



LEGISLATIVE ASSEMBLY OF THE NORTHERN TERRITORY
COUNCIL OF TERRITORY CO-OPERATION

Public Hearing, 13 & 14 September 2010

Members:

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

Witnesses:

13 September 2010

12 noon – 1pm

Territory Alliance, represented by:

- Allan McGill, CEO
- Steve Shenfield, Operations Manager
- Karen Smith, Executive Officer

1:30-3:00pm

New Future Alliance, represented by:

- Brian Hughey

14 September 2010 *(from Page 39)*

9am – 12 noon

Australian Government Department of Families, housing, Community Services and Indigenous Affairs, represented by:

Ian Boyson, Executive Director Remote Housing

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

Ken Davies, Chief Executive Andrew Kirkman, Executive Director SIHIP

Andrew Kirkman, Executive Director SIHIP

Mathew Fagan, Executive Director, Service Delivery Coordination Unit

David Alexander, Director of Local Government and Outstation Programs

1pm – 3pm

Bob Beadman, NT Coordinator-General for Remote Services

[MEETING OPENED AT 12:07PM]

Ms WALKER - DEPUTY CHAIR: Welcome, I declare open this meeting of the Council of Territory Cooperation, and welcome the following witnesses: Allan McGill, Territory Alliance; Steve Shenfield, Operations Manager, Territory Alliance; and Karen Smith, Executive Officer Territory Alliance, who are appearing before the Council to brief in relation to its terms of reference and the people we have here today. The 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, may 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 purpose of the record, I would also ask that you state your name each time you speak. I am the Deputy Chair of Council of Territory Cooperation, our Chair, Gerry Wood, has asked me to Chair this session such that he may be in a position to ask questions of you.

Mr WOOD: Thank you Allan, Steve and Karen for coming. I've just got some questions firstly in relation to costs. Can you provide a cost for the following that have been handed over: eight refurbishments, 66 rebuilds, and 19 new houses on the Tiwi Islands; and do you also have costs for the 29 refurbishments, six rebuilds and six new houses on Groote? Do you have an indication of what that has all cost so far?

Mr MCGILL: We can provide some information, not off the top of my head though, I wouldn't be able to provide that information. In Groote that's part of a transitional arrangement from their previous alliance to us, so there's mixed information would need to be collected there. As far as the Tiwi's go we can provide some information about the ... in particular Milikapiti where we finished the 30 houses there, refurbished houses.

Mr WOOD: Could I just ask you that, our matrix has got them down as 30 rebuilds, but were they refurbishments or were they both?

Mr MCGILL: They were called rebuilds or major refurbishments in the first definition of the SIHIP refurb rebuild program, so they were the equivalent of a rebuild in today's definitions.

Mr WOOD: And they would have been \$150,000?

Mr MCGILL: Yeah.

Ms SCRYMGOUR: It was in the first package.

Mr WOOD: So, we've got done in our matrix the 30 houses at expenditure to date, I would presume that's final expenditures, \$4.8M?

Mr MCGILL: Correct.

Mr WOOD: And if I do my maths, \$160,000. So it was slightly over what was the budget. Was there any reason it was over? Over 30 houses that would be about \$300,000. So the

announced funding was \$4.5M, the actual expenditure was another \$300,000. Was there any reason for that being that far over budget?

Mr SHENFIELD: Largely it was because we were there a bit longer than what we anticipated. There was some delays experienced in transitional housing when that was made available to us, which extended our duration, we didn't have as many work fronts available to us as we'd originally anticipated, so we were in Milikapiti a little bit longer than we'd anticipated. So that's basically a labour cost.

Mr WOOD: One of the areas the alliance has had a lot of trouble with, not the alliance, the Committee has had a lot of trouble from alliances, I won't say you in particular, but is getting these costs, and the Auditor General also mentioned it in his review of the SIHIP program. So if we were to ask for the cost of eight refurbishments, 66 rebuilds, and 19 new houses, are we able to get that fairly accurately?

Mr SHENFIELD: No, I don't believe we can give you that very accurately, by the nature of the way we procure the works.

Mr WOOD: I understand that, but in this document Strategic Indigenous Housing and Infrastructure Program, which was the initial guide for everyone, it mentions in a number of occasions the open book, it says that one of the key features is the open, honest and efficient sharing of information. Don't get me wrong, I'm not using honest in a ... I don't think they were doing it and saying you were dishonest, and later on they talk about, it's actually raised a number of times. But one of the key features of an alliance participation program is the open book audit, and yet we have the Auditor General cannot find out up to a point how much houses are costing. So if someone was to ask how much did it cost to pour a concrete floor on the Tiwi Islands, you would think someone should be able to give us an answer because you'd have a computer program which must have many, many categories. It should tell you that that floor should have cost you this much money to pour on Bathurst Island.

Mr SHENFIELD: We can tell you how much it should have cost, but it's very difficult to tell you how much it did cost. In order to provide you a cost for each element, you need to divide up the costs associated with all plant and equipment, barging, airfares, accommodation, project management, site supervisors, the list goes on. The job is priced as a whole, not as individual jobs. Certainly we can tell you what our estimate for what we believe it should cost for that element of work, but to give it to you on a progressive basis is extremely difficult if not quite possible or practical. For example, we will charter a barge that might have materials for refurbishment, materials for new builds, materials for rebuilds, it may have food for the camp, it may also have aggregates for the concrete which is being provided in Nguiu for example by BIHA. So to apportion those costs is extremely difficult. What we will be able to say at the end of the day when we complete the works, we've spent X amount of dollars on barge costs, and for that cost we delivered the total number of dwellings, the total number of refurbishments, total number of rebuilds.

Mr WOOD: But wouldn't a normal company know that it had spent so much on food, for instance, or it had spend so much on cement, and it spent so much on sewerage pipes, and so much on this. Now you'd detail what you were buying and you'd add a freight component to that.

Mr SHENFIELD: That's how we price the works, yes. But at this point we might order materials for 30 refurbishments, and we haven't been to all those dwellings at this time, so

based on the records that we have and what we've found in the earlier dwellings, we make a bulk order. We don't know until we've delivered that dwelling whether all those materials will in fact be used on the next one or the one after, so it's very difficult to provide you with that information. For that reason.

Ms SCRYMGOUR: Maybe, Madam Chair, if I could just ... and I declare my interest here as the local Member, just listening to your response. So let's look at Milikapiti, 30 houses. How did Territory Alliance make the decision about which 30 houses out of all the houses on the ground in the community? Surely before you went in there, there would have been a scoping study done of that community as to what the playing field was going to be. I also bear in mind when I look at other communities where the refurbishments are happening, the Tiwi Islands was part of the first transfer so it was \$150,000 per refurb at that time. So who determined which 30 houses in that community was going to be part of the refurbishment program?

Mr MCGILL: That was determined in consultation with the Housing Reference Group, and Territory Housing people on site. It was approached at Milikapiti on the basis was 90 houses in that community, public houses. Thirty of them, roughly speaking, were in reasonably good condition, they weren't that old and they were in good nick. And there were another 30 that were almost beyond repair, so that then focused on those ones in the middle that could be upgraded and brought back to as new. Now included in that there was an extra one that was a ... one of those numbers was a beyond economic repair building, but we determined that we could repair it and use it as transitional accommodation for people while we were working on their house. So we actually produced another house back into the stock. That was determined in consultation with the Housing Reference Group, locals, and Territory Housing.

Ms SCRYMGOUR: The Housing Reference Group, is that part of the shire or ... ?

Mr MCGILL: No, the Housing Reference Group is a group of locals, it was set up by Territory Housing to help them with the SIHIP work, plus tenancy matters and lots of other things.

Ms SCRYMGOUR: With the 30 houses that were part of the refurbishment program, are you saying that the total cost of that then came to the \$4.8M?

Mr SHENFIELD: That's the order of costs at this time.

Ms SCRYMGOUR: And that was just on ... oh no, you said that factored in other costs associated with, like, your work crew and ... but you still can't get down to one house on the Tiwi Islands which were refurbished, what that cost of that house is or has been.

Mr SHENFIELD: No again, I guess we're staying in one camp, all materials are delivered actually to one barge landing and distributed between the housing. There's a project manager that's shared between both sites, a safety officer, vehicles that are shared across both sites, so it is extremely difficult until all of package one Tiwi Islands is complete, to identify the cost, the true cost. And to do it by house number, we would need 10 additional clerical staff just to try and manage that cost. As soon as you add that sort of overhead to the package, obviously you're delivering less in the field.

Mr WOOD: The bit that concerns me, I understand and we've had that before, but the whole basis of this alliance, and I'm not ... you didn't obviously work on the basis of the government saying this is the way to build these houses, but the fundamental principle of the

alliance system was an open book philosophy, and this article by, I think it's Mr John Doust, it comes under an article on construction law, open book philosophy says, for this system to work the employer also requires the contractor to make available facilities for the employer's representative to visit the places where the records are held, and make an inspection of the records, and what some of those matters that should be available will be the costs of direct labour and indirect labour cost, direct material and subcontract costs, overhead cost, analysed to identify appropriate categories such as administration, payment details to suppliers, contractors, capital expenditure, and such revenue expenditure is not detailed.

So what I'm having trouble with is that we've got this process that was set up so that everybody can see that it was not a wasteful project, it was actually operating within the guidelines that the Federal government had set, which they put the dollar figures on houses, yet it is very difficult for us to sort of say you are building houses for \$495,000 if you can't tell us whether you're building houses for \$495,000 till the whole project is finished. By that time it might be too late to say you've stuffed up a bit here. So how do you know you're not going off the track if all these costs are built sort of as part of a package? How do you know you're not building the house for \$650,000?

Mr MCGILL: I'll start if you like. There is a budget for each package of work, so Milikapiti was four something, Pirlangimpi was three something, and Nguiu was 40 odd, so you have a budget within which you're going to work, and the package development report, which sets out the scope of work we're doing, the cost and all those things, so the terminology is the total outturn cost and the total outturn scope, are all what is agreed to after we have done our preliminary evaluations and so on.

We don't just sort of leave the bank account open and it just comes and goes, we get audited every six weeks by SIHIP appointed KPMG, who then go back and audit all the owner companies who are involved, any claims that they've put in for labour, all those sort of costs, they also check on other compliance related matters within the SIHIP guidelines. So there is a SIHIP sponsored audit process that happens every six weeks or so.

We also have our own internal audit system to, I mean, we've got companies who are involved, they know what they're expecting to get out of this, so they're wanting to make sure that everything comes out according to what PDR said it would be. As far as how we fit week by week, that's not as easy to say at a particular time. For example, the costs of designing at Nguiu, for example, that whole cost has gone in there at the most, I've factored in over a period of months, that expenditure is in there, and yet when we've finished, after we've finished building 90 new houses at Nguiu, that initial overhead cost will be spread across those 90 houses. At the moment it's showing in our expenditure today as one bulk amount of expenditure, if you know what I'm trying to get at. We don't allocate that across each of the houses.

Ms SCRYMGOUR: So if I could, Madam Chair, so if I look back at Milikapiti, and I don't mean to harp on Milikapiti all the time, but just with what you're saying; 30 houses, scoping work done prior to you going in and doing it, all overseen by the Housing Reference Group, so I think you answered that in part, the Housing Reference Group determined which 30 houses were going to be done. Work completed, surely by now you should be able to say, okay, per refurbishment, in Milikapiti, we were able ... X average cost on a house in Milikapiti to be refurbished was \$100,000 up to \$150,000, 20, you know, what was the average mean cost of refurbishing a house in Milikapiti given that works have completed there on the ground for the 30?

Mr MCGILL: Steve had a meeting last week with senior people to go through and try and come up with that, identify that average cost. I think that was on Friday.

Mr SHENFIELD: And as I said earlier, the order of costs is \$160,000 per lot at Milikapiti.

Ms SCRYMGOUR: So even if the part of the alliance model, and going towards an alliance model was cost efficiency, cost saving, so you've got a community you're going to be refurbishing, 30 houses in this, given that, across these 30 houses, taps, lights, so you would do bulk ordering, your saying that even with that in mind, it is still costing average about \$160,000?

Mr SHENFIELD: That's correct.

