President
Tony Tapsell	CEO
Peter McLinden	Manager Transport and Infrastructure Services
Sue Davy	People and Capacity Development

Mr CHAIR: We might get going, as we only have a limited time this morning, so very much a welcome to everybody in attendance this morning. I might just introduce our members of the CTC, Marion Scrymgour, Member for Arafura, Willem Westra Van Holthe, Member for Katherine, Lynne Walker, Member for Nhulunbuy and myself, Member for Nelson, and apologies from Alison Anderson and John Elferink who will be up here soon; he's just got another meeting at the present time.

I'd like to welcome our guests: I might get you to introduce yourself, and what I'll do is I'll read out the formal bit then you can introduce yourselves then. And a welcome to the members of the public and appreciate you coming along. We might just also mention to people that you might have to speak a bit louder for people at the back, if that's okay.

I declare open this meeting of the Council of Territory Co-operation and welcome the following witnesses who are appearing before the Council to brief in relation to its terms of reference and the people we have here today, Mr Ken Davies, Deputy Chief Executive, Department of Housing, Local Government and Regional Services, Mr Andrew Kirkman, the Executive Director for Department of Local Government, we have Miss Fran Kilgariff, I'm not sure what ... because you're new ...

Ms KILGARIFF: I am new - Senior Executive Director, Department of Housing Local Government.

Mr CHAIR: Thank you, and Mr Matt Fagan who has got a long title.

Mr FAGAN: Executive Director, Services delivery Co-ordination Unit.

Mr CHAIR: Thank you very much. This hearing is open to the public and is being recorded. A transcript will be produced and will be available for the public. In certain circumstances the Committee may decide that evidence or part thereof can be taken *in camera* and remain confidential. Please advise me if you wish any part of your evidence to be *in camera*, may I remind you that this is at the discretion of the Committee. You are reminded that evidence given to the Committee is protected by parliamentary privilege. For the purposes of the record, I ask that you state your full name and the capacity in which you are appearing today. I also ask that you state your name each time you speak. So we'd better do it formally, then I might start with Andrew.

Mr KIRKMAN: Andrew Kirkman, Executive Director, Remote Housing NT.

Mr DAVIES: Ken Davies, Chief Executive, Department of Housing, Local Government and Regional Services.

Ms KILGARIFF: Fran Kilgariff, Senior Executive Director, Local Government, Regional and Community Services.

Mr FAGAN: Matt Fagan, Executive Director, Services Delivery Co-ordination Unit.

Mr CHAIR: As I said, very much a welcome. This is, as you know, a continuing discussion over some fairly important policy matters that both the Commonwealth and Territory government have got to process, so today we would like to ask you questions once again about the SIHIP program but specifically around a couple of issues, and one would be the leases and one would be the tenancies, what's happening with tenancies. So I might just ask an initial question: how many

SIHIP houses have been completed, that is from a point of view of new houses, refurbished and rebuilt, and how many of those houses have now got leases?

Mr DAVIES: Well, the new houses, Mr Woods, and perhaps if I just start by saying I brought Andrew Kirkman who obviously is responsible for the SIHIP program from a Northern Territory perspective. Matthew Fagan's here because Matthew is doing service delivery co-ordination for Working Futures, in particular, and the 20 Territory Growth Towns and Fran is here because of her expertise and management of the local government and regional sort of development areas of the Department. So that's the team, so hopefully we'll be able to deal with all your questions today and if there's anything that we can't, we'll certainly come back to you on, and we certainly don't anticipate there will be any need for any *in camera* discussions today.

So just in relation to new housing, currently we've got 11 new houses that are completed, and all of those houses are on leases where the CEO of housing is the owner of the property and for the refurb, there are 320 refurbishments and rebuilds that are now complete or underway; this includes 207 completed refurbishments, we've got 113, so 320 refurbishments currently underway and all completed. Out of that 320, 207 have been completed and 113 are underway.

Now, all of these properties have a lease arrangement over them for what we call the refurb communities, those are the communities that the SIHIP footprint is operating in refurbishing. The lease holder of that particular place is the Australian Government, under the NTER but we have negotiated leasing footprints, we're in the process of negotiating leasing footprint for the 15 remote service delivery sites which include the houses that are being constructed at [inaudible], Groote Eylandt and also at Nguuiu, so it's quite a complex footprint but the best way to describe it is we have leases in place for the Alice Springs town camps for the Tennant Creek town camps, Executive Director of Township Leasing, which is the Australian Government funded entity that has the head leases for the towns on the Tiwi Islands and Groote Eylandt, and then we are negotiating that to be through the SIHIP program for the housing sub-leases in the remaining towns in the remote service delivery sites. And Matthew, which ones are specifically leased at this moment?

Mr FAGAN: Formally we have in the sections of the precinct lease so outside the areas where the Commonwealth Executive Director of Township Leasing currently holds a long-term lease. Outside of those areas we have formal [inaudible] the leases have been finalised with the LC but they're awaiting formal execution so they've been through the entire process and just going through the formal execution stage at this point. At Ngukurr the full council of the NLC has endorsed the lease documents. There is still some work that has to be done to find the proposed lease areas so we go through a process of negotiating in principle with the traditional owners getting full council approval and then we have to go and finalise the exact areas and you do that in conjunction with the site examiner to make sure you've got the lease over the right area for the new and existing housing. And that process is currently underway in Ngukurr.

In Numbulwar we've got in principle agreement from the traditional owners and we're expecting that to go to the NLC full council's next meeting or endorsement by the full council. And at Yirrkala, there is still some issues associated with the NLC identifying an agreement with local people over who should be making the final decision in respect of leasing out there, so that's still got some way to progress at [inaudible].

In respect of the CLC region, we've got in principle agreement from the CLC in respect of Hermannsburg and Lajamanu and to those ... that's a slightly different arrangement from the north. In the south, in Central Land Council region the leases are going to be held by the Commonwealth Executive Director of Township Leasing who will then sub-lease them to CEO Housing.

And at Yuendumu, progress has been slow but we are hoping that negotiations will progress this year.

Ms SCRYMGOUR: Question, Mr Chair?

Mr CHAIR: Yes.

Ms SCRYMGOUR: Matt, in relation to the leases in the south, and what you're saying will be that those leases will be held by the Executive Director of Township leasing, is that for whole of township leasing, so 19 rather than ...

Mr FAGAN: No, no, they're Section 19 precinct leases held by the [inaudible].

Ms SCRYMGOUR: Okay, so it won't be whole of township, they're going to do the sub-leases?

Mr FAGAN: Yep.

Mr CHAIR: I thank you for that, Matt, and Ken, the question I suppose I was getting at is with the 11 new houses, are they all on a lease owned by Territory Housing?

Mr DAVIES: That's correct.

Mr CHAIR: With the 207 completed refurbishments, how many of those are actually being ...

Mr DAVIES: We'd need to jump back to that ... some of those will definitely be in the communities that the EDTL is responsible for on Groote Eylandt and on the Tiwi Islands. Others, the ones I was specifically referring to are the ones in the 3A package, that's Ali Curung moving down to Willowra and through that area where we don't have the sub-leases or the precinct leases in place yet the lease that is held over the town is through the NTER by the Australian Government.

Mr CHAIR: But the houses ... you in theory will take over the refurbished houses?

Mr DAVIES: That's correct.

Mr CHAIR: Have you taken over any of those houses?

Mr DAVIES: We have.

Mr CHAIR: Roughly any idea how many?

Mr KIRKMAN: We've taken over roughly about 200 of those.

Mr CHAIR: Now, do you have a lease on each one of those 200 houses?

Mr KIRKMAN: There is an underlying lease which Mr Davies has pointed out, you're perhaps also referring to the tenancy agreement which opens those houses going forward and our management of those houses going forward and there's tenancy agreements for those.

Mr CHAIR: But the lease isn't with Territory Housing at the present time?

Mr KIRKMAN: The lease ... where we've got a housing precinct lease i.e. Nguiu, Wadeye, Galiwinku, Maningrida, if we've taken over refurbished or new houses in those communities the Northern Territory has the underlying lease on those homes. If they're in those communities that are currently under the Northern Territory Emergency Response five year leases, held by the Australian Government, then the Australian Government is effectively the landlord and they have the leases; we're managing those houses on behalf of the Commonwealth.

Ms SCRYMGOUR: So Andrew, just to ... I mean, if we were to focus on a community like Maningrida, alright, where the Northern Territory Government has a lease over a subdivision where new houses, the rest of the community which the Northern Territory Government or Territory Housing will be managing those houses, they don't have, or do they have, a lease or a sub-lease over those areas outside of that sub-division which is Section ... I mean which is a completely separate subdivision ... that you're doing and you could almost look at the situation in Maningrida which is happening in most of the 20 growth towns where this program is happening. So who's that, Andrew or yourself? I mean ...

Mr DAVIES: I'll perhaps have a go. The CEO Housing obviously has the housing precinct leases and [inaudible] open to the broader township lease is not a Section 19 township or 19A township lease ...

Ms SCRYMGOUR: I understand that, Ken, but what ... okay, then who is responsible then, I mean if you're looking at outside of the subdivisions where the new houses are happening, who is then responsible for, I mean where the refurbishments are happening with the existing legacy houses, who is responsible for that? The Northern Territory Government or Minister Macklin and the Australian Government who then hold the rest of the lease under the NTR legislation.

Mr KIRKMAN: In the communities that we've got housing precincts in like Maningrida, the Northern Territory has a housing precinct over the whole of the housing ... all community housing in that [inaudible].

Ms SCRYMGOUR: So each lot, each lot had been individually surveyed? And ..

Mr KIRKMAN: It's brought in under the umbrella of the entire lease, so all the community housing in Maningrida fits with the Northern Territory.

Mr DAVIES: The best way to describe it, what I did was, we've been out to Numbulwar last week talking to the traditional owners about the housing lease that we were wanting to put in place at Numbulwar for the housing precinct, so there's been in principle endorsement for this. I thought I'd give the CTC a copy of that diagram today with the property additional areas, the additional areas, the additional areas that we intend to put houses on, the additional subdivision, but what it does show, in effect, and it's that we will have tenure over each of the houses in that community. So I might just ...

Ms SCRYMGOUR: I understand that Ken but I think Matt can see where I'm coming from in terms of outside of the new subdivisions you've got Section 19, and that's clear in terms of who the landlord will be in terms of that subdivision at Maningrida. That's very clear. The rest of the community you've got SPLs which are, you know, have been pre-1976 and then you've got all of the other legacy houses. Territory Housing will be ... those houses will be transferred. What I'm trying to get at is the Commonwealth Government at the moment have a five year lease under NTER; who is responsible for the refurbished houses, at the moment, not just at Maningrida but in the 20 growth towns in the Northern Territory because this situation is exactly the same in not just Maningrida but all of our communities.

Mr DAVIES: So in the 20 territory growth towns, Marion, the intent is that ... well, the housing system, all of the housing in this community, the CEO of Housing will have a precinct lease. We have confirmed precinct leases also in the town camps at Alice Springs and at [inaudible] in Tennant Creek and we will have a lease as well over the additional houses that are going to be built at Willowra as part of the town camp refurb there.

So both in relation to the smaller refurbishment communities, the housing precinct leases or the township lease is still the NTER; we haven't gone to the point of negotiating housing precinct leases in the smaller communities where there is no new house building program going on, where there's just a refurbishment program, those leases, that lease is held under the NTER Act.

Ms SCRYMGOUR: Alright, so ... and there's a number of communities, sorry, through the Chair, Marion Scrymgour, so there are communities in the Northern Territory that aren't getting new housing ...

Mr DAVIES: That's right.

Ms SCRYMGOUR: ... and they're only on the refurb, so the Australian Government, you're saying that the Australian Government will be responsible, or effectively ...

Mr DAVIES: Currently is responsible under the national partnership that we signed up for the NPA for \$1.7 billion ... that is coming out of the next ten years under that national partnership agreement by which the SIHIP program is a part. We've undertaken in that agreement to work with the Australian Government to ensure that there is a lease over those housing precincts in the refurb communities but we're still negotiating that with the Australian Government.

Ms SCRYMGOUR: But we accept on a ... once the refurbished house, a refurbished house in a community where only refurbs are happening the transfer of that refurb house to the Northern Territory Government or to Territory Housing or you as the CEO of Housing, you take responsibility for a house, even though the underlying title or the landlord of that is the Australian Government.

Mr DAVIES: That's the way it's working at the moment.

Ms SCRYMGOUR: So, is the ... I mean, what contingency or guarantee is there that if a refurb, or the refurbs aren't up to standard or not meeting the Residential Tenancies Act requirements, is the Northern Territory Government, I mean, what's the process between the Northern Territory Government and the

Australian Government to bring these houses up to Residential Tenancies requirement?

Mr DAVIES: Well, part of that, part of that process is about getting a proper rent framework in place which was announced yesterday which will generate some substantial additional income in terms of rent payments for the house. There's the money in the NPA that we're also using to manage the tenancing and the rental framework going forward so we've got to build our revenue base to continue the refurbishments and upgrades going forward, but in relation to your question about the actual ownership of the house in those refurb communities and there is a tenancy agreement signed up with the CEO of Housing.

At the moment the asset actually in terms of a lease sits with the Australian Government, and part of the NPA agreement that we made is that we have to work with the Australian Government to sort out the tender of those places. There's 54 of them, Marion, and right now we're focusing on the 15 big communities where we've got a major building program going on, where we've got new houses and rebuild houses going in. The refurbished houses we're proceeding with because there was a lease over them, the Australian Government has a lease over them and, like, we are not in the stages at the moment of having direct negotiations to acquire the housing precinct lease at Ali Curung, for instance. At the moment with the CLC. We're not in negotiations at the moment.

Mr ELFERINK: A couple of quick questions while we're on this topic? My apologies to the whole room for being late - unfortunately I was tied up in a meeting with the Speaker and such is life, so I'll begin with that apology.

Two hundred houses taken over, how many more do you expect, sorry, if we haven't already covered this? So how many more will we have, by the time this is all over?

Mr DAVIES: By the time the SIHIP is finished, we will have 750 new houses, 230 rebuild houses and another thousand refurb.

Mr ELFERINK: Okay, so all in the care and custody of, essentially, Territory Housing?

Mr DAVIES: Absolutely.

Mr ELFERINK: Okay, thank you. How many of those houses that you've already taken over have been inspected?

Mr KIRKMAN: All of them.

Mr ELFERINK: All of them, okay.

Mr DAVIES: I'll let Andrew answer that question if you want a bit more detail.

Mr ELFERINK: That's alright, that's the answer I ... are we able to table the inspection reports for all of those houses, just not now necessarily but at some point can they be collated and a copy forwarded to the CTC? Thank you.

When they were inspected ... when were they inspected, before or after they were taken over?

Mr KIRKMAN: The process is our asset managers will work with the alliance teams to do the inspection of the houses, they'll be in and around what the scope of work for any particular house is, that will then become a scope of works, there might be some discussions, or there will be discussions throughout the refurb with the asset manager and the alliance around any changes as things are uncovered. Then at the end of the work, the asset manager will go around with a condition assessment ...

Mr ELFERINK: This is the tick and flick sheet we're talking about?

Mr KIRKMAN: Do them up.

Mr ELFERINK: And then they keys are handed over?

Mr KIRKMAN: And then the people, you're right, there's keys handed over, any exceptions noted that [inaudible] and they haven't been completed will be then followed up.

Mr ELFERINK: So I take it from that answer then that all houses which are transferred to the control of the Northern Territory through Territory Housing have met the minimum requirements ... benchmarks by the RTA which is the Residential Tenancies Act.

Mr DAVIES: Safe, functional secure.

Mr ELFERINK: Safe, functional, secure, yep. I appreciate that's .. we're not talking about a huge benchmark.

How will you continue to make certain that these houses are now maintained?

Mr KIRKMAN: The regime that we have in place and are continuing to establish [inaudible] see about four property searches a year.

Mr ELFERINK: Four times a year.

Mr KIRKMAN: Four times a year. On top of that there'll be regular sort of meetings with the tenant from community housing officers, but that might be more in a sort of a door knock and how's it all going. Under Residential Tenancies Act a landlord, unless having good reason, can actually only inspect the house four times a year, but that is the regime we're putting in place. The asset managers, tenancy managers and the community housing officers.

Mr ELFERINK: How many officers do you have? Dedicated to this cause?

Mr DAVIES: We've got 102 people involved in rolling out the Remote Rental Framework, 54 of them are on the front end of service delivery either in the location or in our regional offices, and we've got 60 through the shires, we're going to be funding 60 community housing officers ...

Mr ELFERINK: These are people living in the communities?

Mr DAVIES: That's right.

Mr ELFERINK: As agents for Territory Housing?

Mr DAVIES: Yeah, part of this is, you know, one of the upsides of this whole rental framework process is that there's really important opportunities rolling out of it. We've also got a commitment to recruit an additional 20 people to come in to assist as the program rolls forward, and following the announcement yesterday what we'll be doing is going through and seeing this thing roll out of the sign-up of the tenants as the refurb process and the building program takes place, so we'll be going through the communities where the alliances are active and working with them in that way so that we build the signing up of the tenants as we go along. We'll eventually have about 4,400 tenancies out there.

Mr ELFERINK: In the remote communities, or ... ?

Mr DAVIES: With all the remote communities. That's the current dwelling number and we'll have, of course, 750 additional houses.

Mr ELFERINK: What's your anticipated income? Has that been tabled at all?

Mr DAVIES: We talked about this yesterday. Currently the rental revenue base is about \$10M to \$12M, it will go to about \$30M a year once the full roll out has occurred which will be by 2013 ...

Mr ELFERINK: This is your 4,000 houses?

Mr DAVIES: That's right.

Mr ELFERINK: Okay. What policies do you have in place then, ultimately there will be some tenants in these communities who will go through the process and ultimately get chucked out because they just won't look after the properties. Where will they go?

Mr DAVIES: Our aim MLA Elferink, understanding that there are not any alternatives in these communities other than social housing, public housing and the private housing market. Our aim is to sustain the tenancies, so that is our first effort. Now, what we will have in signing tenants up is Territory Housing will have records of a tenant's profile, people as you know are mobile, they'll be moving in to urban centres into public housing, they will move back out; we will build those tenant profiles and the intention is to work with the families going forward, and the way a tenancy agreement works, you can have a head tenant in the house who takes responsibility paying for the entire rent, you could have three or four adults in the house that are paying parts of the rent.

Mr ELFERINK: Do I take that to mean a no eviction policy?

Mr DAVIES: There definitely will not be a no eviction policy, definitely. Our efforts will be focussed around sustaining the tenancies and what we will be doing is rolling out three levels of tenancy support: there'll be the basic tenant support where we have the front-end sort of service delivery where the tenancy officers are working with people and signing them up; we're going to have an intensive tenant support program. Currently right now, I can say that of the families we're signing up there's been 995 visits in that intensive tenancy support program and then concurrent with that we've got nine tenancy sustainability programs; we're going to have things like looking after your home, rolling out, and we've got these talking books, 15 languages that the tenancy officers can use that will enable people to work with communities to explain what their responsibility as tenants are in each of the houses, so this one's in

[inaudible], I'm happy to sort of leave that here with you to look at. So there's a lot of work going in to support those tenants.