Ms SCRYMGOUR: And given as someone who has actually looked at some of these houses and then ... look, I'm not a builder, that's why I'm asking you for some explanation on it. I've then had a look at some of the houses that the alliance deemed as, what did you call it? Beyond economical repair, which have now been picked up by the shire, and the shire is conducting or undertaking the same work as the alliance with some of these houses, that the, I suppose, when one compared the work that's been done by the shire versus what has been done by the alliance, why is there such a difference in the work?

Mr SHENFIELD: Look, I can answer that. I don't know what the shire is doing, and it's very difficult and unfortunately it's a trap that we all fall into on many occasions, so and so can build a house for this or so and so can refurbish a house, why? Until you can actually get into the nuts and bolts and understand what the scope of work is, and what was provided, it's very difficult to make that comparison, and it's unfair in fact to make that comparison.

Ms SCRYMGOUR: That's why we're asking you. I mean, because I've had this discussion with the shire, I've also had a look out on the ground at some of the work that's been conducted, which is why I'm just trying ... I'm just trying to ascertain, I'm not trying to say the shire does better work than Territory Alliance, I'm just saying why is it that I can, when I go and look at these houses in this community with what the work that the shire and their crew have done versus what the alliance has done - and it's not a versus game, I should remove that word - but when I've had a look at it, the comparisons are quite different.

Mr SHENFIELD: Well, it's very difficult for me to respond as to what the shire have done, because I physically personally haven't seen that, so I can't give you that comparison. What I can say to you is that we encourage and we did employ a significant number of local staff, which required some additional supervision, we provided that staff with many opportunities, and we provided meals, various other things. We completed the works in accordance with Federal safety requirements, so barricading, appropriate scaffolding, etc. etc., which whilst we would normally say to you that is business as usual for us, I'm not saying it's not for the shire because I haven't been there to see what they've done, but certainly my experience in many communities is that that isn't what actually happens in real life.

I don't know how they treated the wet areas, whether they've been ... when they removed the cladding did they repair the wall framing; did they do the water proofing properly; whether they've provided certification for same; did they provide the appropriate duration between application of coats? The list really goes quite long. Did they move switchboards inside from outside, or if they left them on the outside of the building, what did they replace; have they put earth leakage devices on all circuits? I don't know, so it's futile for me to give you that

comparison, but it's quite a significant list of things that we do do, and a coat of paint will hide a lot of sins, and if it's a coat of paint they've had, they'll look great, but I don't know whether they've done all the work equivalent to that and the standards that we have.

Ms SCRYMGOUR: Madam Chair, some of these houses haven't had a coat of paint and I know that a coat of paint can hid a multitude of sins, but it is, I mean, when you look at the ... and we've seen it on many of our travels around some of the communities where you can get a tin of paint and that can hide a number of things, so look, I wasn't ... and like I said, I'm not a builder nor am I an electrician to know what's been done, but when you look at the work, and when you understand the interpretation of what is required as to functionality with these houses under the refurb program, what's been done, I think surely those 30 houses at \$4.8M, and if you're saying up to \$160,000, yeah.

Mr ELFERINK: What you're saying is that beauty is merely skin deep, but refurb goes all the way to the frame.

Mr SHENFIELD: That's right. What we do is everything, yeah.

Mr MCGILL: I think it's also you've got to remember the new definition and the old definition of a refurb and a rebuild. The ones at Milikapiti were all rebuilds.

Ms SCRYMGOUR: Yeah, under the old definition, that's right, Allan, which is why I'm concerned.

Mr MCGILL: All those houses, the scope of work that we do, whether it's a rebuild or a functional refurbishment, the scope of work that we undertake is agreed to with the asset manager's office at the Director of Housing, and wherever we can we include the Shire in all of that process, so that they've got contractual obligations for their housing maintenance money, so we try and work with them so that we're not duplicating, so we're actually ... it's no good us fixing a light switch if it's something that Territory Housing would expect the shire to fix with their regular maintenance program. So we do try to work with them to make sure that we're using the money as wisely as possible.

Mr SHENFIELD: In order to answer your question I would really need to see what you were comparing it with and you've got one up on me there.

Ms SCRYMGOUR: I could meet you over on the Island and I could show you which houses.

Mr SHENFIELD: If that's what you would like to do, I mean, we can do that, but in order to provide some sort of decent response to your question I really need to see them.

Ms SCRYMGOUR: I mean, I've gone to houses and looked at houses that the shire is doing, and based on what moneys they get and these are houses that I know, well, I've been told were rejected by Territory Alliance as beyond economical repair, that the shire have, with the housing money that they get plus some of the work that they've picked up, some of the work that they've picked up from you guys, that money has gone in to bringing these houses up to the same standard, well, that's their interpretation. And it's not just a coat of paint that's been put on it. I mean, they done ... one house I'm seeing quite extensive work that's been done, but nevertheless at some stage it would be good to, if you're ever over on the Island, I could show you these two houses, but I'd like to get onto other communities where Territory Alliance is.

Mr WOOD: One of the reasons I'm a supporter of the open book, because one of the issues I think that's missing here is that we need to find out how efficient you are. I mean, we don't want you to spend the budget just because it looks like it's nice and level and the end of the day. And there's been some issues raised about Galiwinku, and one of those issues, for instance, is are you making the effort to protect things like reinforcing rods and other steel products that are going into the houses.

I got sent a photograph, and I can't tell who it is because they've left his shadow there, but this is your product at Elcho Island, and it's not covered. So it's come across all the way to Elcho on a barge, and what it will have will be salt intrusion. Now I'm told that they are SIHIP trailers, I'll get a second opinion here in a minute, and that they don't cover the steel and the problems that you have with that, of course, unless there's some treatment given to that steel, you will get problems with when that's put into concrete.

They also mention that the SIHIP contractors sometime leave a mess at the barge landings. The TOs are not very happy with that. Again that's something that should, just out of good manners, be tidied up; I'm told that was SIHIP sort of damage, when I say damage, you know. And the other one was just even things, there's some more there where crates have been, but even little things like using ... having the trailers ready at a barge landing so that you don't ... you only have one turnaround of the barge. These trailers are all facing the wrong way to go put on a barge, you've only got a limited time.

Having lived on Bathurst Island for a while you try and get everything on the barge, and there are other issues like for instance piggy backing trailers, so you didn't put just one layer of trailers in the barge, you put them on top of one another so you increase the amount of load you can put on one trailer.

Now they're some of the issues that have been raised with me, and it's not necessarily related to the houses that are being built there, but it's asking, do you sort of look at reducing costs by making sure you're using the most efficient ways of bringing houses to these communities. Because if you've got a barge that has to wait, what, 12 hours for the next tide, you still don't get everything on and you have to wait another 12 hours, the cost of that barge must be fairly high, and that's adding to the cost of the houses on that community. So I suppose what I'm asking is, so you have people on the job that understand all these particular issues, or again, do you just hope that it will all fit within this big global figure and not too worried about making sure we do things to the best price possible?

Mr MCGILL: Well, we do make every effort to make it as efficient as we can, and we do have people who are actually employed from Perkins Shipping and other established freight people who help us manage our freight and logistics operations, so we do, and we also compete with the barge companies. There's another two or three who are operational at the moment who we do get prices from, and sometimes charter the barge completely so that we've got it at our disposal, not just a regular barge service. We do make every attempt to make it as efficient as we can.

Mr WOOD: But if steel is not being covered, and I'll go to the normal thing is to cover steel, especially is it's going into a concrete floor, and you're not doing this, and then you're putting that steel into a house, aren't you basically building a house which would have a shorter life than it should have? And are you cutting costs by not making the effort to sea-wrap them as I think the terminology is used?

Mr SHENFIELD: I can't answer your question in that particular instance. Yes, we pay for sea-wrapping and we certainly can provide you with our purchase orders that have gone to the steel suppliers that say that the steel is to be sea-wrapped along with every other product we take. So I don't know whether that is Territory Alliance or not; there are three other contractors currently working on, in Galiwinku, constructing other works for various other entities. I don't know whether it's our product or whose product it is, however, I take on board your advice and I'll do some checking. We're paying for it to be sea-wrapped so we expect it to be so. If it's not I'll ...

Mr WOOD: It's certainly a big concern. The status of the work over at Galiwinku, you've got 11 new houses underway, could you tell us what stage they're up, and could you let us know when you first started building those houses?

Mr SHENFIELD: We commenced construction on those houses in about early June. We had significant issues with accommodation and that's why the late start. We had arranged for some accommodation to be provided through Marthakal, and that's in fact what we incorporated at PDR and trying to develop some Indigenous business within the community, however, when Marthakal made application to get a Section 19 lease over the land, a swag of people came along and decided that they thought they might have owned it. So NLC are currently going through the process but it's all a little bit late for us now.

Mr WOOD: What about from the time you actually poured the first floor to now?

Mr SHENFIELD: I'm only going by memory, I would have thought we would have been early June.

Mr WOOD: Alright, because, and I've been told this from other people, that there's been some school houses built on Elcho, and I know they're not necessarily the same design.

Mr SHENFIELD: Or quality, I might add.

Mr WOOD: Well, the only question I'd say to that is that they're government school buildings, you would hope that they come up to a good quality standard. So you're saying that these are school houses up to a poor standard?

Mr SHENFIELD: I didn't say poor standard.

Mr WOOD: A lesser standard.

Mr SHENFIELD: Yes, they're constructed out of lightweight framing materials, which if you go to Galiwinku you will see many dwellings that are failing that have been constructed with those products.

Mr WOOD: So you're saying the reason that they were able to put up eight houses, and I've got the dates here, between April to August, was simply because they are a lighter ...

Mr SHENFIELD: They're smaller, I believe, the construction methodology is totally different to what we're using. We're building something as required by SIHIP, that is, robust and will last for 30 years.

Ms WALKER - DEPUTY CHAIR: They're also a prefabricated accommodation, Gerry.

Mr SHENFIELD: We're also required under SIHIP and the government to get all the appropriate clearances for the extraction of gravel, sand, water, etc. I'm not saying others don't but ...

Mr WOOD: How long did it take you to get those clearances? Any idea how long it took? When you were doing all your scoping did you actually make ... do some enquiries as to what were going to be the problems to build houses on that community, like clearances?

Mr SHENFIELD: As we do in every community. That's correct. I mean, I would ask where did the people that constructed the education houses actually stay? Where did they camp? How many men were there? What facilities were provided that meet the requirements of who they've got to meet? There is a big difference, and again, as I said to Marion earlier, it's very difficult for anyone to sit and say we built these houses in this period of time, the education houses, how come yours have taken longer? What are they, what are they constructed out of, what accommodation is provided, what safety measures are provided, and the list goes on.

Mr WOOD: Just on the fact that we're slightly diverting there, the question put to me is that whilst members of the alliance might be accredited under the Federal Safety Commissioner, is the alliance itself accredited, and should it be?

Mr SHENFIELD: No, the alliance is a transaction facility. All the alliance members have Federal safety accreditation as required by the Federal Safety Commission. We're operating under one of the NOP's licence, and that's keeping within the Federal Safety Commission.

Mr WOOD: So just going back to Galiwinku, how many houses have you completed there?

Mr MCGILL: We haven't handed any new houses over, there's six or so that are about to be handed over next week.

Mr WOOD: And they're solid concrete, using that process?

Mr SHENFIELD: Correct.

Mr WOOD: Can you get your sand and gravel from the island and don't have to import it like for Bathurst Island?

Mr SHENFIELD: No, we have to import it.

Mr WOOD: Have you looked at the option of, you've probably heard me raise it before, why you don't actually build the frames in Darwin and then transport them by barge instead of transporting what you might say are air frames, because they're not actually holding anything, they're just the frames for the walls, have you looked at comparing the cost of actually setting up a base in Darwin or Arnhem Land somewhere and then getting better costs, especially when barging those materials to a site?

Mr SHENFIELD: Yeah, we've been through that whole exercise. Precast as opposed to lightweight frames as opposed to Ritech as opposed to a myriad of products.

Mr WOOD: My question was, you're using Ritech which carts Ritech frames to a community on a barge, and it has nothing but air and a frame, whereas if you built those frames, say, in Darwin or somewhere central in the Arnhem Land, and then transported that wall on the barge so you don't have to import sand and cement, have you done a cost analysis on which would be cheaper?

Mr SHENFIELD: Yes, we have. And it's cheaper to deliver it the way that we're delivering it.

Mr WOOD: See, under the open book policy, if I can't see that, under the open book, I would have thought would allow someone to be, not me personally, but the Auditor General would say, okay, let's see if you're right. How can someone say you are right?

Mr SHENFIELD: Our options are scrutinised by the independent estimator as supplied by SIHIP. Prior to the agreement of any PDR or target adjustment, all our figures are scrutinised by independent estimators.

Mr ELFERINK: I'll add to that, Gerry. Frankly, in answer to that question, last time I checked the Territory Alliance is not a registered charity, I'd be correct in saying that? So you're in this to make a profit. That being the case, I'd imagine that they'd determine what is cheapest is best for them, within the bounds of the rules that they've been given. I'm not sure if this line of question goes to anything.

Mr WOOD: Well, it goes to the point that this is a new way of doing things. Alliances I've never had anything to do with before. I read the documents that were given to all the industry and it talked about an open book policy. I pick up a document from someone in construction law, says these particular matters should be out in the open. I'm not saying they should be out that far in the open, but the Auditor General, for instance, should be able to, I would have thought, go to you and say, you've said this is cheaper, KPMG only look at benchmarking.

Mr ELFERINK: It's a strange boundary to set because, I mean, oh well, did you look at this option, did you look at flying them in on a Galaxy and building a new airstrip. I mean, where's the parameters and boundaries of this?

Mr WOOD: Well, I think that they're the kind of questions that a committee like this needs to ask.

Mr MCGILL: The open book thing is, it is, everything's open and between the owner or the government and the alliance partners, and as mentioned earlier we get checked regularly by estimators and auditors, and most recently through a quality assurance audit. So all the information is provided so, if I want to know how we come up with a price for something it's all there, and as I mentioned a moment ago, all the estimates and how we come up with a figure is in the PDRs, which is the handup, the actual document that we're using as the contract for the work, it's all been scrutinised; it might take us a day and a half at that stage just to go through all of our estimates to question why are we spending \$100 on that item, we think it should only be \$50.

That's the level of scrutiny we get in the lead up to our costings. Once we've started, if we do make savings, then all those savings go straight back in to doing more work. That's part of the contract. If we go over budget, that's the pain that the owners and the company will experience.

Ms WALKER - DEPUTY CHAIR: Can I just ask a question, just going back to Galiwinku, and Steve knows because we have met up there, it's part of my electorate, the matter of transit accommodation for those families whose houses are being refurbished. I know that was problematic, has that been resolved to any satisfaction?

Mr SHENFIELD: It's still problematic.

Ms WALKER - DEPUTY CHAIR: Are there options that are being considered?

Mr SHENFIELD: We're in discussions with Territory Housing re the new bills to come in transitional accommodation, but obviously our preference is to actually move people out of an entire dwelling and then refurbish that and use that as the transitional, rather than use the new dwelling. It causes some problems for community members should the dwelling have been inhabited by someone inappropriate, I guess.

Ms SCRYMGOUR: Allan, and look, I'm going to ask this question of ... I think we've got the departments coming tomorrow, Territory Alliance has the Tiwi Islands, Galiwinku, Maningrida, Gunbalunya, do you think that you're stretched? Because Gunbalunya, at the very start, there was a whole lot of activity and stuff happening, and the couple of times I have been in the community and up until this week, no activity at all. Five houses which were constructed under Earth Connect, and nothing under Territory Alliance. So, I mean, I'll be asking the departments, just given that the wet ... we've got the onset of the wet coming, this is a community that gets cut off, what are the plans, what is Territory Alliance doing in terms of getting some of the new construction underway? I know there has been some refurbishment, that's not what ... my question is more the new houses in Gunbalunya.

Mr MCGILL: I'll have first try if I can. We still are really operating under a transitional arrangement from the previous alliance, but we don't have a package development report PDR for all the new work we're going to do, complete. We lodged last week an early works package to do 20 new houses to get that approval immediately, so we can get all the materials in there, like you say, before it gets closed. We have some minor subdivision work to do as well.

What we do is finish off houses that are still there that have to be finished off, some had to be relocated from a couple of sites to another more appropriate site, but we also did have to go back and have consultation with that whole community about house designs, the new house designs because we were building a different house. So that process of consultation coming up with the scope of work that we're doing, that's almost at the point where the PDR is ready to be lodged. Realising that we need to get in early to get some work done, we put an early works package, how much worth?

Mr SHENFIELD: \$17M, which includes construction camp.

Ms SCRYMGOUR: Where's that going to be constructed? Given that the alliance has two houses already earmarked where they've got their staff staying in Gunbalunya.

Mr SHENFIELD: Those houses we've taken over from Earth Connect, and they're a temporary measure until we get these constructed, and they'll be handed back. The construction camp will go where it was always intended to go.

Ms SCRYMGOUR: Where was that?

Mr SHENFIELD: Where we relocated those three dwellings from, right there in the middle. We've also had approval from NLC for the land opposite to use as a construction lay down area, and as you'd be aware the new subdivision backs on to the back of the construction camp on your way out of town. There's also another subdivision up in Banyan, and obviously the current subdivision as it was proposed by Earth Connect in middle camp.

Ms SCRYMGOUR: And with Banyan camp, is any of the money going to be used, given that Oenpelli is in the middle of the flood plain, that any of this money is going to be used to pull those houses up out of the, are they going to be elevated? I'm not talking about elevated in the sense of elevated houses in town, but you'll have them up on a ...

Mr SHENFIELD: Appropriate fill will be provided to ensure that they don't fall in the floods.

Ms SCRYMGOUR: Alright, so you're going to fill in the ... and put them up on it.

Mr SHENFIELD: That having been said, the area in Banyan is actually where it was dry in the last big floods. The high tide mark doesn't get to Banyan. But our engineers will consider the levels, and we'll put the sites in appropriate areas.

Ms SCRYMGOUR: I thought there was some areas where it did come in.

Mr SHENFIELD: If you look at the slope, it comes into the area where we've just located those three houses to, and it's pretty much the other side of the road. Banyan's on the other side where the new subdivision is proposed.

Mr MCGILL: Just going back to Galiwinku for a moment and possibly other sites where there are other contractors, we have experienced some issues about being, I'll use the word blamed, for behaviour. It's not us. Somehow or other those blue and gold and grey sort of uniforms, everyone seems to wear those, and there are other contractors, for example, in Maningrida, complaints have been made about them, so even the NLC Land Council acknowledged to me the other day that we're getting blamed for things that are not us. I don't know at Galiwinku, but those things you've raised we will follow up and make sure that we're doing the right thing.

Ms SCRYMGOUR: Madam Chair, if I could, you've picked up on an important, or you've said something really important, because I know that that's been ... the Minister and I were at Maningrida last week, and those concerns have been raised and certainly the community's talked to me at different times because of different subcontractors, but isn't it still the responsibility of the alliance, if they're your subcontractors ...

Mr SHENFIELD: They're not ours.

Ms SCRYMGOUR: Well, whose subcontractors are they because when you talk to the shire ...

Mr MCGILL: They're building other projects for others, for example, government housing. It's nothing to do with SIHIP or Territory Alliance. There are other contractors who have nothing to do with us. If they're our subcontractors, absolutely we're responsible for them.

Ms SCRYMGOUR: So you're saying that some of them are building the ... okay.

Mr SHENFIELD: And working on the school there. Nothing to do with Territory Alliance.

Mr MCGILL: Our workers and subcontractors at Maningrida are not really happy with the way we control them. We have very serious tight protocols. They would like to go fishing if they could ever get fishing.

Ms SCRYMGOUR: I think that the agreement is just about to be reached for your contractors that are out there, certain areas are being agreed in terms of where they can go in terms of fishing, and some have also requested areas in which they can hunt. My discussions with the Northern Land Council, the West Arnhem regional office, and TOs out there is that that's just about ... agreement is just about getting ready to be reached. But I think that often with this government, I mean, if there are other contractors doing that GH stuff, maybe it's ... because there have been some complaints that workers have been breaching some areas of ...

Mr MCGILL: The most recent one I've had was a large skip rubbish bin that was near the school, full of prawn shells, which was fairly on the nose, and we were blamed. It was ... Territory Alliance must have left that there. We're not doing anything at that school, we're not working anywhere near it, but we actually arranged for it to be emptied because we want to do the right thing.

Mr WOOD: Can I ask a general question about subdivisions? I didn't realise till the other day when I was talking to the new future alliance, that you actually are required to do the subdivision designs in these communities. I would have thought that was the government's job, but anyway, so part of your costing is actually designing these subdivisions, and then having to build them. Was the design and the build out of the other bucket of money, or was it ... does it come out of the money that was for building the houses, or a bit of each?

Mr MCGILL: To begin, subdivisions were always part of SIHIP. You can't build new houses unless you've got a subdivision to put them there. In a couple of the packages we're working on, we concluded that we didn't need a subdivision, we could provide a solution that didn't require that. That later changed because there was more houses to be built so we then had to put a subdivision such as at Nguuu.

The task that we then get given is to go and do some designs and discuss with all the rural authorities, the agencies, the council and everyone else, well, in fact the council we don't ... we liaise with them. We're meant to do these subdivisions as though they've been done in Darwin to be handed over to all the right authorities. So yeah, that is part of our job. The whole cost of that comes out of the infrastructure budget now, which is a separate part of the SIHIP funding regime.

We also get asked then to help look at infrastructure upgrades, so water, power, sewerage upgrades, to the existing supplies in some of these communities. Again we do the work, we do optioneering, I think is the language that's used, against various options. We then finally get a brief that says, now go and design infrastructure based on a certain brief of work.

Mr WOOD: Who kicks off on that subdivision design? Who says that's up to our standard?

Mr MCGILL: Well, first it goes through the Department of Planning, so first of all it's a town planning situation with the community. They go through it. We also have to have all the

other normal authorities, power and water, the local council got involved. It's just like you're doing it anywhere, Darwin or Palmerston or any other normal place.

Mr WESTRA VAN HOLTHE: Is that DCA approval?

Mr MCGILL: We don't have to go through DCA, but we follow a similar process, so that we can show that we've follow the steps you need to take.

Ms WALKER - DEPUTY CHAIR: Marion, did you have a question? It is approaching one o'clock, we'll need to finish up shortly, so Marion?

Ms SCRYMGOUR: I mean, if you look at Maningrida which Territory Alliance has had to do all that work in terms of that new subdivision on the other side of the airport, which is, the work is enormous that you've got to do.

Mr WOOD: The strange thing is, for an existing subdivision, you don't have to upgrade. I was in Wadeye recently and the roads are terrible, but if they build a new subdivision you're saying that it has to be up to a subdivisional standard, the same as Darwin, curb and guttering or ... ?

Ms SCRYMGOUR: No, because the Minister can provide exemption to the regulations from ...

Mr MCGILL: What I was saying, the process that we follow has to be the same as what is done in Darwin. As you know, a subdivision anywhere, the local council has a set of standards, those standards there are plugged in to that whole process. Some of the new shires probably didn't have those sort of things developed this early in their life, so this discussion going on about what those standards should be. Should it be curb to curb channel, should it be rural residential subdivision type. So there are different standards, and the standards in Alice Springs in the town camps there, for example, the normalisation process will be different than what they might be somewhere else. Probably.

Ms SCRYMGOUR: There's two standards, one for the bush and one for ... this is what we went through in Alice Springs that time.

Ms WALKER - DEPUTY CHAIR: We have reached one o'clock, is there perhaps one last question from any Member?

Mr WOOD: I've got plenty of questions there. On Galiwinku, how many Indigenous people would you be employing at the present time if I was to drop in there? Any idea?

Mr MCGILL: The number says 15, but it will change, it will go up of course when we start doing all of the work, the subdivision's started, more houses are being built so the number will increase across all of our packages. We're currently averaging 37% full-time equivalent. That doesn't mean, we're employing probably 43% of our workforce are Aboriginal, but the full-time equivalent, that is the hours that people actually come to work, it's averaging out at 37% across all packages.