The upside of it is, from us, we're not doing this from day one in 4,400 houses. We're going to be rolling this forward in a fairly sequential targeted way.

Mr ELFERINK: So I then come back to the question - ultimately, once you go through those processes - and by the way, those packages look good, I think that they're a good idea and I don't want to seem to be overly critical but there will be tenants who, in spite of your best efforts, as happens in the private sector, who are just going to be hopeless. You've indicated to me that there is an eviction policy at the tail-end of this - what's in place for those people?

Mr DAVIES: I think practically we're going to be, when it gets to that situation, given the point that at the end of the day we are not going to be putting people out so that they have nowhere to live. We're going to have to work with the Health Department, with our other agencies around getting some sort of a transitional process in place whereby we can do some intensive support with that tenant ...

Mr ELFERINK: Can you describe that process to me?

Mr DAVIES: Sure, in terms of the tenancy support?

Mr ELFERINK: No, more ... the ... they're not going to be thrown out, you're going to work with these other agencies, can you describe to me what you've done in that area so far?

Mr DAVIES: We're building this program as we go, as I say, in terms of remote tenancy sustainability we'll be doing the life skills work with the family ...

Mr ELFERINK: Yeah, got all that.

Mr DAVIES: ... we'll be talking to them about maintaining and looking after the property, we're going to have to have some sort of an arrangement in place and we haven't actually hit these circumstances yet ...

Mr ELFERINK: They're coming, I suspect.

Mr DAVIES: I suspect they may be and we're going to build this program as we're going forward but keep in mind that our aim in the first instance is about sustaining the tenancies, not about putting people out on the street.

Ms WALKER: I just had a question for you, Ken, of the 11 completed houses, new houses, and the 207 refurbishments that have been completed, have there been any instances where tenants have actually refused to sign an agreement or taken the keys and moved back into the property, and if so, for what reasons?

Mr DAVIES: Not that ... well, Andrew, perhaps if you come in there. Certainly not in relation to the new. I think there's been some push-back in a couple of communities around the refurb, south or [inaudible]?

Mr KIRKMAN: Yeah, [inaudible] tenants were concerned about not having painting done inside their houses. As a result of that, in fact the community stated they'd rather have other work not done and the painting done, so we listened to the community in that regard and painted those houses in Ali Curung and since that time

all the tenants that we've handed over houses to have accepted that, they've paid their bond and moved back in.

Mr DAVIES: So then all of the houses that have been renting would have been tenanted on ... re-tenanted an agreement, agreement to pay rent, whether it's via Centrelink deductions or out of their wages by electronic transfer, the rent payments are coming to the CEO of Housing, they are not going to the shires or to a small housing company, they are coming in and we'll be redirecting all of those that [inaudible] collective back out to maintain the tenancies and the assets. These are public ... it's public housing, in effect.

Mr CHAIR: Marion and Willem?

Mr WESTRA VAN HOLTHE: I'll go with just a few, if that's alright? In general terms, public housing in, say, Nhulunbuy, Katherine, Alice Springs, do those houses meet or exceed RTA, Residential Tenancies Act, standards?

Mr KIRKMAN: All the urban housing we've got meets the Residential Tenancies Act.

Mr WESTRA VAN HOLTHE: Right. And housing that's been refurbished in communities under SIHIP, does that meet or exceed the requirements under the Residential Tenancies Act?

Mr KIRKMAN: It certainly meets the requirements. I think as I've stated in the past, yeah, there's a couple of circumstances where there might be an issue around safety because of the set-out of the house which we're addressing but they meet the standard, and in some respects, sort of exceed the standard.

Mr WESTRA VAN HOLTHE: So if I pick up a house from, say, Santa Theresa, and put it next to a house in Katherine, I'm going to see - and this is not a question, this is a statement - I'm going to see a discernible difference between the standard of housing in both those locations.

Mr KIRKMAN: That is correct.

Mr WESTRA VAN HOLTHE: How do you explain that?

Mr KIRKMAN: Well, the explanation is the base on which, I guess, the housing is started from and, as we've discussed in the past, the refurbishments we do in those communities will bring up to a certain level. At [inaudible] that won't be the same amenity you'll have in urban housing but we're working forward with the rent collection we've got with the \$40M a year that we've got out of the National Partnership Agreement to continue work on those houses to bring them up to an amenity that is equivalent to that standard [inaudible].

Mr WESTRA VAN HOLTHE: So SIHIP is really only producing ... well, you're producing lower standard housing in the communities?

Mr KIRKMAN: Yeah, so the new and the rebuilds ...

Mr WESTRA VAN HOLTHE: No, not on the new and the rebuilds, but certainly on the refurbishments.

Mr KIRKMAN: [inaudible] refurbishments, you know, the program was never going to bring those houses up to a perfect sort of urban standard, we've got to acknowledge the need in those communities and [inaudible] disrepair that a lot of those houses are in, and if you've been to Santa Theresa recently and seen those houses, many of which have been constructed in the 50s, 60s and 70s and haven't had a lot of work done since that time, so what we're doing on those houses is certainly improving the amenity substantially but there's still a lot of work to be done, and that is the reality of the program.

Mr WESTRA VAN HOLTHE: Okay, so with refurbishments in communities, we're looking at an average cost of \$75,000 per refurbishment?

Ms SCRYMGOUR: Up to.

Mr WESTRA VAN HOLTHE: Up to, thank you Marion, which is down from the original \$150,000 per refurbishment that the Federal Government promised, under the SIHIP. If the refurbishments had stayed at an average of, well, up to \$150,000 per refurbishment, could those houses be given even better amenity than under the \$75,000 refurb. It's an obvious answer there.

Ms SCRYMGOUR: If you had more money it'd be better.

Mr KIRKMAN: Yeah, I mean certainly we have to increase the amenity as we've discussed in the past, that would have meant, say, in Santa Theresa, 30 of the houses instead of 60, so the decision say, post, I guess, August last year was that we would try and get a level amenity across the community up to a base level as opposed to picking out the lucky few and bringing their houses up to full amenity.

Mr WESTRA VAN HOLTHE: But however, my recollection is that the number of homes for ...that we built new, or refurbished or rebuilt has not changed from day one, yet the dollars that have been spent on each refurbishment has been halved.

Mr KIRKMAN: I think the ... I know the August review last year acknowledges that the way the program was going to be rolled out meant that the parameters that had been set up front for the program were never going to be met, new houses included. So effectively the program was ... it was amended along the lines of, you know, delivering the maximum benefit across the communities.

Mr WESTRA VAN HOLTHE: And now that we've got an opportunity to see many of these refurbishments, what we can quite clearly identify that the original promises have not been met with regards to the SIHIP program. In terms of liveability of the houses, gone to functionality, certainly, but the liveability of these homes is of a different standard to what you would expect in Katherine and Numbulwar and Alice Springs.

Mr KIRKMAN: This program is the first ... start of hopefully many more and was never going to be the panacea, it's certainly a very good start and I think in some context, you know, it could certainly be ... there'll be infrastructure going into it, the end of the National Partnership Agreement, there'll be over a billion dollars going in.

Mr DAVIES: The legacy issues are we are trying to catch up on 30 years of old policy and practice in this phase, there are houses out there that have had no renovation work done on them for years, the rent collection hasn't always been [inaudible] reinvested, so this is a huge catch up, and we're in the second year of that, and we're trying to undo 30 years of custom and practice here. We've got a 10

year partnership that's \$1.7B, the 670 million that the SIHIP's got is part of that but I think Andrew's point is important: we were going to be the \$150,000 ahead to be able to go in the place like Santa Theresa, do half the houses to a really good standard and leave all of the other houses that are in that community at a very, very poor, not even functional sub-standard. So the decision was made to go and get into functionality, and the big challenge for us going forward is to go, as you were describing the next step, to start bringing them to public housing standard that would be consistent with what you'd see in Tennant Creek.

Mr WESTRA VAN HOLTHE: So these refurbishments now are really every single one of them become a legacy to the Northern Territory Government? Because you will now have to find other funding sources to top up the quality of the work to a more acceptable standard.

Mr DAVIES: For ten years, with the National Partnership Agreement, we've got the Australian Government well and truly walking the journey with us in this phase. I can't guarantee what's going to happen at the end of the 10 year cycle, I really hope that they would continue to invest. So there is a legacy issue and there is a liability; the specifics of how much that would be each house we haven't calculated yet, but there's definitely a liability. We're talking about bringing those refurbished houses to a public housing standard equivalent to what you've seen for the new or the rebuild, all the houses in an urban context.

Mr WESTRA VAN HOLTHE: Alright, so extrapolating the 207 that have been completed and handed back now out to 2,500, you'll end up with 2,500 legacy houses that will require other funding sources to bring them up to public housing standards?

Mr DAVIES: We will be reinvesting money, that's right, we're going to have to reinvest to continue to work on those houses, and it's fair to say that with the current footprint of SIHIP, there is still going to be untouched houses that we haven't gotten to yet, either. So there's a further liability there going forward as well.

Ms SCRYMGOUR: And they're the ones that are ... sorry ... so they're the ones that ... they're the legacy and existing houses, or legacy houses, which are with the shires or the councils, I mean, you're shaking your head and saying no, Andrew, I mean ...

Mr KIRKMAN: That has to be rolled out.

Ms SCRYMGOUR: Every single commun ... okay, alright, let's pick community X then, community X, 100 houses, and in community X all the SIHIP refurbishments are doing is 50 out of the 100, alright, and this scenario, I've just ... three weeks out bush, travelling around, having a look, one community, 100 houses, only 50 have been refurbished. As I understand, and what the shires are saying to me is that those existing houses are being transferred or being dealt with by the shires because the alliances are saying that those houses are beyond economical repair.

Mr KIRKMAN: The confusion probably is in the fact that we have the shires undertaking tenancy and property management on our behalf and they're doing it now under a grant arrangement change to it, our service [inaudible] was post-July so the shires are working with us on managing these community houses, yes, but still.

Ms SCRYMGOUR: And that's at \$6,500 per house?

Mr KIRKMAN: Seven and a half, yeah.

Ms SCRYMGOUR: Seven and a half thousand per house. And then when you look at the houses the shires are doing, I mean if you look at houses that shires are doing at \$7,500 versus up to \$75,000 in some of the legacy houses, why is there such a discrepancy in the standard of work that is being ... ?

Mr KIRKMAN: The seven and a half thousand is what we provide to shires on average for each community house in the Territory, so for all of those four and a half thousand houses, we provide \$7,500 for repairs and maintenance each year. Now some of the shires have been able to manage the funding in such a way that they've done minor repairs and maintenance on some houses and then been able to afford to do more work on particular houses in disrepair to make them liveable, basically, and keep families in a home. So they've been able to [inaudible] on that. Most of that extra work you've seen as well is well and truly above the seven and a half thousand. Seven and a half thousand is for repairs and maintenance on average for each house.

Mr CHAIR: Can I just get back to the leasing - there's 54 refurbished houses that don't come under Territory Housing at the present time. Is that correct? They've still got a lease, the Australian Government holds the lease.

Mr DAVIES: It's different for all the communities, but that's right, we don't have a pre-set lease for the housing and at the moment we're still in the process of moving through with the Australian Government as to whether or not we're going to take those on or not. Regular lease contents.

Mr CHAIR: So if a refurbished house doesn't come up to the standard you think is acceptable, as Territory Housing standards, will you refuse to take those houses over?

Mr DAVIES: No. All of the houses refurb [inaudible] receive [inaudible] safe, functional and secure. So there won't be any houses. If they were at the point where they ... we couldn't take them on, we would be referring them back to the alliance and telling them to fix it. So we won't ... there will be no assets signed up in that context that have been refurbished that don't meet the safe function or secure standard.

Mr CHAIR: The thing that concerns me, they talk about safe, functional and what was the last one ... ?

Mr DAVIES: Secure.

Mr CHAIR: Secure. In the SIHIP documents on the website it talks about one of the reasons for SIHIP is to make families healthier. Now, if you're building a house ... if you're refurbishing a house at Santa Theresa and you've still got a dirt floor all the way to the toilet and shower and that's not a function of the refurbishments then, are you fulfilling that requirement, and as we saw at Nguui, where we saw the toilet and shower's going to be fixed and we saw a floor that was ... unless it was resurfaced or tiled, it was going to continue to be dirty, the walls were dirty - they had graffiti - but they were just physically dirty. If you do not have enough money to bring a house up to a healthy standard, should you be accepting it just based on those first three criteria?

Mr DAVIES: Look, if they're not at a healthy standard, I mean, it's ... they've got to be able to stand the test of reasonableness as well and what some people, I

mean, the walls when the houses are refurbished they are cleaned, they're sand-blasted, they go and water blast those so, I mean, painting over a dirty wall, the question is, is that potentially unhealthy. I'll let Andrew answer the question but I think what I'd just be saying is, we wouldn't be taking on a house and signing it over as completed if it was unhealthy.

Now we're growing this refurb program and it's still in its early stage; we're talking 300 houses here that we're working on, a number have been completed out of 2,500, it's fair to say that in the earlier stages and phases with the program, with the alliances, we've had to go back and revisit places where there's been issues pointed out to us, we've gone back and fixed them, especially if they were related to, you know, to honour the functionality or the safety health issue and it's fair to say - and I think Andrew will confirm this in a minute - that the alliances are getting better at making sure that the functionality is at a state where we are not ... when we're taking them on, not in dispute with them. Andrew, do you want to ... ?

Mr KIRKMAN: Yeah, that's correct. There is a bit of judgement required on some of these places, we've been working very closely with the alliances to input that judgement and those houses in Santa Theresa are an example of that, you know, it's not acceptable to have dirt in between your bathroom and toilet and the rest of the house so we're addressing that actually through a sort of CDEP program so that won't affect the funding too much but the reality is there's probably not many houses that there isn't a particular issue that is actually different and most other issues that the alliance will come across so it really takes quite a bit of education with both the alliance partners but also our asset managers around what is reasonable, what is necessary in terms of the scope of the work and, as Mr Davies pointed out, there are, you know, there's been several times where we've had to go back and say, "No, you need to go back and do that item. No, it wasn't in the scope of works but we're telling you to go back and do it because it needs to be done".

Mr DAVIES: And we know where the issues are with people in Ali Curung. Santa Theresa, as Andrew was saying, and there's been others in other locations but as soon as they've been reported and we understand what the issue is, we're not going to leave them in a state where they're in unhealthy living, it's just not what would be acceptable.

Mr CHAIR: Just ... well, Marion has another question. The other issue that seemed to come out of our Central Australia meeting was that - and I think Will pointed to it - was that ... and people who live in Santa Theresa also go to Alice Springs and they say to their friends in Alice Springs, for instance, get a refurbishment that's at a higher standard than they would have in Santa Theresa. And one of the issues was the swampies or the evaporative coolers, they said they're repaired in Alice Springs, they're not necessarily repaired in Santa Theresa and it was the same issue, they say, well, I see a tiled floor in Alice Springs but I have a concrete floor in Santa Theresa. Now I'm saying some of those things, you know, could be explained but the thing is that what people are seeing is that there's a standard for me because I live out in the bush, and a standard for my cousin who lives in a town. Why aren't they equal. And I don't know whether you've looked at that being raised?

Mr KIRKMAN: Certainly that is an issue and we sort of briefly discussed, we reflect it in the rent framework in differential model that does take into account the fact that the amenity is different between those remote localities and the urban centres, which sees instead of a 23 percent assessable income use as the

benchmark for charging rent as it is elsewhere in urban, for those people moving into a refurbished house or a new house, they'll be charged 18% of the assessable income, so there's a recognition of the different amenity through that differential rent framework.

Ms SCRYMGOUR: Mr Chair, and look, you don't have to be a brain surgeon to know, and I agree, CEO of Housing that a 30 year legacy and it's taken us two years to try and get there. However, I think that in the two years, I think that there could have been less pain if there'd been less layers of bureaucracy in amongst all of this.

Can I just go back to when you were saying the rolling out and you were talking about 102 staff and the 60 across the shires, how many within that 102 staff working through the Remote Rental Framework are language speakers, given that you're talking about remote communities where English is a second, third, fourth language. How many in this mix, and I know you've got a nice book which is [inaudible], whether you have Tiwi or whatever, books are great, actually having people on the ground working through this issue who are language speakers, how many out of the 102 are actually language speakers.

Mr KIRKMAN: Most of the community housing officers are local Indigenous people and our target going forward with that, you know, hopefully 100% of the community housing officers will be local Indigenous people, and a large part of their work is really working with the tenancy officers and the asset managers around discussions with households about any particular matter around that house, so they are absolutely equal in this, that they have people speaking their language is really necessary to get this moving along.

Mr DAVIES: Just by way of example, the Tiwis, for instance, we've actually employed people on the ground too, a lot of locals out there ...

Ms SCRYMGOUR: Yeah, look, I think the focus on Tiwi has been ... what's happening there is great, but you've got the mainland is a completely different issue, and in one area, Tiwi, one language, one people, in an area that you see in the mainland you might have 12 different languages within a 50 kilometres radius of that main community, and it's imperative that people understand what the agreement, you know, the new process they're going through is happening.

Ken, when we looked at Santa Theresa, and it's something I've been trying to, and I suppose all members of the committee, we've been trying to gauge in terms of the cost of each community. If we were to look at Santa Theresa community, before every community, so there's a scoping study that's done, so complete review of the housing stock as it exists on the ground in the community. We know, we all know, that for that community the allocation is up to \$75,000 per house. So, why is it then that when you look at, and do the comparative work, which we've looked at, that the alliance, which the Northern Territory and the Commonwealth are part of, the alliance, and the whole point of the alliance model was that you get - what do they call it? - cost efficiencies or, you know, and so ... and the ability to be able to order in bulk. So going in to, say, Santa Theresa; you know that you're going to have to order 100 taps, all these houses need paintwork across them, tiling needs to be done; given that up to \$75,000 is what you're going to spend, but your study showed you that some of the houses don't need as much work as the next house.

Why is it then that we've got the patchwork quilt of works happening across these communities and we're not seeing up to the \$75,000 or the, you know, I mean,

we can argue about, and this is at a base, I suppose that the Commonwealth or the answer that the Commonwealth Government need to answer about the functionality, I'd like to take you guys on a tour of some of the houses that I saw over the last three weeks in terms of what is deemed as functionality in some of these communities and people should live in them to see if that is appropriate in terms of the standard that's required by both governments and saying to Aboriginal people, this is a good house, be grateful and you should just accept it and pay the rent.

Mr DAVIES: Perhaps if I just try to answer that by saying, I mean, at the end of the day, the 75,000 is the upper limit of this. Everyone would like to see more money in this program, particularly on the refurb end, but it's not there, so what we have to do is get as many houses as we can out there, given the substantial work that hasn't been done for years on these places to a functionally safe standard within the budget that we've got, and that's what we're doing. Would we like to be able to fully paint the houses? Would we like to be able to put down floor coverings? The answer is yes, but just at this stage of the program, that's not what we're able to do within the budget we've got.