Mr WOOD: If I was to ask, how would I know that you haven't got 100 people working there and one bloke comes one week and one bloke the next week, because this is about also skilling people, and you're not going to be able to skill people until you show someone that's

going to be working day in and day out. So do you have a track record that says worker A is actually working all this week, worker B has done the same? So someone under the open book scheme, not me but someone went along and said prove that you're actually doing this, and can I make sure it's not just a series of numbers, it's actually people, they are getting gainful employment and picking up a certificate because they're there all the time. You can show that?

Mr MCGILL: Yeah, we can show that. In fact, through the SIHIP system, I think the Employment Workers Development Group have a person allocated to each alliance, and they come in and go through that information sheet with us all there, and they don't have to do an audit but they're just checking the workers. At Nguiu there are 15 people who have now got certificate two completed, and those 15 are being interviewed in the next few days about whether they want to progress to the next step of going to cert three, which is tradesman's level. So all that information is recorded and available.

Ms SCRYMGOUR: You've got quite a few at Maningrida, haven't you? Employed and working through the training, because the training stuff, Gerry, was discussed with the Minister last week, about how we can progress from that model that you had on the Tiwi Islands to trying to get some of the men at Maningrida through that same sort of process, and I need to try and catch up with young Karl Gunderson about how we might be able to do that. He's your Indigenous liaison?

Ms WALKER - DEPUTY CHAIR: Look, we have gone over time here, so on behalf of members of the CTC, I'd like to thank Steve, Allan and Karen for appearing before us today and giving evidence. I understand that there will be a transcript made available to you when it is that that is ready, in a timely fashion. Again, thank you very much for your time today.

[MEETING CONVENED AT 1.05PM]

[RECONVENED AT 1.45PM]

Ms WALKER - DEPUTY CHAIR: Alright. Well, we'll get started. Brian, thanks very much for joining us, I've just got a little formal spiel that we need to go through first. I declare open this meeting of the Council of Territory Co-operation, and welcome Mr Brian Hughey from New Future Alliance who is appearing before the Council to brief us in relation to its terms of reference.

The 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 it may remain confidential. Please advise me if you wish any part of your evidence to be in-camera, and 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. And for the purpose of the record, I also ask that you state your name each time you speak. I'll open the floor to questions.

Mr ELFERINK: Alright. A very quick one, Mr Hughey, last week I telephoned you in relation to the matter of Indigenous employment in the Tennant Creek area, it's my understanding that you had a company, or the alliance has a company working for it called CDE Civil that is supposed to manage the Aboriginal employment issues, and I gave you several

names of people being employed as Aboriginal employees in accordance with the requirements of the contracts. Can you outline to me whether the information that I'd passed onto you was correct, and if it was, what's been done about it?

Mr HUGHEY: Okay. Brian Hughey, through the Chair. I have followed up on the Aboriginal employment through CDE, and the trainees that are signed up in Aboriginal training programs in Tennant Creek, the names that you supplied to me are not on the list of trainees signed up in Aboriginal apprenticeships on that program. I do have a full list of the 12 names who are actually signed up, and that received funding through their employment funding.

Mr ELFERINK: Alright. So the information that I'd received and passed onto you was wrong. Thank you.

Mr HUGHEY: Yeah. I can confirm that the names you gave me are employed there at Tennant Creek, but not signed up in the training program.

Mr ELFERINK: That's fine, thank you.

Ms WALKER: Gerry.

Mr WOOD: A general question, Brian, in regards to especially package six, which is mainly Wadeye, do you think you will reach your targets by December this year? And according to our figures which actually the matrix has moved up and down in the last two days, 67 refurb and you should have 105 done by the end of the year and 73 new houses, and you should have 105 done by the end of the year. Oh, sorry, I made a mistake there, I think. I'll just start again. That was just new houses, so you had 67 new houses.

Mr HUGHEY: Brian Hughey, through the Chair. Our target for completion of new houses supplied to governments was 44 at Wadeye to the end of December.

Mr WOOD: Alright. I'll just get these figures right. So I beg your pardon, 28 now underway, is that better?

Mr HUGHEY: Okay. So ...

Mr WOOD: And 18 handed over?

Mr HUGHEY: Brian Hughey. As of the end of August we actually had 25 houses handed over, we've got a further 22 underway. Now the paperwork for all of those houses may have not been filed totally through the system, as of 31st of August, but that's there was 25 actually handed over and a further 22 underway.

Mr WOOD: Alright. And refurbishments 39 underway and 12 handed over?

Mr HUGHEY: We've actually handed over 18 refurbishments as of 31st of August.

Ms SCRYMGOUR: It's on the matrix here.

Mr WOOD: Yeah. I've got it in a new ... I've just been handed some new figures, that was all, and those figures are different.

Mr HUGHEY: Yeah. I can confirm that we have actually handed over 25 new houses at Wadeye as of the 31st of August.

Mr WOOD: Okay, alright. I'll be ... yeah.

Mr HUGHEY: And the target that we supplied to SIHIP was 44 new houses as to be completed by the 31st of December, in actual fact we will exceed that target.

Mr WOOD: Okay. So overall you are targeting for 105 dwellings and you'll go higher than that?

Mr HUGHEY: No. We're targeting for 105 dwellings in total to be built under the SIHIP program at Wadeye, 44 of which we said we would complete by December 31.

Mr WOOD: Okay, alright. In relation to ... we've been having this discussion with the other alliance about trying to get some costings. If we took package 3A, and package 3A says that you have completed 264 dwellings at a total cost of \$26.8M. So if I was to multiply the 264 dwellings by \$75,000, which is the price for each refurbishment, I'd come up with \$19.8M, which means there's \$7M out there somewhere. Have you got an explanation of where that \$7M would have gone?

Mr HUGHEY: Brian Hughey, through the Chair. The total budget for the SIHIP Program at \$75,000 per house includes set-up costs, it includes PDR development which is the development of the tender and the development of the construction program on how that is to be completed. It also includes the scoping of the 731 houses across the 28 communities prior to starting the program.

Mr WOOD: If I look down the bottom of the matrix there under that column headed 'Budget and Expenditure, Expenditure to Date', it shows a figure of program management costs - \$30.3M; allocated alliance management and establishment costs - \$34.2M; and contingency on the left hand column - \$47.2M. But aren't these figures for that particular purpose you just said? If you go down to the bottom just on the second page of the matrix.

Ms SCRYMGOUR: But isn't ... can I just clarify something first, Madam Chair, that's not the total cost attributed to New Futures Alliance though.

Mr WOOD: No. But what it says is there's been money allocated for that purpose.

Ms SCRYMGOUR: Yeah, but what percentage out of that would be allocated to New Futures Alliance, rather than that global cost that you've got there?

Mr WOOD: Well, if you look at the ... yeah, well, if you look at the costs of the other there, there's a 10 point ... in amount spent 10.4, 11.8 and \$14M on other areas, but there's ... what I'm saying is a percentage of that money would have been allocated to some of the setting-up of this particular program. That's what I would have thought project management costs were about. So a percentage of that \$30.3M would have gone to package 3A and a percentage of the unallocated alliance management establishment costs would have gone to that package 3A, and therefore the \$7M I'm not sure can be included as part of the scoping or part of the management costs.

Mr HUGHEY: Look, I'm not really following, on this spreadsheet here I am ... we've got the 30.3. I do see where it states project management costs and then unallocated alliance management establishment costs; I am not familiar with how they calculated that spreadsheet.

Ms SCRYMGOUR: Wouldn't that be ... sorry, Madam Chair, Gerry, wouldn't that question, and, I suppose, determining those two allocations would be better ... I can see what you, you know, with New Futures but we also should have had Territory Alliance, but that both of the government agencies, because this is where this is.

Mr WOOD: Well, I suppose that the issue I raised before about trying to work out the actual cost of the refurbishments, which has been a difficult one to where ... is that if, in theory, 3A is completed or it's up to 264 dwellings have been completed at a cost of \$26.8M, if you multiply 264 by \$75,000 per refurbishment ...

Ms SCRYMGOUR: But none of 3A's been completed. Section ...

Mr WOOD: Well, 241, sorry, handed over refurbishments, 241 not 264, but ... I beg your pardon. You look under column handed over to DHLGRS - 241.

Ms SCRYMGOUR: Yeah. But which package are you in?

Mr WOOD: 3A, the whole package.

Ms SCRYMGOUR: No. But that ... none of the ... package 3A, Section 31 means that they're still waiting for outcomes from the Land Council with traditional owners. That Section 31 is awaiting meetings, to think ... I didn't think any of this work has been undertaken yet.

Mr WOOD: Well, Standard three, that was certainly been done when we were there.

Mr HUGHEY: Brian Hughey, through the Chair. We have completed some of these communities, some of the work is underway.

Ms SCRYMGOUR: Yeah, Santa Theresa.

Mr HUGHEY: Five of the 28 communities have been completed to date and we're currently working on another seven communities, I believe.

Mr WOOD: Well, what's the 241 then, it says handed over to?

Mr HUGHEY: That ... yeah.

Mr WOOD: Is that a mistake?

Mr HUGHEY: Brian Hughey, at the end of August, 245 houses have been handed over to date, the numbers don't quite match here. But our budget allocation for package 3A is for the refurbishment of 731 houses across 28 communities.

Mr WOOD: Right. But it says ...

Mr HUGHEY: So it's times \$75,000 per house and the whole package is worth whatever that value is. So what's then taken into account is the establishment of the project, the initial

scoping of the 731 houses that need to be refurbished and then there's the actual work on the ground that takes place. The \$75,000 does include GST and the contract is through the whole thing.

Mr WOOD: So you were saying then that the \$7M difference would be management costs and scoping?

Mr HUGHEY: I'm not following the \$7M.

Mr WOOD: Okay. Well, if you multiply ... we know that there was 264 dwellings, there's 15 ... okay, 70 underway, six practically completely and 241 being handed over, makes a total of 264 refurbishments; you multiply that by \$75,000 you'll come up with a figure of \$19.8M. So we take the \$19.8M away from what is said here as the expenditure to date, which is \$26.8M, you're left with \$7M. So the question is, where has that \$7M gone or how can that be accounted for?

Mr HUGHEY: I take that on notice and get back to you.

Mr WOOD: Alright, okay.

Ms SCRYMGOUR: Can you also, I mean, following on from what you were just saying there, Gerry, but that's just assuming that everyone of those 200, what is it, 264 houses were all calculated at up ... because remember this is the \$75,000. It doesn't necessarily mean that the expenditure's been up to \$75,000.

Mr WOOD: Well, then, that's the explanation that Brian would come back with. Okay. But there's a difference and, you know, that's what we need to know. Brian, you also said when we were visiting out there, and I didn't realise and I have asked the other alliance about subdivisions, and you did all ... it's your job to design and build subdivisions in these communities where you're building houses, and that's been part of the package since day one?

Mr HUGHEY: That is correct, the civil works have been part by ... it's been accepted that the civil works would be part of the package, the head works is yet to be decided on those packages, then it becomes alliance project or done by others.

Mr WOOD: So who actually approves, say, the road design?

Mr HUGHEY: We design the roads, we design the subdivisions, we submit them to a design department in SIHIP and it gets approval from there.

Mr WOOD: So does the Council have any say in the standard of roads they're putting in at the Council area?

Mr HUGHEY: No.

Mr WOOD: I might ask the department why not, but anyway that's because, I mean, roads are a Council function. And there's no ... is that ... those types of roads, no curb and guttering?

Mr HUGHEY: That's part of the design that we went through in the early days was whether we completed a rural design or a Darwin design. A rural design generally does not have curb and guttering in there.

Mr WOOD: Did it have storm water like Bachelor?

Mr HUGHEY: Yes.

Mr WOOD: So Council's didn't have any ... so Victoria Daly Shire didn't have any say in the design of the roads to that community?

Mr HUGHEY: That is correct.

Mr WOOD: Do you have to make allowance when you're doing those designs for any future expansion?

Mr HUGHEY: Yes, we do.

Mr WOOD: Alright. And in relation to an issue that I raised with you and it might at least be worth putting on record, there was a press release came out in relation to the subdivisions, they looked like they were going to be smaller. I'm just wondering whether you could say whether that media release was correct and what do you think it was based upon?