Ms SCRYMGOUR: No, but are we getting the cost efficiencies though, Ken, I mean that's the thing that I'm asking is, you know, is it cost efficient, and I said before, you don't need to be a brain surgeon or a rocket scientist; when you look at a community, you've done the scoping work, you know what's required across this community in terms of the refurb program that needs to happen and yet, yet it doesn't seem to be happening. So has the alliance model provided or, you know, has it been, and given the cost efficiency that those governments have wanted with this model? I mean is it working or is it a complete failure? I mean that's what needs to be looked at because at the end of the day, the impact on the ground is not what should be coming out.

Mr KIRKMAN: There certainly will be, as we've undertaken to review the procurement methodology going forward. What we need to take into account is that the \$75,000 that we talk about is absolutely encompassing of every element. It's not just those costs that hit the ground, it's the cost to meet the national safety guidelines which comes with any grant from the Australian Government over \$5M, which very few contractors in the Territory can meet. So it's all the protection gear, it's the fencing around houses, it's the protection of people in the community which is important; it's the training, sort of like the Indigenous sort of the training and development standing program, management costs, it's GST so 10% of that is actually going into the [inaudible], so when you take [inaudible] is the only program, and this is why it is so exposed in that regard is that it is the only program that states the full cost. There's no hidden costs in back offices. Even my team working with me is costed to the program. We haven't seen that before in any of the [inaudible] ...

Ms SCRYMGOUR: And that's true, Andrew, look, we're not, you know, I think that's true, it's probably been the most scrutinised and I think in terms of the Northern Territory and what we've had, but why is it then when the committee or even people on the ground, and taxpayers, I mean, at the end of the day, this money is taxpayers' dollars, alright? Taxpayers are entitled to know, and there are Aboriginal people in communities that are taxpayers. People are entitled to know what that cost is to that house. People who are working in Aboriginal communities, people are, you know, it's like what is the cost of ... what does it cost to get my house refurbished, and yet you can't seem to find what that dollar cost is.

Mr KIRKMAN: There is a couple of things in that and I have discussed this on numerous occasions with you but the first one is, obviously, telling community

members exactly what each house costs and the complications that that can raise at a community level, because each house will be a different cost and why then are you spending more on my next door neighbour's house than on mine. So there is an issue with that but ...

Ms SCRYMGOUR: Sure it is, but isn't it time to be open and ... I mean, we say let's be open and transparent to people ...

Mr KIRKMAN: Well, what is around the accounting as well, what we're doing is we are accounting around each package and as I said, at the end of each package we can come back and say the average cost of a house was X. Now I'm told we're going to employ another three accountants for each alliance to go and break it down to individual housing lots and I can do that, but as I said, that then means that there's less work again on the houses on the ground.

Mr CHAIR: Can I just ask that, Andrew, right at the beginning of when SIHIP started up, you said that under the new post-review process there'd be at least two accountants that would be on working with the Commonwealth Government. I would imagine both of the alliances will have people doing the numbers, and if I was a building company in Palmerston I would certainly know what the cost of my house was. Surely the building company doesn't have to bring on an extra accountant to tell them how much their building program is, and surely as you have got to keep track of all your costs in this program, someone must have an idea, and Alan McGill in Alice Springs said he could come up with a figure. We haven't got it yet, but he said he could come up with a figure.

Now, surely we can have a figure which gives us the base, so this is the physical cost of the house, and then you can break up all the extra that have to go onto that, which we understand has to go onto it, because of all the other complications with the SIHIP program. But surely we can see that break-up, even if it's in a ... doesn't have to be the exact dollar and cents but gives us an idea how much has been spent on admin, how much has been spent on scoping, how much has been spent on internal infrastructure, how much has been spent physically building the house and how much was billed on inspection etc etc. Surely with such a big program and so many accountants in the system, someone can come up with that figure, and that's the figure we can't get. And I think when the government say we will build a house for an average of \$495,000 and we will refurbish for \$75,000, we will rebuild for a certain amount of money, well the only proof that that's actually happened is if you come back and say it has happened and here's the figures.

Mr DAVIES: And I think, look, you're right, and I think what Andrew's saying is that once we get to a package that is a completed, completed package when it's finalised, given that we've got a range of packages on foot, then the final expenditure will obviously be available. What it's delivered on the ground will be publicly available, and at that point, I'm sure there's going to be all the unpacking. I think just at the moment, this program is still gearing up, still rolling forward and that information isn't available to us [inaudible] needs to be jointly led by our Australian Government employees who are the [inaudible] of this program as well as us.

Mr CHAIR: Milikapiti has finished its refurbishments.

Mr DAVIES: That's right but it's rather a broad package.

Mr CHAIR: It is but Milikapiti's a discrete town and it's had a discrete number of houses refurbished. Now surely I could say, give me the cost of the refurbishments on Milikapiti please.

Mr KIRKMAN: And as I undertook it when we last caught up, certainly you can do that, it would take some attribution because obviously it's part of being a package but I'll certainly provide you with that later on.

Ms SCRYMGOUR: So can I just, sorry Mr Chair, so Milikapiti, and when you're asking, Mr Chair, where Milikapiti, and I have to declare my conflict of interest because it's in my electorate but Milikapiti and Pirlangimpi was part of the package for Nguui, was that it? It was part of that first tranche. So if it was part of that first tranche, then can someone please answer me, because I've written to the Federal Minister as well, if it was part of the first tranche for Nguui or part of that first package, those houses or that refurb was set at \$150,000, right, for that package. Why is it then that Milikapiti and Pirlangimpi are now set at 75, I mean, the ... so given that they were part of the first lot ...

Mr KIRKMAN: Milikapiti and Pirlangimpi are the two communities, I guess, that were so significantly advanced at the time; mid last year we let them keep going.

Ms SCRYMGOUR: So they were part of the first tranche?

Mr KIRKMAN: All those houses in those two communities are effectively what we class now as rebuilds.

Ms SCRYMGOUR: I can't wait to provide you with the photos then. If that was at \$150,000, then I want to know who then, in the Northern Territory Government, has done the compliance check on the houses in that community, if they've been transferred to Territory Housing, because I thought that that was part of the second tranche and after that review, that needs to be looked at.

Mr KIRKMAN: If you've got particular concerns, then please ...

Ms SCRYMGOUR: No, I'll certainly raise them. Ken, CEO, sorry, if I can just ... one more question, Mr Chair, and then I'll give it to you Member for Port Darwin. When we looked at the difference of the houses in the Alice Springs town camp and Santa Theresa which the Chair was referring to, is the stark difference of the standard between Santa Theresa and the Alice Springs town camps, is it because the Northern Territory Planning Scheme applies to one and not the other?

Mr KIRKMAN: No, I mean, it's really around the investment in those ... in both Alice Springs and Tennant Creek and the town camps and the civil works, including civil works and the commitment to bring those homes up to a standard equivalent to Alice Springs and Tennant Creek.

Ms SCRYMGOUR: So right across Northern Territory Aboriginal communities, 20 growth towns, the Northern Territory Planning Scheme applies? Is that right?

Mr KIRKMAN: No, there is ... we see it is complying with the planning scheme for new houses ...

Ms SCRYMGOUR: For the building board but also the planning scheme because there'd be a number of requirements under the planning scheme that would

need to happen or be implemented, so it goes beyond functionality of the 75, that's all I'm ...

Mr KIRKMAN: So certainly in terms of the new works that are going in as substantial works and not construction of new houses, although the planning scheme does not apply to these remote communities we are delivering as if it did apply, so certificates of occupancy, it's certainly something we're demanding for the new homes and I'll get Matt to tell ...

Mr FAGAN: Just to clarify, the planning scheme applies across the whole of the Northern Territory, including every remote community, so in terms of the broad application of the scheme it applies everywhere. For each of the growth towns and we are now in the process of developing areas plans or towns plans under the planning scheme. So the scheme broadly applies then you have an area plan or a town plan that will apply to a particular place. And under the Working Future policy, we're expecting to gazette those town plans over the 20 towns over the next ... this year, this calendar year and the next calendar year.

What doesn't apply in most remote areas is the requirement for building certificates, so the Building Act doesn't apply in most remote areas. And most of our larger remote communities at this point.

Ms SCRYMGOUR: Right, so why isn't it then, I mean, we've got the biggest capital works program happening in remote communities and we've got to get a certain level of compliance in the top end, cyclonic conditions, you know, I mean, people are sick of sub-standard housing and bad, you know, I mean, the reality is we've got a legacy of bad builders going into these communities so when are we going to apply that so that we get that standard and that compliance happening?

Mr FAGAN: Member for Arafura, as part of the Working Future policy we're having the Department of Lands and Planning prepare a proposal currently for the application on a range of laws to remote areas in the Territory that don't currently ...

Ms SCRYMGOUR: Exist.

Mr FAGAN: ... that don't currently apply.

Mr DAVIES: Just on this catch up with the Working Future, or the Territory growth towns. This is again a part of this 30 year leasing I was talking about and so there are layers and layers of things that need to be rolled out in the remote that haven't been done before.

Mr ELFERINK: Just some money questions, if I may? Ken, these are pretty much directed at you because you're the Cohuna, I think. The Under Treasurer outlined in an early meeting an amount of money with the second 'I' ... after the review, dropping out of the SIHIP program, the infrastructure part, that responsibility for infrastructure expenditure then fell back on the Northern Territory. I think it was about August last year the Under Treasurer indicated that the Treasurer's advance ended up having to cough up \$20M at that stage. How much for the current financial year will the Treasurer advance have to cough up money for the second 'I' in SIHIP?

Mr KIRKMAN: I guess just to clarify, on the \$20M last year for the Treasurer's advance, I understand that actually wasn't part of the infrastructure work we were doing in the growth of the towns under SIHIP or the growth towns. That was part of the Indigenous Essential Services that the Department funds to power and water ...

Mr ELFERINK: Which was a consequence of the changes of the SIHIP program. Because up until that stage the second 'I' in SIHIP meant sewerage from the house all the way down the street to the headworks. When the review was held, the SIHIP funding stopped at the front gate and then new money had to be found to take that money further down the road.

Mr KIRKMAN: No, what the Department had historically been providing in funding to Indigenous Essential Services Pty Ltd is the security of power and water. The corporation was Essential Services generally, so at any particular year there may be a burst main or extra works ...

Mr ELFERINK: But the fact that the money came from the Treasurer's advance, now it wasn't budgeted for, it was extra new money.

Mr KIRKMAN: That's right, for whatever happened in a couple of remote communities.

Mr ELFERINK: In the current financial year, out of the Treasurer's advance, how much extra new money has had to be found for essential services, Indigenous Essential Services?

Mr KIRKMAN: None to my ...

Mr ELFERINK: So it's still \$20M this year?

Mr KIRKMAN: Mmmm.

Mr ELFERINK: Okay. My next question then relates to page 31 of Budget paper number two which refers to an additional \$50M ongoing contribution for infrastructure, and I presume that means the infrastructure associated with remote Indigenous housing. Is that correct?

Mr KIRKMAN: That's correct.

Mr ELFERINK: Now that's above the already \$100M announced and committed to this program by the Northern Territory. Originally the announcement is that, the commonwealth chucks in 573, we chuck in \$100M over X number of years, okay. The current financial year, that's now been up to \$120M because the Treasurer's advance had to be touched for an extra 20.

Mr KIRKMAN: That's right, it wasn't a SIHIP [inaudible] so what we ...

Mr WESTRA VAN HOLTHE: But that money is ... well, that's not the indication that the Under Treasurer gave me. Alright.

Mr CHAIR: Can you clarify that because that's an area that's been debated a bit. The \$20M in the Treasurer's advance was used for what reason?

Mr KIRKMAN: I'd have to go to specifics but it'd be as a result of all the need in those towns that include some out-station work but in terms of the \$73M across the board, all the work in the year meant that there was initial requirement of \$20M.

Mr CHAIR: Is it possible to get a breakdown of what that \$20M was used for?

Mr KIRKMAN: Yeah, sure.

Mr CHAIR: Can we ask that that be a question on notice ...

Mr ELFERINK: I want to return to it because it's off-budget expenditure. If the Northern Territory Government had known that they needed this \$20M, it wasn't something that ... a decision they had to make post-budget, it wouldn't have come out of the Treasurer's advance, it would have been budgeted for, so it's extra money.

Ms SCRYMGOUR: And it happens all the time.

Mr ELFERINK: I know that. If you bear with my line of questioning you'll probably see where I'm going because now there's an extra \$50M which is now being worked into the budget and I noticed on page 53 of Budget paper number two, the Strategic Indigenous Housing and Infrastructure Program has budgeted \$255M - I presume that's the Commonwealth contribution?

Mr KIRKMAN: It'll be a mix of NT and Commonwealth.

Mr ELFERINK: Because there's another line item for the Strategic Housing and Infrastructure Program under Working Future, exactly the same program with another figure. Why are they separated out?

Mr KIRKMAN: One of the elements isn't housing related so it will go to everything outside the footprint of the house, ie. subdivision work, roads, subdivision infrastructure and lend infrastructure to the essential services.

Mr ELFERINK: And that's the \$98M figure?

Mr KIRKMAN: I'll have to check the [inaudible]. The other component is for essential services infrastructure, ie. increases in sewerage [inaudible] and power generation.

Mr ELFERINK: Alright. So everything beyond the fence is one of those two line items. Is it the \$98M figure or the \$255M figure?

Mr KIRKMAN: The 98.9 is for Indigenous Essential ... effectively Essential Services. The 255, and there's a penning here about that Indigenous housing, and then Working Future, so that is the housing related infrastructure.

Mr ELFERINK: Okay, that's what I thought, so that being the case, the question then is, that 98, in this year's budget, when was it determined that that money had to be spent?

Mr KIRKMAN: During the budget.

Mr ELFERINK: During the budget process. So somewhere in the last 12 months, there was a determination that that \$98M had to be spent. Is that over and above the original commitment of a couple of years ago of \$100M?

Mr KIRKMAN: It is and that's one of the reasons why the government committed \$140M into Indigenous Essential Services.

Mr ELFERINK: So the Northern Territory's total commitment to this program now, through the Indigenous Essential Services Pty Ltd, has gone from \$100M to \$240M?

Mr KIRKMAN: That would be about right. I'll just have to clarify, it's actually ... the way we're working it is in conjunction with the IES team in Power and Water so ...

Mr ELFERINK: Yeah, I get that. I understand the funnels but the commitment has changed from government from \$100M to 240 ...

Mr KIRKMAN: It certainly has been substantial.

Mr ELFERINK: Okay, no worries, Thank you. The other question I have is slightly different. You announced before, Ken, 20 new recruits?

Mr DAVIES: That's right, 20 additional staff will be joining us as part of an agreement we've got with Minister Macklin.

Mr ELFERINK: And they are employed by the Department?

Mr DAVIES: Well, we will work out how we're going to do that. There might be the capacity for the shires to employ people. The mix is yet to be determined but at the end of the day, it will be 20 additional people coming in.

Mr ELFERINK: Alright, because the issue is this, is that how much larger will the Department grow - I'm talking about Territory Housing now - as a result of the changes over the next couple of years?

Mr DAVIES: Let me just put it in this context. Currently the Department has responsibility for urban and regional social housing and public housing. There are 5000 assets in that mix. This is taking on another 5000 assets, four to five ...

Mr ELFERINK: So it'll be growth.

Mr DAVIES: So you wouldn't expect a doubling because we're going to use the same tenancy management system, we're going to have the same profile and same databases. The funding in terms of supporting people going forward, this is our effort at getting this program rolling and we'll be testing as we go in. We may have to add in additional resources but we think we've got enough at the moment to manage. But one other thing we will be doing is putting it into the Territory growth towns, a Territory Housing presence by a senior officer out there who has Territory Housing uniform, has a GEH house and has an office. So that's what we're going to do.

Mr ELFERINK: So how many ... do you have a projection as to how many small staff Territory Housing, of the Northern Territory Government, let's say it that way, will have to employ in the next two years to cover off on all of this? You gave me the numbers but you mention 20 new recruits ...

Mr DAVIES: We've got 102 currently engaged in the program. I can give you just an outlay of where they've been spread, but some of those clearly are working centrally with Andrew around getting the framework in place, but 54 of those are actually right out there in the communities supporting what's going on. We've got the commitment to employ an additional 20; we think that'll be enough.

Mr ELFERINK: But you haven't quite figured where they're going to be employed and who's going to employ them?

Mr DAVIES: Well, they'll certainly be going out in terms of the service delivery and we will locate them on that sort of thing.

Mr ELFERINK: I'm more interested in as to who the employer is. Is it the local council or is it actually the Northern Territory Government?

Mr DAVIES: We're going to have to work through that, I'll have to work through and manage that internally.

Mr ELFERINK: Because one of the issues you'll face, of course, is that the Northern Territory Government has announced a public service freeze on numbers. When the Department or should the Department choose to take these people on, will you have to find those 20 positions within the Department, or will that have to come from government more generally?

Mr DAVIES: One of the issues here we have I guess, given that the Australian Government is co-funding this work, and this is through the National Partnership Agreement, this may not be a direct impact on the Territory's budget so, I mean, I wouldn't be employing those people without getting sign-off by my Minister and clearly Cabinet of Treasury about how we're going to use those resources within the staff input.

But will I be taking a whole lot of other positions out of one place to push these? That might be part of the strategy I adopt, and it may be given the agency's got a big footprint now including regional development, local government and also the housing area, then it may be that I've got capacity and some of the resources from elsewhere in the Department.

Mr ELFERINK: That's me done. I've just got one on staffing.

Mr CHAIR: Lynne?

Ms WALKER: I have a question: following the exit of Earth Connect from their alliance contract on Groote Eylandt and Gunbalanya, how seamless has that transition been knowing that Territory Alliance has stepped in to take up the contractual arrangements there, basically are those programs on target, and are people still employed who were employed previously?

Mr DAVIES: I'll start it at the high level just to say in the ... I think there's four houses on Groote Eylandt near to lock-up stage. They'll be part of the matrix completed by the end of this month. The house at Gunbalanya that's been a bit contentious lately has been declared open and ready to go and there's a family moving into it this week. So work is progressing, the Territory Alliance who have moved in to take over from Earth Connect, they've done a fabulous job at working with the ALC and with the community at Gunbalanya to get their work going and to keep those contractors that are on the ground employed and going and also the Indigenous employees. I'll hand over to Andrew just to go into some of the detail on that but it's been very seamless, and in terms of the Earth Connect alliance exiting the program, there's going to be no additional dollars given to the Earth Connect alliance to pay them out, to move them on. It was a negotiated agreement and they left without any liabilities for us in terms of payments going forward.

Mr KIRKMAN: Yeah, I'm just reiterating on what Ken said at the start. Territory Alliance [inaudible] members of the housing reference group to the Tiwi Islands, had a look at some of their designs and some of the houses that have been built over there, so that will be important for us to get to, I guess, a redesign of any future houses so that's going very well. The teams in Gunbalanya are continuing on with the good work that they've been doing so most of those have been retained and now working with Territory Alliance directly and on Groote, Territory Alliance are working very closely with both [inaudible] and [inaudible] to local contractors and working forward on that and they'll be playing a significant role in the refurbishment program going forward which has been really positive, so everything is going quite well.

Ms WALKER: So Andrew, given that Territory Alliance is also the responsible alliance for the community of Galiwinku on Elcho Island and I state my interest there because it's in my electorate and it's one of the largest packages, so isn't Territory Alliance being stretched across picking up Earth Connect's former work that is causing delays on Galiwinku or are there other issues that come into play, given that it's a sizeable community, they've been through two wet seasons waiting for new housing and ...

Mr KIRKMAN: As we discussed, the construction camp in Galiwinku has been a bit of a hold up for us, on just getting the agreement on a new positioning of the camp and a size big enough to get a decent work force in [inaudible] the works out. Territory Alliance have assured me that they've now got operational and working pretty closely with the Aboriginal association there to make that happen and hopefully leave a bit of a legacy around some of the accommodation for later use in the community. So that has been sort of a hold up for us in Galiwinku.

In terms of the stretching on the ... discussed with Territory Alliance they're transitioning into Gunbalanya and Groote Eylandt and [inaudible] was on the basis that they would commit to getting the resources on the ground they needed in those extra communities and not stretching the ones that they've got in [inaudible] and Maningrida, and they've certainly committed to that, they've brought on board additional resources since that point and they are continuing to strengthen that and there's certainly been a key commitment from them going forward.

Ms SCRYMGOUR: Yeah, and look, Andrew, I just ... with all the questioning and criticism, I have to - on the record - add my appreciation and certainly the community's. I think the Department has done a fantastic job in transitioning and certainly keeping what could have potentially been a major issue with Gunbalanya. So I just want to certainly place on record my appreciation. See? We give thanks when thanks is due and credit when credit's due; we don't just always criticise. But it has been a fantastic transition and I'd like to certainly acknowledge your role in that, so that's been a really good thing.

But back to the questioning, the 60 people that you're talking about in terms of the shires, with the shires being ... this is the 60, Ken, you said were additional to

Mr DAVIES: Community housing officers.

Ms SCRYMGOUR: The community housing officers. Will there be additional appropriation given to those shires in terms of engaging or are you just adding, or are you just getting the shires to add to ...

Mr DAVIES: It will be part of their service, the service agreements that we set up with them. It used to be grant funding house, so the grants would go out, there was no account...- not necessarily accountabilities around what was planned, what the planned expenditure was. The service level agreements would be very clear about expectations in terms of how the houses would be serviced and that sort of thing so this will be part of their service level agreement that they're required to employ a community housing officer in each of these communities that in turn will be working with our tenancy management officers and our housing officers on the ground.

Ms SCRYMGOUR: Okay. Out of the 102 extra employees that you're looking at ... well, 102 extra, what is the Northern Territory Government, or Territory Housing's position in relation to - and I suppose this goes to policy and I don't know whether you would answer it or whether the Minister has to answer it - but out of the 102, if they are local recruits from that community, and they would then be classified as Northern Territory Government employees, the local recruitment policy as I understand that they would be ... would they be treated in the same way as any other NT government employee on the ground in those communities or is there a separate category because they're Aboriginal and a local recruit?

Mr DAVIES: That's a question really for the Minister.

Mr WESTRA VAN HOLTHE: Just on the 60 shire staff, do you anticipate that they would be 60 full time positions, there's enough work out there for 60 community housing officers employed by the shires?

Mr DAVIES: Yes, that doesn't mean that the shire might put on two people but there's 60 full time positions. They're real jobs, they'll need real training and we want them to be community people.

Mr WESTRA VAN HOLTHE: Right, and who - I don't know if I missed the answer in your last question with Marion - but who's going to fund these 60 new positions in the shires?

Mr DAVIES: As part of rent framework we'll be funding the shires to employ those people, so the rent that comes in goes back our target around repairs, maintenance and there'll be an element that we set aside as part of that that will be about making sure that there's a community housing officer employed.

Mr WESTRA VAN HOLTHE: Okay, so can you guarantee the shires - because they'll want to know this - that they will not have to foot the bill to any greater extent than they do now for these additional 60 staff?

Mr DAVIES: Yes, guaranteed. That will be part of the funding agreement that goes in place.

Mr KIRKMAN: If I can just add to that. The 60 community housing officers, we're talking about the year after, the positions we're funding right now and the positions that are existing now.

Ms SCRYMGOUR: So tenancy officers in ever ...

Mr KIRKMAN: Not all of them are occupied and we're working with the shires around that but we've got funding under the National Partnership Agreement for both about seven and a half thousand per house but also for funding of these tenancy ...

these community housing officers in each of the communities. So funding that out of the National Partnership Agreement now and as Ken has said, when we get additional rent out of the rent framework, that means we'll be able to employ more community housing officers and put more back in to the assets in terms of repairs and maintenance.

Mr WESTRA VAN HOLTHE: So how many positions are there currently?

Mr KIRKMAN: We've got 60 funded at the moment. About 50 filled so there's a few unfilled.

Mr WESTRA VAN HOLTHE: Right, so you're talking about an additional 60?

Mr DAVIES: No, it's these positions going forward but the agreement that will be negotiated will be not just a grant based agreement where the work won't be focussed, these are now service level agreements where those particular positions have a set of responsibilities that will include working with our agency very closely around managing the asset and the tenants.

Can I just say, I did say this in the briefing to the media yesterday, one shire, one of the shires, has agreed to do the asset management for us but isn't as keen to do tenancy management so where tenancy management, where they're not as keen to do the tenancy management, we will be stepping into that. We've only got one shire in that space at the moment. Tiwi were part of that and we've put our own officers out on the ground, so this might not mean that every shire looks exactly identical to the way ... the support for this program.

Mr WESTRA VAN HOLTHE: So there'll be, effectively 60 plus, because some shires will not take on some of those roles and so the NT government will have to fill the holes?

Mr DAVIES: It's possible where there are holes, and we've got to maintain the assets and also service the tenants. It's possible that the arrangements could be different, yes. But at the moment, broadly, with all the shires and our negotiations at the moment it's looking very positive. There is one shire which is in the central area that's sort of a big wary about taking the tenancy issue for us.

Mr CHAIR: We're just about to wind up, I'll have the privilege of asking the last few questions. One is about, again, the SIHIP brochure from the Federal government and your own government, Ken, said government will work with communities and local industry with the aim of ensuring that jobs created through SIHIP will be sustainable. Now, what has happened to the employees working on houses at Milikapiti?

Mr KIRKMAN: Certainly a big effort now on our employment and workplace development, the team is really focussed on, I guess, post SIHIP rather than what's happening right now which is a great outcome but to keep that momentum parts of the program were difficult and we haven't been [inaudible] to not only the property management positions that might be available but obviously any other work that might be available. So what we're looking at doing for all those workers that aren't, or haven't agreed to go and either do work in other communities or go and work outside the communities who have wanted to stay in the community but there isn't an ongoing job, they'll have to be individually case managed.

Mr CHAIR: How many people were employed on Milikapiti?

Mr KIRKMAN: I think it's about nine.

Mr CHAIR: And how many have got jobs now?

Mr KIRKMAN: I think ... only a few of those have chosen to go and do some of the work in Nguiu; the rest will remain on the community and looking for work, either this ...

Mr DAVIES: So, can I just come in there, I mean, clearly the alliances are offering, and are wanting the workers to go with them from community to community. The take up issue here is we can get the specifics of who's gone and who hasn't; we've got to find other opportunities and that's part of the employment plans that goes with each of the workers that working in under SIHIP. SIHIP isn't the answer to all of this. It's trying to be a building [inaudible] program in terms of sustainability going forward. There are other answers. I'll just ask Matthew just what we're trying to do through the Working Futures area to manage some of this. Matthew?

Mr FAGAN: So each ... as I've briefed the community previously, each of the growth teams, they have a local implementation plan. A big part of that plan is local jobs for local people and an economic development strategy specific to that place. And a very big focus of that is bringing together DEEWR, our own Department of Business and Employment, housing like government resources services, all of the agencies really involved with employment to case manage people from the SIHIP program into other work, and even more broadly, working with the Department of Construction and Infrastructure and others to better plan the sequencing of projects, because we do have an extraordinary amount of capital works going into the growth towns over the next few years: power, water, sewerage, housing, childhood family centres, \$100M in remote areas under the Building Education revolution Program etc, etc, and it's about sequencing those projects in a way that ensures that people get the full training, get ongoing employment, post SIHIP. And the local implementation plans are providing a framework for that.

Mr CHAIR: One of the complaints at Santa Theresa was that the outsiders were working for the Alliance, until we find out there are Aboriginal people working for an out-station resources centre, so how do you actually find the balance between employing people, say, from who worked at Nguiu with an alliance go to Galiwinku for the same alliance fit in with your idea of local jobs for local people?

Mr FAGAN: Well, people have the freedom of movement and can take up jobs in Darwin or Alice Springs or indeed other remote communities. In terms of the specific employment practices of SIHIP, Andrew would be better to answer that.

Mr KIRKMAN: People get the skills to actually continue work in other communities and as long as, I guess, there are the targets that we're setting across the board, you know, being that 20%, are adhered to and alliances are doing their best to obviously work with the community people, we certainly wouldn't go to them to preclude other community people moving to that community to work either and I guess in the case of Territory Alliance with Tiwi where they've got close to 50% of Indigenous employment in their program, it may well be that some of those move to other communities. We're not trying to get a lot of interest in that at the moment but there's likely to be a few that move on and, you know, we certainly couldn't hold them back because that's the ideal we would love going forward.

Ms SCRYMGOUR: Just quickly, you were talking about sustainable workforce and with the local implementation plans, and I suppose the shires which has been a major reform in the Northern Territory, why aren't the shires being brought in as a pivotal player in all of this because, I mean, when the alliance and these construction crews depart, run off into the sunset, out of these communities, it's the shires that are going to be the employer on the ground and they're the ones that are going to be contracted to then maintain the repairs and maintenance to these houses, so why haven't we got them in as part of all this to build their capacity and their workforce to continue this?

Mr KIRKMAN: Certainly the shires are a key component ...

Ms SCRYMGOUR: Well in some areas, it's ad hoc at the moment and I don't know whether we're going to bring them in as part of this ...

Mr FAGAN: Every shire, every local implementation plan has four signatories, if you like, there's the Commonwealth Government, there's the Territory government, the shire and a representative group of local people. So the shires are a key part of the local implementation plan and process. And the COAG National Partnership Agreement requires them to be repeating that process.

Mr WESTRA VAN HOLTHE: I just have one quick question for Mr Fagan, seeing as you're here. Elliott, Elliott's a growth town, and at either end of the town are Aboriginal communities, either end. Those communities are considered to be out-stations, even though they are within a stone's throw of the middle of the town. And they're on the main Stuart Highway. Why are they - perhaps you can explain - why are they out-stations? Why are they not considered to be a part of the growth town? I hope you can answer it in a short time because I'm aware of the time.

Mr FAGAN: Yes. The fact is that we, as Mr Davies has pointed out, we are dealing with 30 years of often strange practice and the situation that we are in I think falls into that category.

Mr WESTRA VAN HOLTHE: With respect to?

Mr FAGAN: With respect to the demarcation of the town camps from the rest of the town area. As part of the growth towns policy, we had staff out on the ground last week or the week before, starting that local implementation plan process with the Elliott community, and that will really ramp up over the next couple of months with a view of settling the local implementation plan by December of this year, and it's very, very clear that current application, resolution reform of the arrangements in respect to the town council Elliott is the top of everyone's list and will be addressed as part of that process.

Mr WESTRA VAN HOLTHE: So you're saying it's conceivable that those two communities could be pulled into the growth town to be treated as a whole?

Mr FAGAN: We're definitely starting on the basis that the two town camps are considered part of the Elliott township.

Ms SCRYMGOUR: The north camps Aboriginal land, the south camps is a Northern Territory SPL.

Mr FAGAN: Correct. You've got three different types of tenure in Elliott: you've got Aboriginal land in the north and Territory SPL in the south and freehold

south east of [inaudible] and they [inaudible] in respect of the township itself. So there's some complex land situations that have to be resolved, yeah.

Mr CHAIR: Okay, we have to wind up, I didn't get my last question but I'll ...

Mr WESTRA VAN HOLTHE: I didn't get my last question answered effectively but never mind. We'll come back to it.

Mr CHAIR: Okay, we'd better finish up, we've got local government people waiting here. As you know, CTC will be continuing to look at SIHIP, we have a lot more questions and I suppose you have a lot more answers. So look, thank you very much for coming today and we appreciate you giving up your time. We know estimates was coming up so probably there's an opportunity for some questions to be asked there as well. So thank you very much once again. And we might have a five minute break before we ask the Local Government Association to come to the table. Thank you.

[Recess]

Local Government Association of the NT, represented by:

Kerry Moir	President
Tony Tapsell	CEO
Peter McLinden	Manager Transport and Infrastructure Services
Sue Davy	People and Capacity Development

Mr CHAIR: We might get going if that's alright. So first of all I'd like to welcome everybody here today. What I'll do is I'll just do the official opening and then you can give us all your names and titles and then we'll move on. So for those members of the public we're talking to the Local Government Association today and I'll just read the opening statement.

I declare open this meeting of the Council of Territory Co-operation and welcome the following witnesses who are appearing before the Council to brief in relation to the terms of reference. Considering of that to the public it is being recorded. A transcript will be produced and will be available to the public.

In certain circumstances the committee may decide that evidence or part thereof can be taken *in camera* and remain confidential. Please advise me if you wish any part of your evidence to be *in camera* but I remind you that this is at the discretion of the committee. You are reminded that evidence given to the committee is protected by parliamentary privilege. For the purposes of the Hansard Record I ask that you state your full name and the capacity in which you are appearing today. I also ask that you state your name at the time you speak. So could I just ask everyone could they introduce themselves.

Ms MOIR: Yes, thank you very much for your invitation. My name is Kerry Moir, Darwin City Council and their representative to LGANT and I'm also President of the Local Government Association Northern Territory.

Mr CHAIR: Thanks Kerry.

Mr McLINDEN: Peter McLinden, Officer of the Local Government Association Northern Territory, Manager for Transport and Infrastructure Services.

Mr TAPSELL: Tony Tapsell, Chief Executive Officer, Local Government Association.

Ms DAVY: Sue Davy and I work at LGANT and I'm the manager of the People and Capacity Development.

Mr CHAIR: Thanks Sue. Alright, I might just kick things over first and just ask perhaps ... obviously not sure who's going to speak but just wondering whether LGANT can give us their overview of how the amalgamation process has proceeded and what issues you see that need to be addressed in relation to amalgamation.

Ms MOIR: Well, I'll start. The amalgamation was supported by LGANT and it has always been supported by its members. LGANT was - I'm the spokesman for the organisation which is run by policies developed by its members and passed at association meetings which are general meetings which are held twice a year. A few of us, including myself, there is an executive that carries out the work decided by the members at those meetings.

Amalgamations were supported by members at the meeting and in fact the policy of LGANT IS, very briefly, to support member councils seeking the formation of larger councils providing a thorough planning process has been undertaken which includes the establishment of a business case for the proposal, management plans and consultation and funding for the establishment.

So, further to that, we were aware that amongst our members we had some disparate views about whether or not an amalgamation should go ahead, and certainly as a result of those disparate views the Top End Shire did not form and it still remains unamalgamated, but there are some moves amongst those councils and the unincorporated areas for some sort of amalgamation to take place. But that's being led by those councils in conjunction with the government and at this stage I'm not aware of exactly where they're up to. But there is some measure of support for amalgamation amongst those councils.

I think Coomalie Shire Council in particular is keen for some amalgamation of the unincorporated areas; Litchfield still has reservations and certainly Wagait Shire Council has reservations and Belyuen Shire Council is under administration so it's in a different sort of situation. So I don't believe that that's an open and shut case for that area to become incorporated, however, that's up to those member councils to put their positions for us to support those positions, whatever they might be.

The amalgamations, whilst very good in principle, stumbled due to a whole range of reasons, I believe. Those stumbles in the first place were due to the fact that the Local Government Act came in July 2008 and CEOs were selected and appointed by the Department and the elected members didn't come *in situ* until three months later. So those CEOs were not selected by the elected members, they had three months where they were in fact the council where they made all the decisions and many of those decisions and processes and other organisational arrangements put in place have not met with the unanimous approval of the elected members once in their situation. As well of which, of course, those CEOs were not selected by those elected members and yet coming up a year or so later they were responsible for assessing their performance and for the ongoing decision about whether or not they should be retained in that position. And as we know, there's been something like five, I think, CEOs leave.

There's been enormous pressures on those councils and being a member of Darwin City Council I know that if I was asked to make a financial decision without financial papers, or a business system at work, I would be extremely upset because you're in charge of the good governance of the municipality and they're in charge of the good governance of the shire, and without adequate information to make those decisions, they were in a very difficult position. And we have certainly worked very hard in governance training, codes of conduct etc for those elected members. On the one hand you had codes of conduct on big banners placed in the corners of council chambers so they could see them at every meeting, and on the other hand they're being asked to make decisions without having the right information.

So I think it's been a very, very difficult situation for them. They have struggled through; Barkly Shire Councils in fact was upset with the situation and moved outside the technology system that was put in place, being the business system, Tech One, and they selected another product in its place. Now there's nothing wrong I understand with the actual platform for Tech One; it was the contract, the servicing, the framing and the decisions about which modules should be implemented and in what order which caused many of the problems. One finance manager we know of said that in fact you'd need a squad of chartered accountants to be able to actually manage the system of accounts and so forth.

So the remediation process we fought very hard to have put in place. I understand now that the process is finished. All of the shires are now online, they have had adequate training, they're telling us that while there are still some stumbles and hurdles to get over, they are in a much better position now to know their financial situation, what their expenditure is, what they can actually do with their money. But that was a very, very fraught system and situation for them for their first two years. I believe that in fact there's possibly a need for that consultancy to continue in some form, not full on as it's been but certainly those people who know the systems, know what's gone in place, have renegotiated the contract so that there was good servicing, I think the contract was flawed initially, very flawed. I mean it was in the interests of the company to find as many faults, if you like, as possible because that's why they were paid for their services. So it was a very one-sided contract and certainly it wasn't on the side of the shires. They couldn't go direct to their service provider as they could have done when LGANT was providing IT Vision. There were 17 councils using IT Vision and along with infrastructure, cost about \$7M to implement. There were trained operatives there but the Department in its wisdom chose not to go with that system and to switch it off, and that again caused problems because of a whole lot of historical information that was not immediately available to councils to be able to work out where their finances were and what their expenditures was and so forth.

So all of those problems were eventually recognised by the NT government, which is why that remediation was put in place. And without that I would hate to think where they would be right now.

I also think that the original budgets was a simple matter of saying, well, we've got five councils or whatever we're putting together, they have this amount of money, this is what they should have now to run the shire. I don't believe there was proper quantification of how much they would actually need. We certainly are aware that the condition of many of the assets, the ownership of many of the assets was in question. I mean yes, they might have had a grader on the books but whether the grader actually worked, or whether it was covered in, you know, vines and whatever because it was completely inoperable was not really sought - that information wasn't available when their budgets were sorted.