Mr HUGHEY: When we go into a community, our role is to assemble a plan or a town plan for that community, we look ahead for the next 20 to 30 years, we base it on two different population growth forecasts. We come up with a design of future needs for that community for subdivisions and head works for the next 20 to 30 years. We then do a design for that future growth, we then look at what is required today to satisfy the needs of the community today. You then come up with a stage design process, or a stage development process, required for that community over the next 20 to 30 years. What we're required to do is look at value for money when assessing all these options in what we're actually delivering under the SIHIP program. A decision is then made on a value for money option on what needs to be built today to satisfy the needs of that community.

Mr WOOD: So when people thought they were getting smaller subdivisions, do you think they meant they were getting smaller subdivisions or they just weren't getting the subdivisions you'd originally proposed?

Mr HUGHEY: The original designs that they may have seen would have been the designs, the requirements for that community for the next 30 years. What is being built is substantially less than that, it's through a stage development, not through building something now that's required in 30 years' time.

Mr WOOD: Can I just ask you, as you know, I was visiting out there and I had some concerns, I started up at Palumpa. I looked at a house there, we asked the tenants could we have a look at a refurbished house in Palumpa, and this is probably the first refurbishment I think your alliance did. And I take into account some information that we were given at a meeting, that one of the differences between a Council's doing some work on a house and SIHIP did on a house is that SIHIP would bring it up to a standard where, for instance, doorframes would be sanded down, especially if there was rust or there was pre-paint, there was painting already on it, and this comes from the Commonwealth representative of the SIHIP

Project. He spoke about, you know, at least three coats of paint and he was mostly saying they'd strip the paint right down and it would be a higher quality finish.

Now the problem I had is I went out to one of the houses there and we just picked a house, and that was a doorframe that was in that house and it obviously hadn't been sanded down, and again I'm not the expert painter but I know when I saw it, I worked in hardware long enough to know that you wouldn't call that ... it looks like it got a coat of paint over it and that was it.

Then the same ... in the same information we got from the Commonwealth representative, he spoke about wet areas and he said basically SIHIP contractors are going through and any tiles that were suspect in wet areas there was dripping out to the extent that it was dripping out the whole wet area and taking every tile out and waterproofing. Well, at the same house in the toilet there, they selectively removed some tiles around the edge and left the other tiles there, which not only just sort of gives the appearance that that was pretty tight costs or something, but it doesn't look good for the person that lives in the house. And in fact this is the wet area of the same house around there, that's the floor, the shower ... a lot cooler out there, and there were some other issues that were raised, they didn't paint the ceiling. Now there maybe reasons for that, I'm not saying ... they did put tiles in the floor, in the main part of the floor which is a change for some of the places we looked at, and there were a number of other issues.

Even little things, like the Shire said to us, "Well, SIHIP put in the nice tiles in there, but we put in the soap holder". I mean, it's a little thing, but it's probably an important thing. And in this case I'm told that the Shire actually did all the steel louvers and the flywire. So obviously the Shire's put a fair bit of money into those houses, as well.

I suppose what was concerning me, is that if there was ... I had difficulty seeing the \$75,000, I know there's other issues that go with the \$75,000, but when I looked at that house I couldn't see \$75,000. I saw a fairly quick job, there was actually a set of taps at the back which I haven't got a photo of there where there was some problem with the plumbing and it was patched up. So I suppose what I'm asking is, do you think that was good enough quality for what is really trying to be achieved, considering that the philosophy behind the SIHIP program is to produce healthy houses, and I just felt that, you know, that there was certainly a quality issue there.

Mr HUGHEY: We completed six houses at Palumpa prior to Christmas last year 2009, we employed a contractor to do that work and we had a supervisor there overseeing the work. We did have significant problems with that contractor, hence we couldn't carry on with that contractor for the work.

We do consider that the value for money that was put into those first six houses probably wasn't there, and there would be some work to do going back into those houses to fix up a few things, we do acknowledge that. And if you were to visit when you were out there two weeks ago, Gerry, I'm not sure if you went and looked at the refurbishment we're actually doing now in the houses, I think you would see quite a remarkable difference in the work that was being delivered now to what those first six houses were.

Mr WOOD: Yeah. Look, I make it clear that not every house was going to be the same either but, you know, that was the house we just popped in to have a look at and it certainly didn't come up ... give one the impression there was \$75,000 of quality work been done there.

Mr ELFERINK: I suspect the alliance feels the same way on the back of that answer.

Mr WOOD: Yeah. But did ... well, are you saying that the alliance will go back and bring those house up to a better standard?

Mr HUGHEY: We were targeting to go ... this is Brian Hughey, we were targeting to go back into that community within the next six weeks and commence again. We will be going back to do some defect work in those houses.

Mr WOOD: Alright. In relation to Peppimenarti which I gather you've got ... is the target 23 refurbishments, and when I was out there it appeared as though there were some issues ... no, we've gone to Peppimenarti. Peppimenarti houses, when we were there, we were told that basically there was a lot more work than they thought would be required to fix those houses. Has there been some indication of whether the cost of refurbishing those houses will mean the total package of 23 will not be able to be completed?

Mr HUGHEY: We, since mobilising out to Peppimenarti, we've identified some structural issues with some of the houses out there that have been earmarked for refurbishment. We're currently going through a scope of work to identify what is required to fix up those houses to a safe standard. That has not been finalised at this stage and we're still going through with the structural engineer assessing the walls of those houses.

Mr WOOD: Alright.

Mr HUGHEY: It's quite clear that there is walls of houses flapping in the breeze that are not attached to anything at the bottom.

Mr WOOD: Yeah, we had the workers there show us the issues in the house and the amount of work. I suppose my only concern was, like, your workers allowed me to visit the house, Annunciata Wilson allowed me to visit the house and then along came a person from the Housing Commission and said we have to wait until I get approval from someone in Darwin. So it was a little bit strange.

In relation to the houses at Wadey, I did end up with permission visiting the house that had been damaged. And you might have heard me talk about how I believe houses should be steel picket proof. Would it be fair to say that these houses, as can be seen from the holes in the wall, are not steel picket proof? If someone decides they want to smash the house up they can smash this house up?

Mr HUGHEY: It's probably fair to say that they're not steel picket proof. I would defy anyone to try and put their fist through the wall or their elbow through the wall or their foot through the wall, but a kangaroo jack, a car jack, they're not ... yeah, they won't stand up to that.

Mr ELFERINK: The thing is I've got gyprock in my house and I manage not to put a star picket through the wall there, from time to time as well, Gerry.

Mr WOOD: I understand that, but I suppose it only concerns me, these houses have to last 40 years. You obviously won't have a warranty on this house for 40 years and the government will have to pick up if the houses are damaged over a period of time, they'll have to pick up that amount of money.

When you looked at putting in either concrete ... I know you're putting in cement houses or concrete houses, but from my understanding, you said that it was cheaper to build a steel framed house by a wall. Thamarurr did say they thought they could build a house up to, I think, I'll quote Mr Berto said that once the efficiency start to occur in the production line, he thought the average costs for the houses would be \$350,000. Now if you took what he said and you built a house that was basically steel picket proof, therefore less long-term maintenance costs, why don't we just build all the houses out of cement walls, concrete walls?

Mr HUGHEY: When our program was developed for the delivery of the SIHIP program at Wadeye, the target was to complete all the work at Wadeye before the end of the dry season 2011, basically October 2011. The time if we were to use total concrete to our houses, the program would not have been completed in that timeframe. The current production rates are two houses per month; if you're going to build 105 houses at two houses a month we would be there quite a long time. We need to construct these houses in an efficient manner and to within a budget required us to deliver housing through other forms.

The dollars quoted to you by TDC are not quite correct for their total finished house, there is quite a few costs in there that TDC do not accrue that the alliance approves. For example, accommodation for all the workers onsite, for example, the finishing off of the houses. TDC actually deliver a house to lockup or the alliance does the finishing in the houses, ie. the tiling and the painting and sort of fitting out of the kitchens and so on, is on top of the numbers you've been quoted.

Mr WOOD: Thamarurr are building for you anyway as subcontractors, are you able to give us a ... we've probably asked this question many times, a rough cost of each house so we can compare the two?

Mr HUGHEY: Brian Hughey, through the Chair, that the rough cost of building a house is \$450,000.

Mr WOOD: That's the steel frame or the concrete?

Mr HUGHEY: The average cost of building the houses is \$450,000. I can debate that the steel frame houses are roundabout \$30,000 cheaper.

Mr WOOD: Right. Was any consideration given when you went for a ... well, when I say cheaper house, I don't mean it in that it's a cheap house, but cheaper in cost, and that you had to try and reach targets that you might have been building a house that over the 40 years would actually not be cheaper, that it would actually be dearer because of the maintenance on that house would be higher?

Mr HUGHEY: It certainly is recognised that the maintenance costs on a steel framed house could be more expensive over the 30 year life, not the 40 year life, that the alliances are required to build houses that have a 30 year life, and that the concrete houses, the maintenance on those would be less. There again, the alliance also has to build the houses for an average cost of \$450,000; that includes GST by the way. All these numbers we are quoting as being the refurb, do include GST, so the actual budget numbers you have to build are quite ... for \$50,000 or \$75,000.

Mr WOOD: And NT Housing would have approved these high wall houses as well, because they know the one ... they're going to take them over, of course?

Mr HUGHEY: All the houses are approved for use by NT Housing, all the designs.

Mr WOOD: The other area that concerned me was quality of finish, and again you can tell me whether I'm wrong or right, but when I went there, there were a number of issues. I know you put stainless steel benches in, but those stainless steel benches had fallen out, that's the one in that house, he's only holding that there, in fact he put them in the pantry. So the two benches that were under the sink had fallen off. Now, for what reason they fell off I'm not sure, but again there are some issues, there were tiles that came off. Now I don't believe they are of damage, they've just not stuck, and in this case the tiles at the back were falling off, and there were these tiles here near the ... they've just completely come apart. So I don't see that as necessary, I don't know why they would be damaged, it just appears as though they fell off.

There are other issues in relation to, say, the paint, and again, I have to use my Mitre 10 background, but I know when you're using gel, you've usually got to prepare the surface. Now, they were able to peel that paint off those front posts, it wasn't sticking, it was just you could see it coming as if the preparation before was either they hadn't take off the oily covering or it hadn't had an edge primer or I'm not sure what happened, but it appeared as though it was fairly easy to take that paint off. I'm not saying people won't scratch paint, they usually write their name in it, but have you at least recognised there may be some faults in the houses, and is there a warranty part of your contract that says you've got to go back and repair those houses if there are some fault designs?

Mr HUGHEY: The alliances are required to warrant defects on all new houses for a period of 12 months, and on refurbishments for a period of six months. New Future Alliance recognises there's some issues with the paint on the carports on that particular house you are mentioning, it was actually painted during the wet season and it actually was painted on a morning, it had just been raining and the paint did not stick as it should have and it was starting to peel back about three days after it was put on.

The alliance recognises we are going back to fix that; we do not recognise that there's a fault with the tiles and we wouldn't believe the tiles have been pulled off or screwed on and off or levered off with something else. But we will assess that if we are allowed to go back into the house and have a look at it, and if it is in fact a defect with the glue that we've used, we will go and fix it at no cost.

Mr WOOD: Does NT Housing report to you about any defects?

Mr HUGHEY: Yes, they do, yeah.

Mr WOOD: And have they reported anything in relation to this house?

Mr HUGHEY: No, they haven't except for the paint on the carports.

Mr WOOD: Alright. Just a question again on ... similar to the other alliance. When you bring ... your walls come in made up, you know, the ones for the steel frame houses they're already pre-assembled, they come in on a ... do they come by barge or do they come by road?

Mr HUGHEY: We have two types, one type we have two builders out there that are supplying us with steel frame houses; one type is being assembled onsite, the other builder is actually assembling offsite and transporting those in. During the dry season they come in by road, during the wet season they come in by barge.

Mr WOOD: Are they covered when they come in by barge to avoid salt damage?

Mr HUGHEY: Yes, they do.

Mr WOOD: I drove round to have a look at the houses because Indigenous employment is very important, and you can say if I was wrong, I didn't go into each house, but we drove round a Wednesday morning just to see if we could see many Indigenous people working, especially on the new houses, and we didn't see any, to be honest with you, that's not to say there weren't. But how many people do you have working, do you have problems getting people to work or do they ... I know you have some people working up for Thamarurr in the concrete wall factory, but how many people would you have working, Indigenous people on the projects?

Mr HUGHEY: We have an average of 40% of the workforce onsite is Aboriginal at Wadeye, there's one of the sites that is going extremely well, although one of our contractors who has been a bit reluctant on employing Aboriginal people. It's been hard work to get that contractor up to speed with getting local employees in there but we are making a little bit of headway to our contractors doing contracts that we have onsite, do an excellent job and that and are performing very well.

Mr WOOD: So if someone wanted to see, you know, how many people are being employed and were they regularly employed, is it the same person turning up for work, you should be able to show that so we can see that you haven't got, say, 100 people and they're all ... some are coming one week and some are coming the next week, there's actually a core of workers that are coming on a regular basis and getting trained.

Mr HUGHEY: We keep all those records including attendance and the days they turn up.

Mr WOOD: So, yeah, and ...

Mr HUGHEY: That information is readily available.

Mr WOOD: And is that sort of ... and your numbers between Tennant Creek and Wadeye, and we noticed there was no-one working, or hadn't been lining up for work at Peppimenarti but are your numbers of Indigenous workers consistent across the board?

Mr HUGHEY: No, in New Future Alliance across the programs they're currently working on, we are averaging a 38% Aboriginal employment.

Mr WOOD: Alright. And just my other question was probably a little bit in relation to ... when you mentioned that you're doing subdivisions, I didn't realise that that was part of it, I thought it was something that was tacked on later, not at the beginning. When you signed up as an alliance member, there would have been an original agreement - has there been any major changes to that agreement that the governments had wanted you to take on?

Mr HUGHEY: No. There has been no major changes to that initial agreement, it's called an Alliance Participation Agreement, APA. There has been no major changes to that.

Mr WOOD: Alright. I might ask about Tennant Creek, I'd like to get down at Tennant Creek.

Ms SCRYMGOUR: I'll let him exhaust himself.

Mr WOOD: Okay. How far have you gone with Tennant Creek, we were down there a fair while ago?

Mr HUGHEY: I actually brought the cheat sheet of (*inaudible*) report just in case you asked me some sticky questions, Gerry.

Mr WOOD: No, I wouldn't do that.

Mr HUGHEY: At Tennant Creek we have completed 40 of the 78 houses, by the end of this month we will have completed 48 of the 78 houses. The civil works in the seven town camps or community living areas, four of those are 100% complete and there's approximately 50% of another one complete and two community living areas to go. The alliance is on target to be 100% completed by December and de-motorised out of there before Christmas.

Mr WOOD: Does that include two new houses, was it, because there's ... I'm just looking for it.

Mr HUGHEY: That is correct, there's two new houses, targeted to be part of the SIHIP works.

Mr WOOD: They're not shown on here, are they?

Mr HUGHEY: Yeah.

Mr WOOD: On mine they're not anyway, yeah.

Mr HUGHEY: And they will be completed by the end of December. There's options ...

Ms SCRYMGOUR: They are, package two.

Mr WOOD: Yeah, I got that, I couldn't see ... on the one I've got I haven't got a figure on this, I've got the 30th of August given to me, maybe that's a different one. Yeah, alright. Well, I have ... go on, I've run out of questions.

Mr ELFERINK: Oh good, I've got a couple of questions.

Ms SCRYMGOUR: I was going to ... go on, you go.

Mr ELFERINK: No, after you, no, Marion, no.

Ms SCRYMGOUR: Go on you go, no go on, go on.

Mr ELFERINK: No Marion no, mine are not that important, trust me, no, they're ...

Ms SCRYMGOUR: No, ask your questions.

Mr ELFERINK: ... mere technical ones.

Ms SCRYMGOUR: Ask your questions.

Mr ELFERINK: You don't provide the refrigerators in the new houses, do you?

Mr HUGHEY: No, we don't.

Mr ELFERINK: Okay. In the case of Tennant Creek it's Julalakari that provides it. Yeah, okay, that's killed that line of enquiry, thank you.

Ms SCRYMGOUR: You're right?

Mr ELFERINK: Off you go.

Ms SCRYMGOUR: With Tennant Creek, Brian, that package, that's part of the first transfer that was \$150,000, was each of the refurb's set at \$150,000 or was this \$75,000?

Mr HUGHEY: They're actually reclassified as rebuilds, and a rebuild of a house is between \$100,000, or a minimum of \$100,000 and a maximum of \$200,000.

Ms SCRYMGOUR: Yeah. Up to \$200,000, which you would have to rebuild, but ... and then the refurb's was ...

Mr HUGHEY: A maximum of \$75,000. Yeah, yeah.

Ms SCRYMGOUR: ... up to \$75,000. So I thought Tennant Creek was part of the first lot of agreements, or you're saying, no, it was subject to the changes that came in after the review?

Mr HUGHEY: I follow your question.

Ms SCRYMGOUR: Yeah. I'm just trying to ...

Mr HUGHEY: Tennant Creek was prior to the review, but following the review, that package did not require changing or reclassifying. It had always been the case that the 78 houses in the community living areas were to be rebuilt, so they automatically fell into the new categories through the enquiry anyway. And then there was obviously the civil works and the head works around the seven community living areas, the town camps around Tennant Creek. That was to be brought up to the standard the same as the rest of the town by including curbing and guttering and those type of facilities and infrastructure.

Mr WOOD: And that was coming out of the initial sum of money, not out of a new infrastructure fund?

Mr HUGHEY: That is correct.

Ms SCRYMGOUR: So that was the additional ... is that where that \$11M you've got which is your total infrastructure expenditure to date?

Mr HUGHEY: I'm trying to see where you're ...

Mr WOOD: Package two, right across to the right.

Ms SCRYMGOUR: Well, package two, you're saying, so there was about \$35.7M that was what your total budget was, and you're saying that you've spent \$22.4M to date of the \$35M, but then you've got \$11M.

Mr HUGHEY: The \$11M is included inside the \$35M.

Ms SCRYMGOUR: Okay. So it's not addition to?

Mr HUGHEY: Correct, that's included in the \$22M and it's included in the \$35M.

Mr WOOD: Am I right here, but if I was to divide the 48 ...

Ms SCRYMGOUR: Yeah.

Mr WOOD: ... 48 into the \$22.4M, I'd come with something that starts with four anyway, but over \$400,000 per rebuild.

Ms SCRYMGOUR: Rebuild.

Mr WOOD: Would that sound right?

Mr HUGHEY: I think you need to come down and do a stocktake on the materials that we have onsite, Gerry.

Mr WOOD: Alright, alright.

Mr HUGHEY: And we have pre-purchased all the stoves, all the materials, all the paint, all the kitchens etc. etc. have all been ... have already all been purchased and are in stock in Tennant Creek. The remainder of the expenditure in the houses would be for labour only. The idea was to bulk purchase materials to take advantage of pricing etc. so can't quite calculate what's been spent and what's been delivered.

Mr WOOD: Oh well, I suppose I was going on the figure in that column which says expenditure to date - \$22.4M.

Ms SCRYMGOUR: That's what I was ... \$22.4M.

Mr WOOD: And I divided ...

Mr HUGHEY: Which includes the \$11M in infrastructure spent to date, so there's been \$11M spent on houses.

Mr WOOD: Well, they've got that in another column - \$11.1M.

Mr HUGHEY: Okay. The announced funding of \$35M is for housing and infrastructure of civil works, there's been expenditure to date of \$22M of which \$11M has been infrastructure, so a total spend to date of \$22M.

Mr WOOD: Yeah. Except it says total infrastructure expenditure to date's \$11M, and expenditure to date \$22.4M.

Mr HUGHEY: We haven't spent \$34M to date.

Mr WOOD: So those figures aren't really clear, are they?

Ms WALKER - DEPUTY CHAIR: It does say announced funding as spent.

Mr WOOD: Yeah, \$35M, that's right.

Ms SCRYMGOUR: That's why I was trying to ask whether the infrastructure money was separate, and whether that was additional spend on your \$22M that you've done already for the housing, or you were saying it's inclusive.

Ms WALKER - DEPUTY CHAIR: It's a part of it.

Mr HUGHEY: At this stage, yeah.

Mr WOOD: Because if one of the recommendations of the CTC was to try and see if we can get that money included in housing, as is happening in all the other areas and get Tennant Creek's infrastructure funds from the infrastructure package. And we got a message back from Tennant Creek that they didn't want that to happen - not you - but I think other people said that and I'm not sure why.

Mr HUGHEY: If we could get some additional funds into any package would be quite handy.

Mr WOOD: It's just that in other packages that money is now being ... infrastructure money's not coming out of the housing bucket but in Tennant Creek it is.

Mr HUGHEY: That is correct.

Ms SCRYMGOUR: And the reason being, I think for what we were trying to determine, when we're looking at Alice Springs, you know, the town camps in and around Alice Springs, there was a whole new lot of requirements of the Planning Act and the Planning Scheme which then starts to apply. So I don't think Tennant Creek any different from Alice Springs, and then ... because Territory Alliance was saying the extra infrastructure require ... you know, what we'd have to bring those town camps up to that same standard as if you were looking at normalising the situation with the broader community, that that would apply in Tennant Creek, as well. But you're saying that to bring that infrastructure up to standard in those town camps that you've been doing the work, you've had to get that out of the money that you've had which should have just been for fixing up the houses.

Mr HUGHEY: Marion, I think if you go back a few years, I believe the Tennant Creek program was part of the old Connecting Neighbours program which included some civil works, the Brownfield sites, doing improvements in the town camps. I believe Tennant Creek was

different to any of the other communities where that work had already been identified to be done under that Connecting Neighbours program.

Mr ELFERINK: So the sealing and guttering in Tennant Creek has been exceptional compared to some of the other places. I have had a close look at what's happening on the other side of the fence in Tennant Creek specifically and the road works going on there are the best in the Territory, from what I can make out, and you are doing it from within the package.

Mr HUGHEY: That is correct.

Mr ELFERINK: Well done.

Mr WOOD: Is that because Barkley Shire required that standard of housing, the roads or ...

Ms SCRYMGOUR: No, it was Julalakari.

Mr WOOD: Yeah, I know, but who's going to maintain the roads in the end?

Mr HUGHEY: When we hand the finished product over it becomes the Shire to maintain.

Mr WOOD: That's right, therefore the Shire you would have thought would set the standard as it does in any other – Lichfield, Darwin. So the Shire didn't set the standard or was the standard you set yourselves?

Mr HUGHEY: The design of the civil and infrastructure works for the seven town camps was actually completed prior to the alliances being brought in. As I said, I believe it was part of the old Connecting Neighbours program.

Mr ELFERINK: So the whole design work came over with the funds?

Mr HUGHEY: The whole design work came over through the alliance with the funds.

Mr WOOD: That would save you some design money.

Mr ELFERINK: That whole program obviously took it seriously because there is a substantial difference between what is happening there and in other places because the guttering is being done properly, it is actually formed, shaped and sealed, which we are not seeing in other places with concrete guttering.

Mr WOOD: Is that distinct from that note that's in this matrix, infrastructure works are now underway in three town camps including improvement in sewage, water, power and road?

Mr HUGHEY: We've actually completed four of the town camps, not three and work is underway on the fifth one, but two yet to commence, so I believe. The last two are Kargaru and Tingkarli

Ms SCRYMGOUR: You said that Connecting Neighbours program, I just want to clarify, was that Commonwealth or ... ?

Mr HUGHEY: Yes, that is correct, yep, one of the Howard government programs they had done.

Mr WOOD: All the houses at Ali Curung are finished?

Mr HUGHEY: Correct, 48 houses are completed there.

Mr WOOD: Now were they checked off for quality because there was some debate going through in the media and all sorts of places that the houses were not up to standard. Has there been an independent assessment of the quality of the work done for those refurbishments?

Mr HUGHEY: At handover the Asset Management Officer for Territory Housing inspects the house and inspects the standard of work and sign-offs on the delivery of that work. If there is anything that the Asset Manager is not happy with or that Territory Housing are not happy with we are required to go back and re-do the work or fix it and since we finished there we have had no recalls for defects, we have had no-one refuse to sign up to a lease and no-one refuse to move back into a house.