We sought additional funding from the NT government and were able to achieve some additional millions for those shires to try and help them on their way but we believe that funding should be ongoing because we think that ...

Mr ELFERINK: How much was ...

Ms MOIR: It was about five million, I believe, was that [inaudible].

Mr WESTRA VAN HOLTHE: And that was ... what for, Kerry?

Ms MOIR: That was because ...

Mr WESTRA VAN HOLTHE: What was the funding ... the money used for?

Ms MOIR: The money was used to buy the sort of equipment councils needed and to assist them to pay for the sort of services that they were expected to do under the Act. There's a schedule of core services, including a whole raft of new ones, which they weren't – for example, libraries – they weren't funded for those sorts of services in the first place.

Mr WESTRA VAN HOLTHE: So for capital items, basically.

Ms MOIR: So it was needed to get them up and running properly so they could carry out the sort of work that was expected of them.

All of those things caused them great angst. There's been a big changeover of staff. If you look at the newspaper every weekend you'll see frequent advertisements. Difficult living conditions, housing is a problem, who owns what is a problem, not having leases over council property is a problem, so there's a whole raft of things that still need addressing. However, that doesn't detract from my belief that, in principle, amalgamation is the right way to go, but we all need to recognise, I think, that there are ongoing problems, you cannot just simply say, well, okay, let's shut the books now, it's done, they're going to be okay, because I don't think that's so. There's still big question marks over conditional rating, big question marks over, for example, in Central Desert Shire last week where there was a call to excise some of the pastoral leases from the shire, and of course, once the council did an investigation they realised that if you do that then you're going to lose the opportunity to source lots of money from the federal government.

Mr CHAIR: Who was the call from, Kerry?

Ms MOIR: It was from a pastoral owner who's a member of the council, and she was, I believe, speaking on behalf of the Cattlemen's Association or she's involved in the Cattlemen's Association as well as being on the council.

Mr ELFERINK: What's that, the NT Cattleman's? Necessarily?

Ms MOIR: I don't know that she's in the NT Cattleman's Association. I'm not sure about it. But certainly the press were interested in that issue and our point was that one of the big fights we're having through the Australian Local Government Association who we work very closely with is to bring additional road funding and Pete can speak much more fully on the road funding situation, but we are funded for, I think, 7,000 kilometres of roads. There's another 8,000 that the NT government manages. Then there are also barge landings and all sorts of other infrastructure like

airports etc. Councils are expected to take those over and certainly we won't be supporting them taking those over without adequate funding. We also know that there's around another 7,000 kilometres of road that is unfunded because it's never been quantified properly. And South Australia actually did the work to quantify all its roads, to look at the condition of those roads and they get an extra \$23M a year. So that's why I think it's extremely important that the pastoralists work with us and also the mining industry to try and get that information so we can have an adequate federal government submission done for that unfunded road network.

Mr CHAIR: Just on the roads - I know Peter's got more ... he'll know more - but one of the sweeteners, you might say, or one of the reform benefits that the government put out at the beginning was that there would be extra road funding and they use the example of South Australia and I think they used examples that there would be more money, the Commonwealth promised more money. Has any extra money come in from the Commonwealth?

Ms MOIR: Under the local government reform fund, South Australia and the Northern Territory were the only two initially awarded projects, and I think we've got \$1.35M and there's a joint project between Local Government Association and the Northern Territory Government to actually do that asset assessment, including the roads, and Peter can probably put that where it's up to. There's a second phase needed however because some of the data wasn't there after the amalgamations took place. But without us getting, I don't think the Federal government will fund on whims or please; they want hard data and we must be able to collect that. So part of that budget submission was for an additional amount of money from the NT government for some half a million dollars which was not forthcoming .

Mr TAPSELL: No, there hasn't been any additional funds [inaudible].

Mr CHAIR: So we might get onto those individual areas. What other areas are either a concern or benefits that have come out from the amalgamation do you see?

Ms MOIR: Well, certainly I think ... I know Willem Westra Van Holthe has been to our local government meetings and he will have seen, I think, a change over the last couple of years in terms of Indigenous participation. They're very willing to speak up, they've gained a whole heap of confidence from being elected members, so for me, I've been on the Local Government Association since 1992 and so it's a vast change for me to see from the old situation where Presidents relied heavily on their CEOs to tap them on the shoulders and tell them what to say. People are now quite prepared to stand up and say all sorts of things. They are very concerned that despite all the rhetoric that there's very little consultation with the shires, and that's something I heard you mention earlier. So there's a lot of statements about, oh yes, we've talked to communities about all the various plans that need to be in place, whether it's growth towns or whatever, but it's very much an afterthought, as far as we understand it, from comments from our members, that there really needs to be a revamp of genuine consultation and bringing in the shires to talk to people before some of these decisions are made, for example, where a subdivision might go, where the connecting roads are and so forth. So there's a lot of problems there.

I also agree that there needs to be a very strong look at the ability for people to remain in employment. We've just written to Jenny Macklin MP about CDEP matching funding finishing and what happens to all of those people immediately. I agree absolutely with Marion that the shires must be involved in the first place because the shire is going to be the major employer. So it's no good just having whole heaps of paper, you actually have to have action plans which will work and I'm

very concerned about the situation employees might find themselves in - out of employment and going back 22 years to when they were on the dole. So Tony, you might want to comment on that. Have I covered that adequately?

Mr TAPSELL: Yes. I guess, also, on the amalgamations, the financial strength of the organisations is a lot stronger than it ever was and the capacity, it is greater as well. Whereas in the past we didn't have finance managers, corporate services directors in a lot of councils. We didn't have the systems. Admittedly there's been problems with the new systems but they are fully integrated systems, that includes records management, they are I guess, systems and processes that weren't there previously.

So, in terms of benefits financial strength is one and certainly administrative capacity is another. The councils are employing engineers, employing professionals. In the case of East Arnhem, for example, they've employed a vet to assist with their animal control and stuff like that. So all of those kinds of things were probably not possible under the previous regime.

Ms SCRYMGOUR: And whether Kerry or Tony, if I can go back to ... I mean at the start of the amalgamations, and I suppose the Tiwi Islands was the first sort of area that had gone towards, you know, and the sweetener put on the table to the Tiwi Islands that if you amalgamate, this would increase your revenue in terms of roads which has never eventuated. All of those community government councils that then became part of what was Tiwi Island local government are all part of LGANT. I know that it has been problematic for some time and yet I've ... I've been trying to find the reason why ... because LGANT has actually been quite a big supporter with pushing a lot of this stuff through or working with those communities. I've seen the withdrawal of, I suppose from the Department, the capacity of particularly community development focus from those shires and councils, that ability to build the capacity of those councils or shires. What has, I mean, we can keep going around and around but the road stuff hasn't been resolved. What has LGANT done in terms of its discussions with Land Councils because we can keep asking the federal government and the Northern Territory Government for roads funding; the reality is ... and South Australia is completely different and I think it's a red herring for people to use the South Australian experience because the land tenure is completely different in Aboriginal communities and over the shire boundaries, and unless that's resolved, the ... I mean, you're not going to see a change so what is LGANT doing in terms of its discussions with Land Councils to try and resolve that land road corridor issues. Because it would be the same with pastoral properties, by the way.

Mr TAPSELL: Well, with land tenure ... our major focus at this stage is on those places which have five year township leases.

Ms SCRYMGOUR: But the five year township leases don't cover the road networks though, Tony. I mean the road networks are outside of the town boundaries, so ...

Mr TAPSELL: Well ... yes.

Ms SCRYMGOUR: So if you look at the Tiwi Island Shire, for example, the township leases are very clear as to ... and that's the same boundaries as what the Tiwi Shire delivers its services to, but the road networks to enable the shires to do its work, so the scheme, the Tiwi scheme is covering the two islands but ... so ...

Mr TAPSELL: We're in discussions with the Land Councils about tenure generally, not just for roads. They've asked for a memorandum of understanding to be signed with us, and we've taken a lot of time on this ... because the arrangements are quite different in different places; Bathurst Island has got a 99 year lease, Groote Eylandt and Umbakumba have got 40 year leases, etc. And there are five year leases. I guess our approach has been, we've held, probably, half a dozen talks, at least, with the Northern Land Council on tenure generally, and we are watching very closely what the Northern Territory Government come up with in terms of its tenure arrangements.

We are quite concerned about where all this is going and what impact it might have on council revenue. Just to give you an example, with Bathurst Island, we're told that the initial offer from the Office of Township Leasing for Nguui is a lease cost of around \$120,000 a year and that doesn't include the roads. So if you extrapolate those sorts of costs, even though they may not be correct for every place, if you extrapolate them across each shire then you are looking at considerable money. For example, if East Arnhem was to pay that sort of rent then you're looking at in excess of \$1M just for all the tenures they're looking at leasing.

So we are ... we do want to go down the line, of obtaining leases along the same lines that the Territory government is pursuing. We are interested in leases but we think that whatever the Territory government organises, we are going to have to, I guess, piggy back on the back of that. We are concerned about creating precedents, about, you know, if one shire goes off and decides on a deal, that could create a precedent right across the Northern Territory. And that may not be sustainable for us, so it is a major issue.

The Northern Land Council is not that interested really... Perhaps I should rephrase that. They don't see roads as being the major area to concentrate on first. What they've asked the shires to do is to identify all the properties that they wish to have leases over and the shires are currently doing that, even to the extent of valuing them, and in some cases they are surveying them. So the shires are trying to get the full gambit of properties that they're going to be required to give to the Land Councils so that the Land Council, as much as possible, don't have to do a hell of a lot of further research to decide whether or not the shires are going to get leases. They're trying to give the Land Councils as much information as possible so that a lease can be granted.

Ms SCRYMGOUR: But given that we were talking the amalgamations and knowing that the different situation with the shires, and the reform that was happening with the shires versus municipal councils and the situation that happens in the urban centre versus this reform that would happen over areas where it's never happened before, and look, I'm fully supportive of the reforms that happen, however, I also know that with a square peg in a round hole syndrome here where all of these issues which LGANT was part of in terms of surely people should have seen the situation of the difference in land tenure in these areas needed to be looked, for example, shires who were supposed to look after airports and the cost responsibility - not just even the cost responsibility but the responsibility of the manpower and the resources that are needed to do it up to CASA standards under the Federal Airports Act was something that should have been worked through and costed, and LGANT being the representative of these areas, I mean, was that something that had been worked through and talked about?

Ms MOIR: I believe so, and certainly barge landings, airports etc have been at the start of amalgamations, particularly as, you know, the idea of handing over these

roads and other infrastructure has been out there from the NT government without the detail of what's coming with it and how it should be done, but we've written numerous letters, Tony, as far as I recall, to the NT government about this and also to the federal government about handing over the services.

Mr TAPSELL: Through the Chair, we have in our strategic plan, which is on our website, a requirement for extensive plans to be in place prior to the transfer of barge landings, boat ramps and airports from the Territory government to local government, and we have a similar thing for the transfer of roads, as well. I mean, it's massive change, the land tenure issue, I think, we are moving towards trying to resolve that and we do realise that local government is operating on Aboriginal land will have to have tenure in times to come. But we are very much interested in what the Territory government is doing because that could have an impact on what we do.

Mr McLINDEN: Just through the Chair, and currently through Marion in regards to the issue of tenure, for example, the Northern Territory Government has been in negotiations with custodians and the Northern Land Council for some 15 years about tenure for the central Arnhem highway. So that is the big picture and the aim overall is to move that way but the immediate concerns, especially with the potential transfer of 8,000 kilometres of road was actually the amount of money to provide the service and maintain the road network that not only could come across but local government would be responsible for. So the focus both of the Northern Territory Government and LGANT has been trying to increase the amount of funds coming from the Commonwealth Government through the Federal Assistance grants to maintain the existing road network.

Currently in regards to the land tenure because this issue has huge implications for council operations including access to gravel pits, to water and things like that, so it's not a sideline issue. Certainly, from a LGANT perspective, our main concern was the quantity of money was not sustainable in regards to maintaining the existing road network and the potential road network that has been identified for a transfer. So that's been our main major focus, and we've quite a way to go at this in regards to a submission to the Commonwealth. Our first attempt did fall over for due to lack of data so we're starting that process again.

One of the reasons we had struggled with the submission was the rigour in the data. You could not concretely go to the Commonwealth requesting many millions and this is why we're going through the assessment process now. We had evidence that in between \$21M and \$32M dollars was required. So we're trying to strengthen with a lot more rigour and transparency in regards to the submission which is absolutely going to be critical for all parties. And we're in that process at the moment.

The Northern Territory Government has allocated through the Department of Lands and Planning a project for data collection which includes a gap analysis. That's in the process at the moment. We have written to the Minister with concerns over the timing of it, because obviously we're trying to get into the Australian Government budget process and need that by October 2010. Our understanding is that report will not be to us to look at before September/October. So in relation to the submissions, we've got the political strategy lobbying with our Commonwealth representatives so we need to play that role too.

So what I'm saying is I agree, the tenure and the gazettal of that road network is important in the long term, and our focus has been in regards to road network. It is

purely on trying to get additional funds to ensure we can maintain the network that we have.

Mr TAPSELL: I think it's also important to understand the makeup of grant funding. Funding is allocated to local governments for roads, and it's distributed across Australia, and the ability to change the funding mechanisms to local government is extremely difficult generally. Not only for roads funding but Financial Assistance Grants. The Financial Assistance Grants, if they were distributed to the Northern Territory on a needs basis we would get a lot more money but Victoria and New South Wales would lose and, of course, that's been the quandary for quite some time.

The only way to get additional roads funding, and this is why it's not a red herring, the South Australians have done it. They did the study, they got the data, they put a case to the Commonwealth and they're getting \$23M, not out of Financial Assistance Grants. It's out of a new bucket of money. It's a completely separate bucket, and we see that we ... if we go down the traditional line and try and win money and fight with all the other states to get additional money, we won't get it. We've got to do a completely separate exercise. The only body that has ever been successful in getting additional roads money has been South Australia. Through their Local Government Association, they got the study done. We lobbied for the study, the same study, to be done in the Northern Territory, in fact, we even recommended they use the South Australian Grants Commission. And as Peter said, Kerry said, the equation is this: we're getting funding for 7,000 kilometres of road currently, we're looking after 14,000 kilometres currently and we're going to get another 8,000 kilometres right on top of that. So we'll end up with 22,000 kilometres of road and we're funded for 7,000 of them. Now we have to get more money because if we don't and we still try and distribute on the basis of 7,000 kilometres then obviously because the shires have got more roads, their roads funds are going to go up and all of the municipals are going to go down.

It is an important exercise, and I'm sure the Department of Transport or the agency responsible for transport is aware of that scenario.

Mr CHAIR: Can I just ask, those are extra roads you'll be taking on, the NT government would have been receiving funding from those roads?

Mr TAPSELL: Yes.

Mr CHAIR: And won't that money ... wouldn't you expect the NT government to hand that money over to local government to maintain those roads?

Mr TAPSELL: But for how long?

Mr CHAIR: Well, not disagreeing with you but that hasn't been mentioned in the equation of course.

Ms MOIR: Well, it certainly has by us in the submissions.

Mr McLINDEN: I mean, through the Chair, basically the view with the Association in this whole process with the Northern Territory Government is that we want additional money. Now if we're only going to get \$2.3M or \$3M on the table, one-off, from the NTG that is not sustainable.

Mr CHAIR: Has there been an offer?

Mr McLINDEN: There's been no formal offer. But what our focus is not on a one-off from the Northern Government, we want additional funds for the road network in the Northern Territory serving all constituents, and the only way we can get that recurrent funding is using the framework of the Federal Assistance grants, and as Tony said, and it's a separate bucket. Similar to what the South Australian framework delivers. There's a precedent been set and we've got to get that rigour behind our submission to do it. That will guarantee us with recurrent funding in regards to the road network. We're not even talking about the gap, I mean, if you go through the 20 Territory growth towns and the analysis that's been done on that, no sphere of government can afford the shortfall, in regards to roads infrastructure servicing in those growth towns.

So the recurrent funding has been our focus and that is going to be critical at this point in time for sustaining the network, and that's for the existing local government road network we have responsibility for. Then we can actually do the mirror and table exercise in regards, okay, if we're going to take this 8,000 K's of road over from the Northern Territory, which will reveal the quantity of money we require. Now where it comes from I don't particularly care. It can be the Commonwealth, it can be the Northern Territory, but it must be recurrent and not one-off.

Mr CHAIR: Do you have to [inaudible] roads up?

Mr McLINDEN: We don't, no, it's through negotiations.

Mr WESTRA VAN HOLTHE: Can I just clarify that you've lobbied the Northern Territory Government to assist you to get this road survey done, and you've been knocked back?

Ms MOIR: No.

Mr TAPSELL: No. We've got it. They've put money towards it.

Ms MOIR: We're looking at further funds to do it, finish it properly.

Mr WESTRA VAN HOLTHE: And you need another ... how much?

Ms MOIR: I think we asked for \$250,000 didn't we?

Mr TAPSELL: \$200,000.

Ms MOIR: Two hundred thousand.

Ms McLINDEN: Sorry, through the Chair again, initially we put in a submission two years ago, for \$200,000 to do this exercise through the Association and the shires. The Northern Territory Government then said yes, we can see the work needs to be done, and through the Department of Local Government allocated, I think it was \$200,000 to the Department of Lands and Planning to do that work. And that's the data collection. So the money didn't come to LGANT, it went through the Department of Local Government to DPI to do that work and that work is being done at this moment.

Ms MOIR: Yes, I think, through the Chair, our policy which was adopted in March this year was and reads - LGANT calls on the Australian and Northern

Territory Governments to provide financial assistance to local government to enable it to undertake a study which would determine road hierarchies and standards of local roads because not all roads are the same, as you know. Certainly you would know that after the last few days travelling around the centre confirm the status and length of local roads and categorise them on the basis of their hierarchy and therefore significance, record road data and map it on a GPS database. All this will provide evidence to support the need for additional funds needed to maintain and upgrade the local road network in the Northern Territory. But I might add that the Tiwi shire is in an also especially difficult position because it's losing money from the Grants Commission over the next four years, I think, it's eight hundred ...

Ms SCRYMGOUR: Eight hundred thousand. It goes from \$1.2 million down to \$800,000.

Ms MOIR: So not only were they struggling to deal with roads that haven't been kept up but they're also losing funding. We have written to the NT government about that and to the Grants Commission because the disadvantage factors have changed when the Grants Commission reviewed its methodology and this is another area where in fact the amalgamation has caused a problem for the Tiwis in terms of funding for the sort of infrastructure they need.

Mr CHAIR: But with the eight ... the extra 8,000 kilometres of road?

Mr McLINDEN: Eight thousand, five hundred and sixty-two.

Mr CHAIR: How much [inaudible]? To the nearest metre, how many of those roads are gazetted roads and how many of those are roads on Aboriginal land, and if they are on Aboriginal land, are they entitled to claim money under the Federal Assistance Grants program?

Mr McLINDEN: If I can answer that. At this point in time, local councils get federal assistance grants for roads, for the roads that are on Aboriginal land. It's always happened. The network that the Association manages on behalf of local government is all on Aboriginal land. So the tenure of the land and where the roads are going is not really the issue. How the money comes through the shires is they actually identify road lengths to the Northern Territory Grants Commission and the distribution is determined by weighted road length. The Grants Commission has got a moratorium on road lengths so that no further roads can come on or go off until a number of studies are done.

So of the 8000 kilometres, I couldn't answer that. I have got a breakdown of roads shires manage and the shires will be given a list of roads that potentially are up for negotiation with the NTG for handover and they've been given a copy of that network about six weeks ago. But in regards to how much is on Aboriginal land, how much is pastoral land, I haven't got that breakdown but certainly the Department of Lands and Planning could give it to you.

Mr CHAIR: But if those roads are on basically private land then could you apply the same argument to roads that go across pastoral properties and they should be entitled, councils should be entitled for funding for those roads as well? And if not, why is there a different rule?

Ms MOIR: Well, if a road is purely on private property and it goes from, say, the house to the farm gate it is the responsibility of the owner of that property, or the

leaseholder, but once they go beyond that farm gate and that's part of the NT road network.

Mr CHAIR: But the owner of Aboriginal... is not public, it's private. So what's the distinction between their land and pastoral land when it comes to receiving funds?

Mr McLINDEN: The terminology that the Department uses in its negotiation with individual pastoralists now is single user roads, and I'll give you an example where a dual purpose, or road, would be, namely the Kildurk Road on the Western Australian border. There's 32 kilometres that goes through pastoral properties and there's another 32 kilometres that services the Kildurk community. At this point in time the responsibility for that road network is the first 32 kilometres is Northern Territory Government and the second 32 kilometres past the boundary and the trust is local government. The transfer of the road network will result in this particular road becoming the responsibility of local government.

Next door, you have a pastoral property, Bullo River where they have, I think, 87 kilometres of road from the Victoria Highway into the homestead. They referred to that as a single user road, and they've been negotiating now through the Northern Territory Government in regards to handing back that road and responsibility for maintenance of that road to the pastoral property owner.

Mr CHAIR: I suppose what I'm getting at, you need a permit to go onto Aboriginal land, you need it and in theory you need a permit to go on a pastoral property, you need permission of ... don't both roads ... aren't both roads classed therefore as private roads? Therefore not really ... the funding isn't available for those roads under the Federal Assistance Grants because they're not gazetted and public. They're not public roads are they?

Mr McLINDEN: All I can say, Mr Chair, is that at this point in time, I haven't got the percentages in front of me but the majority of the road network that is managed by the shires are on Aboriginal lands, and we are getting federal assistance grants, and it's basically recognition by the local governments that that roads are community roads and access roads to the communities. And also there's another network that is not picked up by local government that were managed by the resource centres that don't get Federal Assistance Grants, and they're outstation roads funded through the Commonwealth.

So, I mean, I'm not disagreeing, I'm just saying the precedents in place at the moment where we're already getting funds for a road network that is crossing Aboriginal land.

Ms SCRYMGOUR: Can we, Mr Chair, if possible and Peter if ... well, if LGANT's got that information whether we could get a question on notice and whether LGANT would be able to provide us with, I mean, in terms of the different categories and what roads ... yeah, that are the responsibility within the shire boundaries. If that's okay?

Mr McLINDEN: Sorry, Chair, for example, the East Arnhem shire, I would say 98% of its road network is on Aboriginal land, and it gets Federal Assistance Grants. They're recognised as local government roads for the purpose of receiving these federal assistance grants.

Ms SCRYMGOUR: But most of those ... through the Chair, most of those roads are in the towns, aren't they?

Mr McLINDEN: No. I manage 280 K's in East Arnhem ...

Ms SCRYMGOUR: Yeah, that's [inaudible], what about the shire?

Mr McLINDEN: No, the shires [inaudible], they've got all the Ramingining?, Galiwinku access roads. It's not just town roads.

Ms SCRYMGOUR: Alright, so that's what I'm trying to ask you, whether we could get that information as do we know where those road networks, what comes under FAGS. And, look, I shouldn't have said red herring, I should have said catch 22 in terms of South Australia and their submission versus what I think we've always missed out or been the poor cousins in the Northern Territory because of the category of the land title within the catchment areas of the shires because, I mean, I hear what you're saying, Peter, that FAGS, you know, some of these shires get some, you know, federal ... through the FAGS process but could there be more if there was a different, you know, if there was ... that issue of the leasing, because it is categorised as the, what is it, single user ... most of them are classified as that, isn't it?

Mr McLINDEN: The weighted road length is the methodology the Grants commission uses for distribution of road funds and it's by type, so you've got sealed curbed, sealed gravel form and FBT, flat bladed track, and they've got a weighting and that's how they distribute the funds. But in regards to the funding from the Commonwealth it's basically an historical amount set back in 1992 along with annual CPI increases. So the Commonwealth Grants Commission gives no recognition to road length or type of road. It's only when the Commonwealth Grants Commission asks the NT Grants Commission to distribute the funds does the methodology get into factors such as road types as a category.

Now, through the Chair, some of the councils are pursuing policies that prioritise roads into a road hierarchy framework. The road hierarchy framework is for elected members to make informed decisions on how best to spend their money. So their priority their expenditure and that's the purpose of that road hierarchy. They're basically identifying they're having sufficient funds to spend on all the roads, that these are their priorities in regards to their expenditure, and so that is transparent, accountable and for elected members to make decisions.

Mr CHAIR: I don't want to harp back, but you've now got amalgamated councils looking after these roads and they're not public roads. Now, officially they're private roads. How does then the council, you know, physically operate to go and grade roads, you know, to get the gravel, to do the normal things a council would do on a road that they don't own, whereas in other parts of the Territory the council would own that road?

Mr McLINDEN: From all the discussions we have at officer level we never talk about ownership of roads. It's management and control over roads which we have through legislation. It's nothing to do with ownership. The scenario you've brought up has caused difficulties when you have ceremonies in certain areas and the road is blocked up and they don't go through due process. There's problems with access to gravel and water as we discussed. The gazettal of the road network and the road corridor would solve a lot of problems. But the process that we've got to go through to gain gazettal and title is such a long and protracted process at this point in time, it

hasn't been a focus for the shires. And to be honest, I think, and as Tony alluded to, we're trying to work through the councils as part of the process to access and gazette all the road network. But it is a very long and protracted process, and I think one thing we have been discussing at officer level now that we got township leases, there's an opportunity to actually identify the internal road networks and survey them. This would ensure some ownership by the shires least within the towns.

Mr CHAIR: And the issue too, if they're going to be growth towns then the policy is to not ... so called ... have a normalised town you have to have access to a normalised town, so you've still got issues about the ownership of the roads.

Mr McLINDEN: Yep, no, totally agree, that's what I was saying, we may have an opportunity to release the grading ...

Ms SCRYMGOUR: And that's what I was saying at the start that those things need to be resolved, as part of the normalisation.

Mr CHAIR: Can I move off roads for a minute and ask about rates. I know Willem wants to ... I don't know whether, Willem, you've got any ...

Mr WESTRA VAN HOLTHE: I'm in a very fortunate position, I get to talk to these guys quite regularly so I'll let you guys have a go.

Mr CHAIR: Well, I think the issue of rates is certainly an important issue, and it's certainly been brought up at the CTC a number of times, in the meetings that I've been to. One would be in relation to the end of the moratorium on the capping of mining and pastoral rates, what do you see is the next way forward, and also, I think, Marion's mentioned a number of times in regards to councils not being able to rate Aboriginal Land Trust, the idea of having a system where you rated actually the householder, as it used to be on Bathurst Island, which name was? They had a name for it when people paid money for ...

Ms SCRYMGOUR: Service fees. It's called service fees.

Mr CHAIR: Yeah, and do you have an opinion on whether service fees should be, at least, an option for councils in lieu of rating.

Ms MOIR: I'm sure you've all read the Henry Tax Review . we have had the Australian Local Government Association analyse it. It makes it quite clear in the review that local government rating of land is an appropriate form of tax, despite what some sectors might think. It's a tax on land and it is an appropriate method and a fair way of raising revenue. It also says that user charges are an equitable way to charge for use of local government services. Now, it's an interesting question when the NT government just announced it's going to charge rents on properties out on the remote communities. Are those people subject to income management etc. in a position to be able to pay the user charges as well as rent?

That's the question referred to this morning. I don't know the answer to that, but certainly shires are not able to raise very much, something like 3% of their revenue versus Darwin City Council, which raises 46% in rates. Some of the shires have had to resort to putting significant user charges on to try and counteract the loss of revenue through conditional rating and rate capping. So East Arnhem Shire I believe is one that was in the news about having significant garbage collection and other user charges. Shires have been pressured to effectively bring their dumps and other things up to some sort of normality.

All of these put financial pressures on councils and without the ability to better rate properties. Particularly if you take somewhere like Barkly Shire which has got virtually all pastoral land and mining and so forth, its got very little ability to find own source revenue.

Now if the Federal government doesn't think that the shires are making sufficient effort to raise their own source revenue, then, they have to realise most of their revenues come from grants and one shire has something like 85 grants to acquit. By the time they finished writing submissions for those 85 grants, when are they doing their core business, it's a very difficult situation. I believe it is unfair for those shires to have conditional rating and I don't believe that industry sectors are not able to pay rates. If you look interstate and make comparisons between the mining sector in say Kalgoorlie WA and the sector in the Northern Territory, they're paying something like, let's say \$3,000 in rates here and half a million dollars in WA. So I don't believe that rate capping and conditional rating is appropriate in terms of the sort of financial situation shires are in, and their ability to raise funds.

Ms SCRYMGOUR: So, Mr Chair, because it's something that, I mean, in terms of the rating, so again, Kerry, if I ... Local Government Association was involved in the initial consultations with the rates, I mean, I've always been quite, I mean, with the rating, because when you look at Aboriginal communities or the shire's responsibility, Aboriginal land isn't rateable or there isn't a rate base in those communities. Surely the figures or the sums would have been done by LGANT at the very start in terms of ...

Ms MOIR: We did a very significant analysis and paper on the impacting of rating and conditional rating, which I can give you to have a look at. We made a submission on that note.

Mr TAPSELL: Well, that was pastoral and mining.

Ms SCRYMGOUR: Well, exclude pastoral and mining. I mean, if I was to look at ...

Mr TAPSELL: But even ... on Aboriginal land, if you've got a lease then that lease can be rateable.

Mr ELFERINK: Yeah, the lease can be but not the title.

Ms SCRYMGOUR: But not ... yeah. And that's true, so with Territory Housing I suppose this is taking all of the subleases of the lease that's out there, they would be able to pay or, you know, it'd be going in one NT government agency to another NT government agency. But one is assuming, I think when you look at the Act and what the shires are supposed to do, it's almost like an urban situation where people think that there is a rate base on the ground in these communities, and there isn't. There isn't the private home ownership situation that you see in Darwin, and that's where a lot of the shires, I mean the two shires that are in my electorate, both Tiwi and West Arnhem, are finding it most difficult in terms of trying to raise the revenue off this so called rating, or rates that they're supposed to be generating for their own, what do they call it, self sourced revenue, own source revenue, which is, you know, I mean, because the predictions that were done for both of these shires was that they would bring in X amount and what's actually come in was, yeah ... yeah, beyond, you know, the lower than what expectations were, and then Tiwi is further complicated where their funding has even been, I mean it's been reduced by nearly 50%. So

service fees which used to be a part of the landscape was removed from the Local Government Act. Would LGANT support pushing and getting service fees back into as part of the shire's ability to raise revenue because it's a major issue with member organisations, I mean, your member organisation.

Mr TAPSELL: Well, through the Chair, the Act does provide for councils to set charges and also rates, so ...

Ms SCRYMGOUR: But not for service fees? They removed that, they removed that.

Mr TAPSELL: But the charge ... the charge is like a fee. Fees and charges are what councils can ...

Ms SCRYMGOUR: Well, they were told ... I know a lot of shires, and not just in my electorate, but a lot of shires have been told that they can't charge or put in place service fees.

Ms MOIR: Yeah, I know that there was a big discussion ...

Mr TAPSELL: Maybe not in the form they did previously, that's correct.

Ms MOIR: Yeah, there was some discussion at West Arnhem about that and I have to say I'm not au fait with the current situation on that but I can certainly follow that up.

Mr CHAIR: Were you going to say something, Peter?

Mr McLINDEN: No, no, just getting back to service charges at Tiwi Islands poll tax ...

Ms SCRYMGOUR: Well, I mean ... no, no, but a poll tax is a tax that is put on people, and you assume that the end user of the poll tax is not getting the service. I think that it's been convenient in the Northern, you know, people think oh, poll tax, terrible, because that's what Maggie Thatcher did in the UK and she lost her Prime Ministership over but it's not a poll tax if it's a user pay system, so everybody in that community would pay a fee. We've got shires that are covering pools, I mean, let's look at pools in remote communities. Well, whether the service fee includes an amount so that you can, because a lot of the shires and councils aren't funded to do the pools, let alone pay for, you know, the lifeguards and everyone else that should be, as part of this requirement. So it's not a poll tax. I've had this argument many times with the Departments that keep saying it's a poll tax but it's not a poll tax because people are actually receiving a service within that community.

Mr TAPSELL: Well, you're saying it's like it. No, it isn't a tax, you're right, but it's ...

Mr CHAIR: Could it be said that when a council performed, the amount of money you get, you raise, could actually really run a council? I mean, the Territory is different than western Australia - we know that. Shires in western Australia get more per head of population in their shires because of the system that's used. We get a very low amount per capita, yet we've got these huge pieces of country, some as big as Victoria, that have difficulty raising rates that have to look after things like pools, that have to look after all sorts of things.

Now in the case of Bathurst Island, they don't have a pastoral company, pastoral property in their shire. Could it be said that one is there wasn't enough thought given to the actual viability of these councils without, you know, without throwing in the agencies, and 'cause that's what a lot of councils rely on to provide the money for administration. Some councils have administration costs higher than the total rate revenue they get, so obviously they have to get it from somewhere else. But are we now picking up, you might say, faults in the original analysis of what was viable by saying, well, we've got pastoral properties, we've got mining properties, therefore to pick up the, you know, the small revenue base that we've got we'll use them to make sure that the whole things works. And whilst I'm not against pastoral properties and mining properties paying a fair share, I would be concerned if they are going to be used to pick up what is the revenue that these councils could never obtain because they were never viable in the first place.

Mr TAPSELL: The mechanisms for determining the financial sustainability of councils has been carried out in all other states but here. So the financial sustainability studies started off in South Australia and it revealed out of its 69 councils, 28 were not sustainable. And some of the key findings from that was that if we go back to that PriceWaterhouse Coopers report you will see that because local government is not roads, rates and rubbish anymore - it might have been years ago but it's not anymore - then there's been a big increase in councils providing community services, and that's been the growth area, in the community services sector for councils all over Australia.

Unfortunately, as these reports show, a lot of the councils are responding to their communities' needs by providing for these kinds of services. Just one example is the Glenelg Council, Glenelg in South Australia which has to run needle programs for heroin addicts and get all the needles off the beaches and things like that. All kinds of different services have placed lots of pressures on councils because they are the closest to the people and they get pushed into or asked to do things now. Some would say that councils have made a mistake in going down that line because in using more and more of their revenue to provide those kinds of services they have not always looked after their assets as best they could. For example, they're not funding their depreciation on all their assets. Local governments have got more assets than any other sphere of government to look after.

So in these reports they say that councils have to make more of an effort to fund or look after their assets better. That's why the Federal and Territory governments are making such an effort towards the councils incorporating much stronger efforts, not only in terms of long term financial plans but also in funding depreciation and managing their assets better. For example, there was in the NT News the other day questions about why Darwin City Council has got \$20M in reserves. Obviously one of the reasons it has is because it's got a whole lot of future expenditures it's going to have to fund in years to come.

The sealing of roads in a town only comes around every 15 years but somewhere you've got to get the money to be able to do it and it's a big hit, generally.

Mr WESTRA VAN HOLTHE: So you put it in the bank.

Mr TAPSELL: So you must have funds put away.

Mr CHAIR: Litchfield has done it for years and got criticised for it.

Mr TAPSELL: So once South Australia did the study all the other states followed and essentially we had the President of the Municipal Association of Victoria, at one of our general meetings and he presented a graph with a line that showed all the councils in Victoria that were financially sustainable and all those that weren't. And by introducing stronger asset and financial management practices in the local government sector they've been able to get councils to jump the line. But there are still quite a few that will never be sustainable, and will always require levels of support from either the Victorian or Federal governments to keep them going. And I dare say that's probably what is going to be the case here, as well, because of the revenue levels and things like that. Certainly if you are not sustainable and by going bigger you become sustainable then the trend around the world is to go bigger. The Japanese have amalgamated thousands of councils.

Mr WESTRA VAN HOLTHE: Yeah, they did that in 1937 onwards, I think.

Mr TAPSELL: The biggest council of the lot, Brisbane, was an amalgamation 20 or 30 councils around the 1930s and is by far the biggest in Australia and able to, you know, perform probably better than most councils.

Mr CHAIR: But efficiency and performance is not the only reason a council would exist. It's a community, and the bigger sometimes can be not the best.

Mr TAPSELL: Yes but how does anyone communicate with their community, how does a resident city councillor communicate with his community these days?

Mr ELFERINK: That \$5M that was referred to earlier, Kerry, when was that ... that \$5M extra funding, when was that requested and when was it delivered?

Ms MOIR: It was requested in the financial year 2008/09 and it was delivered as part of the budget for 2008/09.

Mr ELFERINK: Okay, no worries. I'll just put a line through that one. Okay, just one, perhaps it's seeking an opinion but I'll venture the question anyhow. This start date for amalgamation was what, June the 1st ... July the 1st 2008? Yes. That was a fairly arbitrary date. Since that time other than a couple of small things like incapacity to rate, incapacity to know what your financial determinations were because you didn't have an effective accounting system, incapacity to know what the asset base was and the condition of that asset base, incapacity to be able to effectively deliver services because so much of the money that you received were tied grants as a council that your discretionary funding was almost not worth bothering to turn up to the council meeting for. I noted at the outset you said that you supported the amalgamations. I can presume from everything you've said since that, so other than the fact that we didn't know what we were doing, we didn't know what we owned, we didn't know how much ... we couldn't raise any capital against it, and what capital we did have we had no effective discretion over, I presume from all of that that your belief would be that it would have been better to wait 12 months whilst all of this was sorted out before amalgamation occurred? Or were you agreeing ... do you agree with the government's timetable?

Ms MOIR: LGANT absolutely opposed the timetable from day one. I still can see in my mind's eye GANT charts, you know, which was presented to us telling us that all these milestones they were going to achieve. We fought publicly and behind the scenes through letters to the Minister and the government, extremely strongly, to try and delay the implementation and to do it properly, because unseemly haste, I believe, caused many of the problems. And we asked why it was necessary for the

LG Act to commence on 1 July 2008 with the elections three months later. We never got an answer to that.