Mr WOOD: And Willowra's finished as well?

Mr HUGHEY: Willowra is finished.

Mr WOOD: There were no quality problems there?

Mr HUGHEY: No.

Mr WOOD: Did the Territory Housing person inspect the Palumpa houses and did it come back with a report on those?

Mr HUGHEY: Yes, an Asset Management Officer did inspect the Palumpa houses and did come back with a defects list, which is the work we will be going back to complete.

Ms WALKER – DEPUTY CHAIR: What sort of defects were they, Brian?

Mr HUGHEY: Off the top of my head I think there were some tiling issues in some wet areas, I think there may have been some painting in certain areas, off the top of my head.

Mr WOOD: I hope some of those were the defects.

Ms SCRYMGOUR: Have the issues in Ali Curung been resolved, Brian? When I went to Ali Curung people were saying that some of the houses, they were ... and, I mean, I've got some questions for the Department as well tomorrow, whether the issues with the standard of the refurbishments in Ali Curung have been resolved?

Mr HUGHEY: Marion, I believe there has been some miscommunication to communities about what they are actually going to get delivered as part of the refurbishment program. Ali Curung was commenced at the end of October last year, which wasn't too long after the review had been ... the review was completed in August and we commenced there not long after that. I believe the communications to the communities have not been given out properly and the expectations of the communities were a lot higher than what was actually going to be delivered on the ground, and since then I think lessons learnt by everyone, including the alliance and

Territory Housing, is that communications to the community need to be very, very clear on what is going to be delivered under a program, needs to be spelt out properly before we go anywhere near a community. I think in the early days after the enquiry that process didn't happen quick enough and communities were expecting a lot more than what could be afforded or what could be delivered under the program.

Ms WALKER – DEPUTY CHAIR: Any further questions?

Mr ELFERINK: Just one, I started off with some questions in relation to some information I've received about Aboriginal training. One other aspect of that training element is that I just wanted to make sure that the 12 Aboriginal people who are on the books are actually being trained rather than just being allowed to push a broom or something else around like that. Can you provide the council with some sort of description of what these people are actually being trained to do?

Mr HUGHEY: Do you wish all the trainees at Tennant Creek or just for the CDC employees?

Mr ELFERINK: Essentially ... well, actually, all of them. The CDC issue is now dealt with as far as I am concerned, but I would just like to know that those who are with CDC, and along with everyone else, is actually being trained to do something.

Mr HUGHEY: Yes, we can provide you with that information.

Mr ELFERINK: By way of a list or something?

Mr HUGHEY: By way of a list and then the certificates that have been completed or are yet to be completed and the skills within those certificates.

Ms SCRYMGOUR: Just one more question if I could. Brian, under that Package 3A, which you have got a fair bit and there's a lot in Central Australia and they're all listed as scoping underway - who is doing that scoping study? Are you guys doing it or is it the Department doing it.

Mr HUGHEY: Part of our role is to assess all the houses in those communities. Our scoping team includes a structural engineer, an electrician and generally a carpenter. They obviously assess the structural quality of the house and assess whether it can be bought back up to a standard within the budget allocation. If it can't the house needs to be qualified as a rebuild, which is therefore out of our scope, we are tasked with identifying houses that can be refurbished and within a price.

Ms SCRYMGOUR: Are you anywhere near being able to let these communities that are waiting, where things are at in terms of that scoping study?

Mr HUGHEY: The initial scoping we did for 3A started prior to the inquiry into SIHIP. Since the inquiry we have had to go back and re-scope those houses based on the new definition of a refurbishment and so there is a reassessment of that initial scoping that we did. What we, in actual fact, we do now is we don't go to a community up until about four weeks before we are ready to start construction in the community. A couple of reasons for that is to get the most up-to-date information that we can about the housing, and also not to go there six

months in advance and let the expectations of the community into they're going to see something happening to their house in the next couple of weeks.

Ms SCRYMGOUR: When it is not going to happen for another year.

Mr HUGHEY: Correct.

Ms SCRYMGOUR: Just looking at, I mean, because communities like Ampilatwatja where you've got, you know, it's evident that there are some major issues in terms of that community and yet it's not programmed until ... well, I mean, push it out to 2012. June 2010.

Mr HUGHEY: The program 3A, we will have the 28 communities completed by June 2011.

Ms SCRYMGOUR: So 2011 you'll have ...

Mr HUGHEY: All the 28 communities will be completed by June 2011.

Ms SCRYMGOUR: Not 2012?

Mr HUGHEY: Yeah, correct. Ampilatwatja, I believe, is due in the new year, our team that is just commencing on-site at Lake Nash or Alpurrurulam when they complete there they go straight on to Ampilatwatja and start there.

Ms SCRYMGOUR: And these are questions that probably need to be asked of the Department too, but thank you for that, Brian.

Mr HUGHEY: We do have a program that is readily available that shows when we're commencing on a community and when it will be finished.

Ms SCRYMGOUR: And you're right about raising that expectation because if you go ... yeah.

Mr WOOD: Santa Teresa, we had some issues when we were down there: one was the issue of the evaporative coolers and the other one was internal floors and whether they should be upgraded to a tile standard, and also verandas. Has there been any changes since we visited last?

Mr HUGHEY: Gerry, as you know, the houses at Santa Teresa are very old and there was so much work that could be done on those houses that it doesn't fit within the budget, for example, those verandas where you actually walk outside the back door, walk across the dirt to get to the shower and the toilet, and the shower and toilet, the walls don't even reach the top of roof line, there is quite a bit of money we are expending on actually lining all those showers and toilets and extending the roof lines up and also getting the walls up to meet the roof line, putting concrete on the verandas outside so people don't have to walk across dirt to get to their toilet and bathroom. I guess it's a matter of achieving a priority list out of what budget is available. That is actually discussed with the HRGs and obviously with Territory Housing and I guess there's always a wish list that would be great to have but in those old houses they are very, very basic and there is quite a bit of work to do.

Ms WALKER – DEPUTY CHAIR: And it was certainly recognised they inherited legacy housing in that community which is difficult to work with.

Mr WOOD: Are you working in sync with the CDEP program and the Council, because the issue was if you could all work together at the one time the house wouldn't all of a sudden, people would go back in when you're finished and then all of a sudden CDEP turn up and do the veranda and then Council comes and does its bit as well. Has there been a bringing together of all those groups?

Mr HUGHEY: I believe Santa Teresa is a community that really shines in all three of the alliance, the Shire and the CDEP and so on and actually working together and achieving some good outcomes. I think it's a community where we have the best relationship with the Shire. The outcomes for the CDEP participants in particular where they are working on houses with the alliance and they're also delivering houses as part of a training program where at Santa Teresa the CDEP have actually completed one house by themselves and they have just commenced the second house that they will complete under the program by themselves. The training outcomes that we are actually receiving under that rebuild program in Santa Teresa is actually going to be excellent with what is being delivered between the alliance and the Shire and so on.

Mr WOOD: Just back on to legacy houses, a lot of the houses at Port Keats, I know some have been demolished and I sort of wonder whether they could actually have had a second lease of life after looking at the ones at Daly River that have been done up, but there's a lot of houses that are in a dreadful state, I mean, you don't have to be Einstein to see they need a lot of work. A lot of those houses are not going to come under your work so someone else will have to get in there and steam blast them and paint them again and re-do them.

Ms SCRYMGOUR: They are legacy houses.

Mr WOOD: Yeah, but they're solid houses, they're not houses that we should be bulldozing.

Ms SCRYMGOUR: They are houses that are the Shire.

Mr HUGHEY: We have identified 15 houses that are to be demolished and new houses actually built on the blocks. The houses that we are not actually going to touch, the legacy houses outside our program and we work with Territory Housing on the best outcomes for the budget we have available.

Mr WOOD: How bad were the 15 houses you've got to knock down? The reason I ask that is because I have got photos, again, of houses at Daly River, 40 years old, that have been through, probably, four or five floods, Shire are involved in re-painting them and doing them up and they are perfectly good houses. Are we knocking down houses that we could actually at least make up to a reasonable standard?

Mr HUGHEY: The houses we are knocking down have severe structural issues associated with them, they are not just missing a bathroom or whatever, they actually have severe structural problems with either the walls or the foundations of the house and are assessed, as I said, by a structural engineer as totally unsafe to live in or far too costly to repair and it is actually cheaper to build a new house than try and repair them.

Mr WOOD: Were people living in those houses before they were ... ?

Mr HUGHEY: In some cases tenants have still been living in those houses and they have obviously been moved out of them and made way for a new house to be built on that block. During your assessment of the houses, what you take into account is value for money and if we are going to spend \$250,000 on fixing up all the structural problems within a house, and you can build a new house for \$450,000, and the new house is going to last 30 years, and you spend \$250,000 on a house that is only going to last another 10 years, then the money option says you build a new house - those are the things we weigh up and make an assessment.

Ms SCRYMGOUR: One more question, Madam Chair, one of the issues that was raised with us when we went to Santa Teresa, but I have also seen in some areas, just the whole issue of transitional housing arrangements, I noticed it has been raised with you and it certainly is something that we'll raise with the Departments tomorrow because it is causing great grief on the ground in communities, let alone for you guys who you need to get in and rebuild or refurbish a house, and there just isn't any transitional arrangements and we certainly noticed this in Santa Teresa when we went there. People were saying they just had nowhere to move into but they were being told they had to get out of their house so that people could fix it up. Is that ever part of the ... ?

Mr HUGHEY: Marion, the issue with transitional housing is a problem right across the program. Whatever we do as far as transitional housing goes comes out of the budget allocation that has been allocated for that community. So if you go and spend hundreds of thousands of dollars on transitional housing then you're not going to build many houses or refurbish many houses; everything has to come out of that \$75,000 for a refurbishment, and part of our role ...

Ms SCRYMGOUR: But just say in Santa Teresa, Brian, if you had ... and there were some houses that were abandoned or weren't occupied, so why didn't the alliance look at those houses that weren't occupied, fixed up those houses and then use those houses as a means of, you know, as transitional arrangements rather than, as I understand in Santa Teresa, there were some demountables that were going to be brought in and the cost of those demountables was going to come out of the budget that was allocated for Santa Teresa.

Mr HUGHEY: When we go into a community we assess what houses have been abandoned and what we can actually use as transitional houses. Where there is community houses that are under the control of Territory Housing we can have access to those houses if we do them up and use them as transitional housing. If houses that have been abandoned are not under the control of Territory Housing, i.e. they belong to the Shire or the Education Department or someone else, and we can't get access to those houses, there is nothing we can do about it. We only have access to houses that are under the control of Territory Housing, no-one else.

Ms WALKER – DEPUTY CHAIR: So by the same token, is it an option where new houses have been built, say, the first couple in the community could be designated and used as transitional housing during refurbishments and rebuilds? Is that something that you've explored or done?

Mr HUGHEY: For example, in Tennant Creek, the first eight houses we did in the program at Tennant Creek we did up as transitional houses and they have constantly been used since then, or transitional housing. At Wadeye we have been fortunate to date, we haven't had to do that with any new houses, but part of what the alliance does is look at actually building two or three or four houses, whatever, and use them as transitional, correct.

Ms WALKER – DEPUTY CHAIR: And where they have been used in Tennant Creek, I think you said as transitional houses, there have been no issues with that?

Mr HUGHEY: Those transitional houses we continually inspect after each family has used it and we give them a cleanup and so on before the next tenant moves in; those houses are still in excellent condition. I guess that's where it comes under JCAC and her control of tenancy and so on within the town camps and she does a good job in managing the tenants that are going in and out of those houses.

Ms WALKER – DEPUTY CHAIR: Any further questions?

Ms SCRYMGOUR: No.

Ms WALKER – DEPUTY CHAIR: Mr Hughey, on behalf the Council of Territory Cooperation, I thank you very much for appearing before the Council today and for answering questions. There will be a transcript of this hearing made available to you in a timely fashion, so again I thank you very much for your time today.