Mr ELFERINK: It was a purely arbitrary date and that was my next question is, were you aware of a reason for it, you've just answered it, so thank you. That's me done, Mr Chair.

Ms SCRYMGOUR: So at no time did LGANT try, I mean, put forward a plan, I mean, given that, you know, you're the peak body in the Northern Territory, your membership was consisting of all of these community government councils which were then collapsing and removal of, being removed from the landscape, that LGANT didn't ... that there was no plan in terms of a transitional from what people were to this is going to be the live phase and this is what we're going to do to moving on that that was ...

Ms MOIR: Probably our archives would have letters that we wrote on all of those matters. It is a great concern to us that there didn't seem to be concrete quantification of exactly what it was that councils were going to do; concrete quantification of exactly how they were going to fund those matters. Again, I'm going back to our policy. We only supported it subject to there being a thorough planning process including the establishment of a business case for the proposal, management plans, consultation and funding for establishment. Now, I'm certain that Gerry would think back to the situation in Litchfield where all of those things were not met, and they were things that we fought hard to have remediated, but our members agreed with the principle of amalgamation, so our job was to endeavour to try and make the best process possible. And certainly the process that came did not give councils the best chance to start on the right foot.

Mr WESTRA VAN HOLTHE: Can I ask, in your opinion, how could this have been done better, in terms of a delay of 12 or 24 months of the implementation of the reform, or ...

Ms MOIR: If there had been a business plan we might have known that answer.

Mr WESTRA VAN HOLTHE: Yeah, or the other alternative that's being proffered up in the past is amalgamating one shire and using it as the test case to get everything right and then rolling ...

Ms SCRYMGOUR: Well, they was doing that, they was doing it with Tiwi, and it was three years in and they still didn't get it right.

Mr WESTRA VAN HOLTHE: But that's the point. So that's the point then, you've ... you've got a model and you already know that it's going to take time.

Ms MOIR: There was an unknown driver as far as I'm concerned . The rhetoric from government was that this must be done now, there being 17 councils who had investigations if I recall. There'd been numerous changes of CEOs, all of these reasons were proffered as to why it was imperative that we move this forward, and certainly we had great difficulty being part of any of the development of those plans for amalgamation, they were coming out of the Department, the selection of the CEOs came out of the Department, the whole thing was managed by someone behind a computer doing modelling, why you needed 3,000 instead of 5,000 people in a particular community, you know, in a particular shire. The answer was, oh, that's going to make it economically viable. There were a whole lot of questions that we

asked around the format. Now why are the borders here, has anyone looked at the roads, has anyone looked at the cultural links, the language links etc, who says these things should be together instead of those things being together. So all of those questions were asked, but there was a brick wall there, it was impenetrable in terms of the determination of the NT government to go ahead with it, at that time, on their timetable.

Mr WESTRA VAN HOLTHE: And hindsight has proven your concerns and apprehensions to be correct.

Mr CHAIR: You should have joined the rally.

Ms MOIR: I was there. I was there at the front.

Ms SCRYMGOUR: There's no doubt that ... I mean, well, let's get a bit of per ... I mean, there was no doubt that reforms ... the reform needed to happen. I mean, for many years it was just ignored, it was out of sight out of mind and we know ... but it needed to be ...

Mr CHAIR: No, I think you should be careful, a lot of local governments were in a bad way and I think sometimes there's a miscomprehension, certainly some councils ...

Ms SCRYMGOUR: There were some that were total basket-cases, Gerry, let's get real.

Mr CHAIR: Yeah, and there were some very good councils too, and I think unfortunately a lot of them got tarred with that brush and I think that that wasn't a good move either, to say that, that they're all bad. Some were bad, some were certainly okay. Yeah.

Ms SCRYMGOUR: Yeah, and no one's disagreeing with you, and I'm not disagreeing with the Member for Port Darwin who thinks that I am disagreeing. I think that we do agree that reform needed to happen and I think that no one's disputing that, but I think the demise of community government councils that were functional, that were working, where communities had an ownership, that's what got lost in this whole process. And there were not just community government councils that were delivering local government services, there were other council incorporated associations that were also functional on the ground, and I think that that's all been removed from the landscape and we've got huge gaps in the shires' ability to deliver effective services on the ground because what they have to deliver is bigger than Ben-Hur.

Mr CHAIR: Tony was going to say something, sorry.

Ms MOIR: I just want to agree, if I may butt in first. Some of the feedback, recent feedback I've had is that shires are being depicted by all sorts of organisations out there in communities as the bad people who ... for every single thing that's gone wrong. So the land councils blame the shires, the government blames the shires, the public blame the shires, the community development officers blame the shires. So there's - and I absolutely agree with you - that the sense of community is one of the major things that needs to be addressed, that they used to be able to run their own services in their own way, now they're being directed by some other group out there. The vast distances that elected members have to travel to get to listen to people on the ground in their electorates is extremely difficult. The fact that, I mean, Darwin

City Council can easily have two meetings a month; some shires only meet once every two months, and the cost of a meeting can be anything up to between \$17,000 and \$20,000 to bring everybody in and meet.

So there are hidden costs that I don't believe are quantified which is one of the reasons why we're pushing for a change to elected member remuneration. We're also pushing through legislative change, we've got a range of legislative changes we want to see done including asking that the section which allows employees to be elected members, be reviewed. There's a number of times where meetings have had to be abandoned because, I think in the Victoria Daly shire, for example, there are seven elected members ...

Mr TAPSELL: No, seven are ...

Ms MOIR: Seven are employees. Seven. So, you know, there's often situations where there's a conflict of interest, and that makes it very difficult for the council to make decisions.

Ms SCRYMGOUR: So the change you're proposing is that they aren't employees of the shire? Is that right?

Ms MOIR: Well, Tony's on that committee, perhaps he needs to speak on that.

Mr TAPSELL: Our proposal is that the provision that allows employees to be elected members being removed.

Ms SCRYMGOUR: Yeah, okay, I got it.

Ms MOIR: Yeah, because of those problems.

Ms SCRYMGOUR: Yeah, because it's a conflict of interest and it provides ...

Mr ELFERINK: We're the only jurisdiction where it's allowed, I believe.

Ms MOIR: Understanding conflict of interest is another issue, and you've got, let's say, an elected member tendering to build a toilet block in a shire, not understanding that that is a conflict of interest because the council's deciding who they're going to award the tender to. Understanding conflict of interest is not a simple matter. It is something that Minister Knight was very determined, after he'd done his tour, to bring in because some of the best people in the communities are employed by the shire but the fact is that it's impractical ...

Mr ELFERINK: It's absurd, I mean the CEO is the boss of these guys, and then he goes and walks into a council meeting and is answerable to them, I mean, that just makes for a ridiculous outcome.

Ms MOIR: Yeah, it just doesn't work, doesn't work.

Ms SCRYMGOUR: But it was always something that was part of the community government council landscape and it needs to come out.

Mr ELFERINK: Well, I mean there were examples in Central Australia which was wrong. Okay.

Mr CHAIR: Can I just ask, back on the viability of councils, if you didn't get operational funding from the Northern Territory, would councils be viable, or does it actually rely on agency profits here [inaudible]

Mr TAPSELL: It's a good question, I mean, the operational funding I think for East Arnhem is about \$4M, something like that, so if you took that off them it would probably be a serious dent. I mean the real test of financial sustainability is can you get a big hit and still survive, because with a lot of our previous small councils they couldn't. If they got hit with a big cut in funds or something, it'd really, seriously affect their viability but if the shires get hit with ... I guess it's the size of the hit.

Mr CHAIR: Well, what's the policy for the future of the operational funding grants? Is it going to decrease? I mean, obviously, [inaudible] has got issues, and Coomalie.

Ms MOIR: The Grants Commission has changed its methodology and its definition of factors like remoteness, its position in relation to the makeup of population and, you know, a whole lot of other factors to do with disadvantage. So it's changed those factors and that's severely affected the Tiwis shire. It was expected that Litchfield would get hit much harder than it actually was but it's certainly been hit.

Ms SCRYMGOUR: But they just rob Peter to pay Paul, I mean they took the money off Tiwis to top up East Arnhem on the same qualifier in terms of that formula which was crazy.

Mr CHAIR: Is that ... that's [inaudible] isn't it, we're talking about, those ones? What about ... the operational funding comes out of the NT government?

Ms MOIR: Yes.

Mr CHAIR: Have they promised to keep that funding going?

Ms MOIR: At this stage, no.

Mr TAPSELL: Yes, that's a good question.

Ms SCRYMGOUR: Mr Chair, can we just move on from this in a minute because I've got some questions for recruitment and other things I want to ask.

Mr CHAIR: I know but we have to know where the ... I mean, one of the underlying [inaudible] council is that funding, and that funding hasn't ... if councils lose that funding, they're dead in the water.

Mr TAPSELL: It's like I was saying earlier, if we haven't got the rate bases and we're not collecting the revenue then it's likely that we're going to be in that group of councils which are across Australia that are going to need this kind of assistance, probably for a long, long time.

Mr ELFERINK: There's no real point in a council if it has no discretion over its expenditure. If all the decisions have already been made by some third party as it passes down the money in the form of a tied grant, why meet?

Mr TAPSELL: Well, yes, but that money at least allows the council to perform a service. The operational subsidy is untied.

Mr ELFERINK: Yeah, but it's a tiny amount of the overall budget. I mean, take, what was it, Bathurst? What was it, \$30M budget, \$800,000 discretionary expenditure, of which, of course, most of that's already consumed by the administrative costs of running the council, so the council meets to discuss money which has been given to them by the Territory or the federal government in a tied form, so that decision's already been made, to cut up a ever decreasing slice of discretionary funding, most of which is going to running the office. I mean the point ... you've got to get to the point where you're saying, why bother with the council.

Mr TAPSELL: Well, I mean some of the ... excuse me.

Ms MOIR: Yes, I was just going to say that many of the opportunities to raise extra revenue, such as through the ownership of stores means these opportunities have gone and that money now goes to outback stores and so forth, so we see an example where the council didn't have sufficient funding to fly a deceased body from A to B, that money used to come from money raised through the store. So there are a whole raft of things that councils once had the money for but they now have to take out of their untied grant or not do it. And that's where criticism comes about, about, you know, them not doing the sorts of things that the old councils used to do in communities.

Mr ELFERINK: I'm not at all surprised, I mean they don't have any discretionary funding for that sort of thing. That's your point, that's why you're saying they need own source revenue so that they can go ... and I can well imagine the Cattleman screaming from the roof over that because they're saying, well, if you rate us, where's the service.

Ms MOIR: Well, that's a common cry but my answer to them is that, you know, it's not a fee for service, it's a ...

Mr ELFERINK: I understand that, but, I mean, this is the point.

Ms SCRYMGOUR: But that is a poll tax. That's what the [inaudible] would say, that is a poll tax.

Mr WESTRA VAN HOLTHE: Just in rate capping, if nothing changes will end in 12 months time, conceivably though, how much additional revenue can the shires raise without rate capping in place, given the demographics of the communities they serve? There must be a limit because you're taxing people in that very low socio-economic class. Has there been a review of how much extra money can actually be raised if rate capping [inaudible]?

Ms MOIR: We did in our submissions do some examples, but not across to the Territory in total.

Mr TAPSELL: I mean, you're right, the ability to raise revenue from rates is going to be, and will be, restricted for quite some time but the trouble is that the cap, yes, comes off, but conditional rating remains, and by doing that you are removing the one tax the local government is able to levy. You are saying that you're not in a position to set the rate, we'll do it for you because we can make better decisions than you.

Mr WESTRA VAN HOLTHE: So the greater boon for the shires would be a removal of conditional rating as opposed to rate capping?

Mr TAPSELL: Well, it leaves the decision making, you know, it's the principle of it, that leaves the decision making in the hands where it should be. I mean there is no conditional rating or rate capping for the municipal councils so why is there for shires? And, you know, councils have to live with their decision making. There are already pastoralists on two of the shires and you can't tell me that they're not going to turn up to meetings and argue strongly for the rates not to be increased. It's very hard for a council to sit down and say, we're going to raise your rates by 38%. Imagine if you did that in Darwin, or anywhere else for that matter. The people have to live with those decisions, and they also have to be able to explain them. I mean, there's a lot of accountability in this new Act around what councils have to do over their decisions to do with rates.

Mr CHAIR: But are there some people on those councils that don't pay rates, and therefore the decision to raise them will not affect them?

Mr TAPSELL: Well, that's true, Gerry, but by the same token, council meetings are public, people can come along to the meetings and say, listen, why are you putting them up this much. I mean, the fear factor is that they're going to send them through the roof, and there's no proof of that. Certainly where councils have tried to do that in other parts of Australia, if they haven't had a very good case for saying they need to do it, such as having to seal all the roads in the town in one year, and that's why we're doing it, or something like that, what are they going to go to the public with? Do they think the public is going to sit back and say, yes, we'll pay another 30% rates, no worries. That's not going to happen. People will act, people will object, people will come along to their council meetings.

Mr CHAIR: Many of these councils ...

Mr TAPSELL: And don't forget they've got to put the plan out before they actually make the decision.

Mr CHAIR: But is there a section of the ... is there a section of the population that doesn't pay rates? And are those people that come from those sections of land ...

Mr TAPSELL: In the unincorporated ...

Mr CHAIR: What about on Aboriginal Land Trust land?

Mr TAPSELL: Well, if they don't have a lease they won't be paying rates, that's correct. But when you think about it, if all the land tenure arrangements do go ahead, then most of the housing for example is going to be Territory Housing, then Territory Housing will be paying rates. I mean there are nearly 8,000 rateable properties in the shires now, so the shires are currently raising rates from about 8,000 properties, many of which are on Aboriginal land.

Ms MOIR: Through the Chair, one quick ... the Henry Tax Review, there's two recommendations relating to local government. Recommendation 120 states should allow local governments a substantial degree of autonomy to set the tax rate applicable to property within their local government areas and over time, state land tax and local government rates should be more integrated, possibly a joint billing arrangement. They should use the same valuation method to calculate the local government rates and land tax, and their report also indicates that they see rates overall are relatively efficient, simple and fair and serve as a stable source of

revenue. Rates should be used to fund public goods and services, and again points out that there should be a substantial degree of autonomy, in other words, states should not be putting in rate capping as they do in New South Wales and here. But again, it's quite correct to say, and I mean, being on Darwin City Council I know, that the rate payers at the moment are reviewing our financial plan and looking at the rates that have been set and the reason for it when making comment.

Mr McLINDEN: On infrastructure, before we move on, the issue that's coming from our membership as a grave concern is with the SIHIP and other infrastructure housing projects. The concern lies with the inadequacy in regards to service infrastructure, particularly roads.. There's been significant ... it's not just SIHIP, it's also other government housing subdivisions are going up, they're not providing sealed roads, they're not kerbing them, there's no street lights, no footpaths and they're trying to close the gap. There's a significant burden in the future on local government to provide that amenity to those suburbs, and just something to keep in mind.

Mr CHAIR: We've been told, at many meetings, that the money that's coming out of the National Partnership Agreement for external infrastructure will cover roads. So they're not ...

Mr McLINDEN: I believe this morning you heard that money is going into sewerage, water and power. There was no mention of any roads, footpaths or street lights.

Mr CHAIR: Well, definitely been told, I think, that roads are included in infrastructure and if it's not the case then I think we'll be chasing that up, because when we were in Alice Springs, we were told that the roads in the town camp will be brought up to the Alice Springs standard, so again, I'd hate to see two rules for two places.

Ms MOIR: One for the town camp and one for the rest of Alice Springs?

Mr CHAIR: Yeah, and one for a new subdivision somewhere else. I think that's something CTC, I think, will certainly be looking at.

Mr ELFERINK: Yeah, and through the Chair, I've just been discussing it with Marion, I think the infrastructure spending was around roads in new subdivisions but not in relation to existing roads, so no maintenance on ...

Mr CHAIR: Are you talking new subdivisions or existing subdivisions?

Mr McLINDEN: We're talking new subdivisions, and there's an example out at Gapuwiyak and its NT Housing project going ahead. I believe there's five houses with nothing but a formed gravel road.

Mr TAPSELL: But that's not SIHIP.

Mr McLINDEN: That's not SIHIP, no.

Mr CHAIR: Do you know of any SIHIP developments that have gone ...

Ms SCRYMGOUR: Yeah, which is why I was asking the question about Maningrida, Mr Chair, because Maningrida's a new subdivision. And West Arnhem shire is going to be responsible for it, which is why I was asking about the planning

scheme and the building act. And the requirements under the planning scheme in terms of subdivisions and planning because ...

Mr McLINDEN: There's no process where the shire can have input into those engineering designs.

Mr ELFERINK: Mr CHAIR, perhaps I can shine a bit of a light on this. The answer this morning was that the funding was being channelled through the subsidiary of the power and water corporation which is the Indigenous Essential Services.

Ms SCRYMGOUR: Oh yeah, for the \$20M.

Mr ELFERINK]: Well, for the \$140M, but the issue is that's all being channelled to an organisation that doesn't build roads.

Mr CHAIR: Okay, we'll look into that a bit more. Can I just ask another question. There's a plan called a remote service delivery bilateral plan, 2009/2014. I don't know a lot about it but I know it's one of these things out there, and LGANT has got a representative on the board of management - is that correct - which is under COAG's overarching bilateral Indigenous plan. Can you explain what your role is on it? What's this bilateral plan about and what's the overarching bilateral Indigenous plan that you're on?

Mr TAPSELL: Well, it's Working Futures and closing the gap, so it's basically saying, look, here's a town, we're going to compare for Maningrida with perhaps a town, what a normal town perhaps down south should have, and we're going to say this is the gap, and then we're going to try and implement, have a plan which is going to say how we're going to move from one to the other. Along with consulting with all the people in these communities about what they would think should be in the plan. So the initial plans are coming out next month for each of the growth towns, and they will be very much draft in that the timeframe probably doesn't suit everybody but they will have what they're going to do for things like early childhood, like schools, police, community safety, even economic participation and other service delivery issues like leadership and governance

Mr CHAIR: Even bitumen roads?

Mr TAPSELL: Well, there could be. I know, for example, in the early Ngukurr local implementation plan they've asked for the 70 kilometres of road - you'll have to help me [inaudible]. Between Ngukurr and ...

Mr CHAIR: Yeah, but I was referring more to internal roads like Peter was ... that would be part of your ... ?

Mr TAPSELL: It could be in there. What they're trying to do is pick up the shire plan ... the shires are going through the process of getting their plans together now under the law, they have to, and they're hoping that what they put in their plans they can just put into these local implementation plans. Bearing in mind that it's only the 15 Commonwealth towns and then there's the five on top of that for the NT.

Mr CHAIR: Who will say, for instance, I'll take Marion's point about the planning out - I know planning for those areas is ... it comes under the planning scheme as unzoned areas, from my knowledge of the plan, so it's basically the town hasn't got a plan where you've got commercial, residential. Who was actually

working in that town so that you minimum lot size might be 800 square metres or 1,000 rather than a Palmerston sized block. Who was actually saying that the road will be 7.8 metres of bitumen and 20 metres wide? Who will be making all those decisions, and will the shire have a real say in that or is it being driven by the Department?

Mr TAPSELL: I presume they're going to have some say because the Department of Lands and Planning are doing the plans now, and they hope to be able to give shires a look at them in the next couple of months. Now they might not have all of them done as far as I know, this is as much as I know about it, and it will have industrial sites, residential sites, etc. Although bear in mind some places have got them all mixed up now so they won't be able to do much about the historical mistakes.

Mr CHAIR: All have mix zone.

Mr TAPSELL: So they are doing the plans. I spoke to the head of planning the other day and he told me that he wants me to organise a meeting with the shires in particular, so that they can explain where they're up to.

Mr CHAIR: But will you have ... you're talking about a normalised town, today, you have the planning authority, will be any form of community input through a public meeting, or will there just be little meetings? Like, we have a planning meeting in Litchfield, you have a public meeting. I know it's delegated in other parts of the Territory but I would have thought that if you wanted to normalise the town, we have a planning authority says, here's the changes to the town and we go and have a public meeting and people can have input. Will the public ... people that live in that town also have plenty of chance and plenty of people to explain what's going on, because zoning it's going to be a bit foreign to people. So will that sort of consultation occur?

Mr TAPSELL: I can't speak on behalf of the Planning Department but I presume that they would have to have some consultation. They're going to give the draft plans to the shire so presumably they're going to give them to the Land Council, they're going to give them to other organisations.

Mr CHAIR: But LGANT's on this board.

Ms SCRYMGOUR: If I could just ... so Gunbalanya, they're about to unveil, and this is probably that ... because it brings in the shire, it brings in the Land Council and the Commonwealth so the Northern Territory Government, to unveil which goes beyond the SLAP plans which used to be there. So the Gunbalanya, I suppose, was being used to let's get the blueprint right, let's look at what needs to happen in terms ... if you look at growth towns and normalisation, what do you need to do through this process and that ... it's actually been quite good for the traditional owners and everybody else to be involved in that and I'm hoping that we could unveil the Gunbalanya one during the open day, because that's going to change, I mean it does change the whole landscape of what that community used to be, and Tony should be, would be familiar with, places like Gunbalanya.

Mr TAPSELL: I mean, let's not confuse planning. There's the local implementation plan which is mainly about service delivery and there's the land use plan, All we're getting at the board level is that the land use plans are being done. We're not getting the details of what the plans are yet, but as I said, I spoke to the head of planning the other day and he said that they are gradually getting them done.

And there can be planning authorities although I don't think that this is the intent of the government at the moment.

Mr CHAIR: It has to be under the NT Planning Scheme ...

Mr TAPSELL: Well, no the Minister, the Minister ...

Mr CHAIR: Yeah, I know, but it's still planning authority.

Mr TAPSELL: Okay. Well, the Minister will be the planning authority for the rest of the Territory. LGANT's policy supports the creation of planning authorities. So we would probably support regional type planning authorities but I think the Planning Department thinks that would be too much for them to handle.

Ms WALKER: If I could just ask a question that digresses a bit, recognising there's been such rapid change with local government reforms and obviously what LGANT is covering but I'd be interested to know what your view or position would be on homeland resource agencies who regards themselves, I know certainly in the East Arnhem area, as almost like a mini shire themselves, and whilst they would fiercely want to defend their position as being responsible for inviting municipal services to homelands which will continue to grow, as do the rest of the communities in the Territory. I know that through Peter that there's quite a close working relationship there in terms of road maintenance but is there some longer term view about where they may fit in under local government authorities?

Mr TAPSELL: Well, certainly in terms of the provision of services, they have either partnerships with the shires, and or the contractors for the shires, just like anywhere else. If in the long term the shires end up taking over or are responsible for local roads right throughout the Territory including those two out stations, and they could get the required funding to do it. If there are out station resource organisations that want to undertake work on behalf of the shire, then I'm sure all of that is possible.

Ms WALKER: And they certainly do, in the East Arnhem, I know that.

Ms SCRYMGOUR: What, contract ... East Arnhem contract [inaudible] which is the same as West Arnhem contracts Bawinanga?

Mr CHAIR: And the same with what we saw in Alice Springs.

Ms SCRYMGOUR: Are we finished with the funding side?

Mr CHAIR: Yes.

Ms SCRYMGOUR: I just want to go to the next ... in terms of the recruitment and what involvement, I mean, the man power stuff and resources. What involvement does LGANT have with, I mean, in terms of support services with the shires, with recruitment of staff for all the shires. What role do you play?

Ms DAVY: Through the Chair, before when the shires weren't in place, I was employed to be a HR resource, and so a community like Yarra in would ring me, the CEO would say I need, whatever, that wasn't able to be provided from locals. I would generate the ad in relation to him or her, I would place it, I would get the applications, I'd do the ref checks, I'd do an initial, perhaps, chat on the phone and then I would send to the council a summary of who applied and what I have been

able to find out and a view to suitable or not suitable interview, not interview. But then I would stay out of that process. Now that the shires have got their own HR managers they do that. I get asked to come on board for either difficult recruitments, as in they could be contentious or the higher level like the CEOs.

There's been a shift to the shires using recruitment agencies for that, and I'm not being precious but I'm quite critical of what a recruitment agency does. They do not know the context that we're dealing with and the last two have been from the shire's point of view, retrospectively, quite shoddy. I deliberately try and monitor that to offer advice to the new elected members who are trying to recruit their CEO and some of them don't have that experience. But I don't get involved in the final decision making.

Ms SCRYMGOUR: But it's the right of the shires to be able to recruit who they want to recruit. How many, I mean as part of the policy and the human resourcing, because I suppose you would still provide some advice across shires, what's the policy and the code within, I suppose, that LGANT provides with police checks, for all employees, outside employees, non-Indigenous employees, and Indigenous employees in terms of police checks. We're talking about ...

Ms DAVY: We handle this ... what LGANT does have is a reference group, that meets three times a year I pull together all of the HR managers from the shires deliberately to hand over some historical knowledge that I had of how things work for the Territory, but also to provide professional development for them. The last time ... and I get from them what they see is an issue to address. The last ... it's interesting that you say that one. The issue was the difficulty of police checks by the volume, not necessarily the philosophy, so what we did is we brought in a ... we brought in the lady from the Police Department here who handles that, and the shift that's going to come. We're going to call it the ochre card, for specifically working with kids, with children, and I brought in an Industrial Relations person to talk about the legal requirements.

The view is from the shires that the community and the members of the community could be seen - and if you want to work that way - as being in a disadvantaged situation, and so consequently anybody that gets employed should have a police check. If you were in an urban or a Darwin City position, you would only have a police check if it was relevant to the work that you were going to do. So if you were a records officer, person, sitting in a records area at ...

Ms SCRYMGOUR: Yeah, I realise that, I realise that, but across shires, I mean all shires, or most shires, I mean, if you look at core services and what shires are delivering on top of all the agencies that they are expected to deliver, childcare is a big part of what a lot of the shires are handling. There's also a number of contractors and other people coming in. Surely the shires, there must be across the board some policies or work that, you know, with the human resourcing, across all of these shires that it is mandatory in terms of police checks, are regardless of whether they're employed in a specific area, whether it's childcare or other places.

Ms DAVY: My understanding is it is. The recent issue that's been raised was actually on the Tiwis, where there was a group of contractors working extremely close to the childcare centre. Now, how the shire handled that I'm not sure, but my understanding is that they would have had a right to go to that contractors and say, if you're in that vicinity we would be expecting you, in your contract arrangement, to come and build that facility, that you had police checks of all of your contractors. My understanding is the shire doesn't have the right to insist on it but they would

probably have the right to say, unless you can say you're doing that we don't want you to manage that property.

Ms SCRYMGOUR: But in relation to then the shire and all its employees, are you saying that there is a policy in terms of police checks across the board?

Ms DAVY: They've all got their own but my understanding is it is.

Mr TAPSELL: And just on policies too, Marion, we, under the Act, all of the shires have got to have HR policy, and what we've done for them is to say there's a whole group of model policies you can adopt and adapt to your own circumstances, and we've given them to all of the councils let alone the shires.

Ms SCRYMGOUR: Yeah, no, look, I'm just asking because, I mean, whilst the Northern Territory Government funds provides stuff, I mean, LGANT has been set up as the member organisation to provide a lot of that support service as well. So most of the checks are done. I've just completed two weeks of going around a number of remote communities within the shire boundaries area, sitting down, talk ... I mean, when you look at the computer system, and I know that we ... how much training has been done or ... I think you said there has been some training provided?

Ms MOIR: In the remediation project.

Ms SCRYMGOUR: Yeah, so I've been told by a number of shires it's only been one. Who's funding ... has LGANT been provided the funding to do that?

Ms MOIR: The NT government provided around \$4M or whatever for the remediation project, and that included training for people which I identify as one of the major issues, you know, to put in a new complicated system and expect people just to operate it.

Ms SCRYMGOUR: Well, I sat at the system the other day and I tried to get it ... and it is just ... I don't know which brain surgeon developed that, and you're expecting people on the ground in these councils to be in the receiving end.

Ms MOIR: And that's one of the things, as well, we're going to go to the NT government for some sort of continuation of this project so that that expertise and that training can continue.

Ms SCRYMGOUR: Okay, so that's handled by Des Kennedy, which I think came to us?

Ms MOIR: He's [inaudible] but he is very keen to be available - not at the same sort of cost per hour that was under the charge previously - but very keen because of his commitment and his team's commitment to continue being available for, obviously, a price but to be available for ongoing training and assistance. He's very committed to shires.

Ms SCRYMGOUR: Can I Mr Chair? What support ... you were talking about financial viability of shires before and you were saying that it's never been costed. What work is LGANT doing given the impact of CDEP or demise of CDEP on the ground in communities with the shires given Work for the Dole has come in and CDEP has been removed from shires' ability to carry out certain functions. Has there been any work or accounting done by ...?

Mr TAPSELL: Yes. We've had meetings with the shires. In August 2009, we wrote to the Territory government about the arrangement whereby people who were on CDEP would move into full-time jobs. It was largely a Commonwealth initiative. We've written to Minister Macklin about it.

In 2008 there was funding of some \$8M to be provided to the shires to transition people from CDEP into full-time jobs and we knew that this was only for two years funding. Each of the shires has got between 50 and 100 employees out of that funding but it all runs out on the 30th of June, this month. We wrote to the Territory government in August of last year highlighting this as a major potential problem in that, I guess, there was an expectation that people would be able to be transitioned into shire funded jobs, but when you bring in that many, the shires in some respects, probably shouldn't have maximised the employment effort. In hindsight they shouldn't have done it, but they did. And why wouldn't they when the money's on offer and you can employ all these people, so you do. And they tried to transition them into housing and what-not, and they did transition some, but generally speaking, they haven't been able to transition the bulk of them. Which means that we're facing quite a dilemma. We went to see the then minister a few times as well and he said that the Territory government was taking it up, and they did. They pursued it with the Commonwealth, but it seems that the Commonwealth, at this stage, is standing firm. That is, that after two years of funding they're not going to continue with it. And of course this often is a situation which confronts local government is that one of the other spheres comes along and says, here's a plan, here's some money, do you want to go with it, and most of the time, a lot of the times, local governments take it when they shouldn't because at the end of the period the money runs out, or they're left with a huge asset that they're suddenly got to look after or find funding for. It's a bit like the swimming pools. Wonderful things to have but ...

Mr ELFERINK: They have the ongoing costs.

Mr TAPSELL: The ongoing costs are always ... and that's unfortunately, sometimes where the Commonwealth comes from, and you'd probably know that from the Territory government experience. You've often got to pick up the tab at the end of the day, and ...

Mr ELFERINK: Tony, can I ask, on the 30th of June, how many Territorians will lose their job as a result of this funding cut?

Mr TAPSELL: Well, it seems like there's a remedial measure in place. The Territory government is looking at assisting. It realises that it's too quick but you're looking at something like 500 employees, across all the shires. So we've written to ...

Mr ELFERINK: As low as that? I thought it was closer to eight.

Mr TAPSELL: I'm hoping to give you the letter which explains, probably, all of this, that we've sent to Jenny Macklin.

Mr CHAIR: If you could, yeah.

Mr ELFERINK: And under the remedial project that the NT government are looking at, how many jobs might be saved?

Mr TAPSELL: We don't know because they've only just decided to come back with something. We don't know how much and for how long - that's the other problem. But we believe it could be funding up to around Christmas time.

Mr ELFERINK: Right, and which department's taking care of that?

Mr TAPSELL: The Department of Local Government.

Mr WESTRA VAN HOLTHE: And is it in this year's budget or is the decision subsequent, like, to the year's budget?

Mr TAPSELL: I don't know. But they're obviously pulling out all strings to try and do something about it which we're really appreciative of. One of the things that you will see as we've said in the letter that whilst we have the inter-government agreement which all governments have signed, both the Commonwealth and all the state and territory governments, which is largely about not cost shifting; we've said in our letter that we believe this is something of a cost shift. We don't believe that the Territory government really has the capacity to come forward, this is a Commonwealth issue and we believe the Commonwealth has a duty to find a resolution. In some respects it was a poison chalice, Marion, it was, here's a bucket of money, you can employ a lot of people but really you shouldn't because what you should be doing is working out which ones you can really keep on after two years. In most shires that was always .. especially with all the agency funding and one-off grants that was always going to be a problem. But what they did was they maximised employment, they said, no, we'll employ as many as we can for core services, 50 to 100 ...

Mr ELFERINK: And what was the quantum of funding? Sorry ...

Mr TAPSELL: About \$8M.

Mr ELFERINK: And the program was called? There would have been a name associated with it?

Ms SCRYMGOUR: It was CDEP Conversion, it was from CDEP to work transition, to full-time work transition.

Mr CHAIR: I find it hard to accept that one of the real benefits of amalgamation of councils was real jobs and more jobs, then you tell me we're going to lose 500 jobs. I know they were CDP but they were part of the amalgamation process at the time, and it's pretty disappointing, because I think that employment is one of the key factors for Aboriginal people to advance and if we're cutting jobs we're just going back to square one. I mean I'm the one that ... I'm not supposed to repeat that I worked at Bathurst Island 30 years ago but we employed everybody that wanted a job. We introduced welfare, 30 years we've been under the same process, and now we're going back there again. But it's certainly something that I think, you know ...

Ms MOIR: It's definitely something we are fighting.

Mr CHAIR: Yeah, alright. Can I just ask, we'd better finish up, but just two questions. One: on the review of the Local Government Act, is there anything specific you see as part of the Act that needs to be reviewed?

Ms MOIR: Yes, we've got a list, we can give you.

Mr CHAIR: That'd be good. Alright.

Ms MOIR: It's the focus for the ALAC committee at the moment, the particular changes.

Mr CHAIR: The other one is, when the government set up the amalgamation, said to council, these are your core functions and then non-core functions, all these sort of functions, one of those core functions for some councils was horticulture. Now we just went town to Santa Theresa. Santa Theresa in its golden days obviously had a very nice beautiful garden. The water has been now cut off because the council decided it was too expensive to run, you know, pay for the water. Has LGANT actually gone back and said, let's review some of the requirements the councils have been asked to take on because that was ... I remember in the debate, that was one of the debates I had. There's a lot of these core functions were not council's responsibility, and has LGANT actually gone back and looked at these things and said, perhaps we need to review what is really the functions of council and not the functions of council?

Mr TAPSELL: As part of a legislative amendment ...

Mr CHAIR: But what about as a body, have you looked at ... because you were part of the system which brought all of this into place and all those, you know, future shire plans were all agreed to by councils at the beginning. I don't know whether they were agreed to or they were just told that's what you'll have, but the thing is that, has anyone gone back and said, well look, this really needs reviewing, this is a big strain on a council, because I certainly think, even like stores were supposed to be taken over by councils. And I know you mention that that might be good but I'm not sure that's a function of a council.

Ms MOIR: It's not that it was a fundraising ability, certainly, you know, those stores, some of them sold goods that were within date. One of the investigations we're doing now is, are those stores selling offloaded goods?, and I've have some evidence come in from some communities. I now know the difference between use by and best before, which is legal and which is not, but certainly I'm concerned about that. But to go back to that issue, I guess our focus has been to not change those lists of responsibilities because our members haven't been saying to us, we don't want to do this or we don't want to do that. What they say to us is we want the money to be able to fund our services. So they haven't actually been pushing us to look at the services they should be providing.

Mr TAPSELL: By the same token, it's a fair enough question and maybe we should raise it with our members.

Ms SCRYMGOUR: I mean, in the Act, and one of the things that I wouldn't want to see happening up here is the dependence that councils in Queensland had where they're able to set up their own, you know, wet canteens as a means to raise revenue, but there is, under the Local Government Act, you know, there is ability for the shires to be able to put in place a wet canteen or club, which is completely not a function of local government.

Mr TAPSELL: Commercial development has always been in the Local Government Act, to my knowledge. There are some quite interesting examples of local governments that have gone down the line of developing enterprises. In the Northern Territory there's been a bit of delving into shops, and there's an argument

for saying maybe they shouldn't be in shops at all, and that's true. I mean if Darwin City Council wanted to start up a coffee shop over here, I'm sure there'd be a huge outcry and that'd be thumped on the head. North Sydney Council, if you go and have a look at its website, they get a huge amount of income from property income because they have invested in real estate over many decades in north Sydney which has greatly improved their revenue..

Ms SCRYMGOUR: Yeah, I've got no problems with that, Tony, but does North Sydney Council run pubs and clubs in North Sydney?

Mr TAPSELL: No, it doesn't. No.

Ms SCRYMGOUR: So when you look at the Local Government Act, that Act provides these shires in the Northern Territory to do that. Is that a local government function? I mean, you're saying you're not looking at the Act to ... so that we can try and get the shires to focus on. I mean, I've got no problems with enterprise development, I think that in communities, they actually then can provide some competition for other enterprises, but using the example, like in the Act, the shires can, you know, set up a wet canteen or a pub, is not something that shires should be ... they shouldn't have the ability to do that.

Mr TAPSELL: Well, certainly under the Act at the moment, they have to perform the core services. This is just the shires, not the municipalities. So their focus has to be on the core, because legally they're required to do that.

Mr WESTRA VAN HOLTHE: But that is not necessarily prevention for a dalliance in another area.

Mr TAPSELL: That's correct.

Mr ELFERINK: I'm just reminded of [inaudible] in Alice Springs, at one point or another.

Mr CHAIR: I think we might have to wind up; we've gone a little bit over. Thank you very much for coming, there'll probably be more questions. An amalgamation of councils is a bit like [inaudible], it's going to be an ongoing thing. I don't think the CTC is here to say that we don't accept amalgamations but what I think we need to do as a council is to see whether it's working, what needs to be done to make it work better, but needs changes, that needs more money, different approaches, then that's part of our role, and we'd be happy to hear from you any time about things you feel that we could push as well to the government, so that's our role as well as yours. So thank you very much for coming, and appreciate what you've said today. And you're welcome to have lunch, and any members of the public who might be starving to death.

HEARING ENDS