(MEETING CONVENED AT 2.53PM)

(MEETING RECONVENED AT 9.04AM – 14 September 2010)

Mr WOOD: Alright, we might get going, we've got a couple of people still coming, otherwise we'll get behind. Welcome everybody. I think we all know one another from previous meetings so we mightn't go through all those formalities. Could I just say that what I'm going to do for this meeting, and I did yesterday, was pass it over to our Deputy Chair. That will enable me to ask questions without trying to Chair at the same time, if that's okay. So I'm going to pass over to Lynne Walker, and she'll do the formal bit. Yes, thanks.

Madam CHAIR: Thanks Gerry. Welcome everybody, I declare open this meeting of the Council of Territory Cooperation, and welcome the following witnesses: Ian Boyson, Ken Davies, and Andrew Kirkman, who are appearing before the Council to brief us in relation to the Council's terms of reference. This hearing is open to the public and 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 may remain confidential. Please advise me if you wish any part of your evidence to be in-camera. And may I remind you that this would be at the discretion of the Council. You are reminded that evidence given to the Committee is protected by parliamentary privilege, and for the purpose of the record I also ask that you state your name each time you speak. Thank you. So Gerry, you would have some questions to start with?

Mr WOOD: Yeah, I think we were going to look at SIHIP for a short period first, then we're going to go to local government, I think that's what we agreed on yesterday. So I was just going to ask some questions on SIHIP.

The first question I'd probably ask is that I've just visited Wadeye, Palumpa, Peppimenarti, and Nauiyu. One of the major concerns that I had was that I visited one of the houses there, Ken, and it was the first steel framed house that had been built at Wadeye, it's the one that the CTC had visited earlier this year, and it had received a considerable amount of damage from someone who'd decided to use a steel bar from a kangaroo jack and broke up a large number of walls.

My concern was firstly that if that was to occur in all those steel framed, hollow wall houses, and the NT Housing was to take those houses over, that was going to cost them a considerable amount of money in maintenance over the life of the house. Now I presumed the house, I heard differently yesterday, the house is expected to last 40 years, we did hear yesterday from Brian Hughey 30 years - might get a clarification on that - but what I really want to know is, has the Department, or when it decided to approve these houses, bearing in mind that you've also got concrete solid wall houses that have also been built by New Future Alliance, did you do a costing of how much it would cost to maintain either of these houses over the 40 years, so that you could see a cost benefit in one type of house or the other?

Mr DAVIES: Perhaps if I just kick off, through the Chair, Lynne, just by actually just saying as well, my name is Ken Davies, Chief Executive of Housing, Local Government Regional Services, that I've brought up another officer with me when we go to local government if that's okay, I'll get them to sit next to me. It's David Alexander, who's Director of the local government area; Fran Kilgariff is an apology today, her daughter is not well and she has had to stay in Alice Springs.

Going to your question, Mr Wood, in relation to the houses, the expectation is a 30 year lifespan durability, and in relation to the damage in that particular house, we have a large number of houses in that community that are tenanted, so we are tenanting then on the basis that we're not expecting that they houses will be taken to with a crow bar, so let me put it in that context. And if they are, and if the house is wilfully damaged, we will be seeking the repayment of the cost of the repair of the house. At Wadeye there are still framed house still being constructed, and are also the concrete wall structured houses.

In relation to your question about the durability of the particular house, I'll go to Andrew Kirkman in a minute, but I do want to just preface what I'd be saying by just making the point that when these houses are tenanted, there are inspections taking place. If damage has occurred, and it has occurred in this particular house, we will be following that through very rigorously and people will be required to repay and repair the damage. Now, it is fair to say that in the urban housing complexes and in social housing and urban housing, we do have similar examples of damage that do occur, and that's the way we deal with it. We'd only be dealing with these in the same way. So if it's wall panelling, wall panelling can be replaced. If it's a steel frame and the durability of the steel frame, then I'll go to Andrew and he can explain what's happening in the context of what are the durability issues.

Mr KIRKMAN: Thanks Ken. Andrew Kirkman, Executive Director of Remote Housing NT. As you're aware Mr Wood, there's two types of construction in Wadeye, one with tilt slabs panelling system which is being largely driven through Thamarurr Corporation, and then there's also some steel frames, which are being included in the housing mix. From the outset, there should be no difference in durability. Obviously, not taking into account wilful damage, so yes, if a crow-bar or iron bar is taken to a house it can cause more damage in a steel framed house than it could in a tilt-slab. However there could still be a large amount of damage cause in a tilt-slab to all the appliances and windows etc., so I don't think we can take that necessarily into account when we establish at the outset, but going forward we'd certainly be keen to at least have a look at the steel frame option to see whether a sort of solid wall solution might not be a better solution going forward.

But in terms of Wadeye, certainly we're fairly progressed as you now know. There's a lot of houses in the infill there, and the contracts have largely been let for the rest of the package. I'm not sure if there's another solution we can look at with Wadeye, certainly not this side of Christmas, but going forward in the New Year, there's certainly something we can look at going forward. But as Mr Davies points out it's really the tenancy management arrangements we work around the public housing going forward in the bush that will sustain those tenancies. Whether they're tilt-slab or whether they're steel frame.

Mr WOOD: From what we heard yesterday from Brian Hughey of New Future Alliance was that the reason that they're building steel frame houses is basically because they can put them up quicker and they're actually cheaper, whereas the Thamarurr houses which are solid concrete, they can only do two a month I think it is. It's slower, but if that's the only reason that those steel framed house are going up, isn't it more important that you actually counterbalance that by finding out whether those ... even though you get more houses built, and even though they're probably a little cheaper, that you've investigated the life of those houses from a maintenance point of view?

Probably what I'm asking is has that been done? I mean, I gather this house, I've got the pictures of the damage, that there's over \$20,000 worth of damage, which you're very unlikely to get from the person that committed that, well I call it an offence because it was wilful damage to public property. But who's to say someone else just on a bad day is not going to

walk into one of these houses and do exactly the same thing. So I just wonder whether some investigation has been made into the lifelong maintenance costs of either one against the other.

Mr KIRKMAN: Yeah, certainly. We've got third party reviews of each of the style of the houses, and that review is aimed at ensuring that the houses have a 30 year life. Now obviously that doesn't take into account when someone wished to create wilful damage to that property, that's on the basis of that it remains well-looked after for that 30 years.

Mr DAVIES: Mr Wood, if I can come in there. In the context of core filling, which is the way the Ritek model uses, so I think, and with Andrew what we're saying here is that there's a contract that's been let, some of those are solid concrete walls, the tilt up slabs proportion of those houses will be built to that design in that community, others are going to be steel framed houses, where in extreme circumstances they can be damaged like you've saying can be. Whether we outside of this particular package, look at a core filling option going forward, given that rytech and with the Territory Alliance is using core filling, that's something that I've asked both Andrew and Ian to have a look at for future packages, to see whether or not a core filling option, given the cost is \$450,000 a house and given that the tilt up costs with engaging Thamarrur out at Wadeye are costing more than \$450,000 it's how we balance the package of the housing footprint out to come within the budget. But in terms of the 30 year lifespan, we don't anticipate that a crow-bar is going to be able to smash the steel frame that underpins the structure of the house.

Mr WOOD: No, I don't expect the frame to be damaged, but every time a panel's damaged there has to be a whole panel replaced. In our trips around various communities where your new houses have been built, I must admit I said a few times are these steel picket proof? And we went to Nguiu and they said yes, we went to Umbakumba and the block houses obviously there, and we go to Wadeye and there's two types of houses and one has from the photos taken is obviously susceptible to damage which will cause not only a lot of difficulty in trying to keep a house healthy, but NT Housing are going to have to pay that bill.

Mr DAVIES: Well, we may well be paying the bill, the person who damaged that house was in line for a new house, and is no longer getting a new house. So I mean we've sent some very clear messages in that community. There are 24 of these new houses tenanted, this has been the one extreme example of what can happen when anger takes over in a family context, and the house is damaged in this way. We can't guarantee of the 750 new houses that are being built that this won't occur in other houses like this, Ritech and as Andrew said, the costs are in the kitchen, the bathroom, the appliances in particular as well, and we'll have to deal with those situations as they arise. But in relation to us being able to go back and put in remediation action to make these walls solid, and core fill them, that's not an option for this particular batch of houses at Wadeye.

Mr WOOD: Can I just ask then in the case of this house, why wasn't anyone charged with malicious damage?

Mr KIRKMAN: Police were contacted around the possibility of laying charges. Their advice was to go through the Residential Tenancies Act. But however the individual I guess, I gather there was a few individuals involved in this, individuals in that house have been placed on an acceptable behaviours agreement. That will then mean that if he breaks that agreement, further action will be taken.

Mr ELFERINK: Can I then take it from your answer that the police are reluctant to deal with these things because they consider it a civil arrangement between tenant and landlord?

Mr KIRKMAN: That may be the case, I haven't spoken to the police myself, and we certainly intend to discuss these issues more thoroughly, because we need a relationship with the police going forward to be able to deal with these situations.

Mr ELFERINK: Because at the tail end of this there's going to be 4,000 under the umbrella of your care, and with putting aside all of the issues with SIHIP, I now want to focus on what do we do to manage these places into the future, and I'm sure that you would have turned your attention to this particular.

You have here an example of a house being damaged, and apparent confusion as to the expectations as to what you can do about it. So I would like you now to take me through what you intend to do about this issue with the police response, and whether you've sought any advice as to whether or not you should pursue a criminal matter. If you do not pursue a criminal approach, what will be your civil approach in relation to recovery of costs from damage caused by miscreant tenants or their guests?

Mr DAVIES: A good question, Mr Elferink. If I start first and then Andrew might want to go into this particular case. I understand that this was a family related issue at Wadeye that there are a range of circumstances and the head tenant is in fact the mother in this particular instance, and she had a son who did the main damage.

In relation to tenants and property damage, myself and Mychelle Curran who's sitting behind me, who's my deputy Chief Executive in charge of housing, have met with Mark Payne, Assistant Commissioner, last week. We are in the process of establishing a high level strategic relationship with the police, whereby we are going to have, as part of their reporting process when they visit houses, I understand when you're visiting houses they're usually dealing with incidents of, could be domestic violence, or could be anti-social behaviour that they're dealing with. Where they see evidence of damage to a house, that's going to be reported to us as part of the normal police reporting processes, we will then activate immediately an inspection, and go in and identify the culprit who has done the damage, and go through the processes, whether it's civil or criminal, of ensuring, and this is across the board.

Within the agency, if I can just finish, Mr Elferink, we are setting up an anti-social behaviour unit in the agency that is going to have a full purview across the remote and the regional context, to make sure that in instances like this we're dealing with a very, very rigorously.

Mr ELFERINK: Alright, we'll come back to that unit in a second. Alright. So we haven't at this stage established whether we're going to deal with these things as criminal offences or as civil recoveries for damage. Is that correct?

Mr DAVIES: In this instance I understand the police were called, and there was a record of the damage. How we follow this through, as I understand it we're going to have to seek recompense from the culprit and from the family. He's not being formally charged as I understand.

Mr ELFERINK: So there's going to be no charge as a result of this because the police are saying essentially I assume, that this is a contractual breach between tenant and landlord. Is that correct?

Mr KIRKMAN: Well, in fact the responsibility lands with the tenant to make good any damage, so it will take, in this case the mother to lay charges against her son to start that action.

Mr ELFERINK: So no longer as landlord are you going to be the person who activates a criminal process, you are going to leave that to your lessee?

Mr KIRKMAN: That will depend on individual circumstance, and I guess, well, you can hypothesise all you like but I guess if there was a tenancy manager in the house and he saw damage then we might be able to take action.

Ms SCRYMGOUR: But don't you, I mean, can I? You go, I've got questions with that.

Mr ELFERINK: I just want to follow the bouncing ball. I'm sure you do. Okay, so now it's on a case for case basis. In the example that we've cited so far, we have an identified offender, or person who's done the damage according to the police not an offender merely someone who owes a civil debt to the Northern Territory Government. And you have strong evidence to support that this person damaged the property, and in this case we don't have sufficient to proceed with a criminal matter, I find it hard to imagine in what instance you would have sufficient to proceed. Is he a tenant in the house?

Mr KIRKMAN: Yeah, it's actually a lot more complicated than that, Mr Elferink. I understand there was as many as four sons involved in this incident. One lived in the house, the one that came with the steel picket came from outside, came into the house, did the wilful damage and there was obviously a fight. Now that occurred, it gets very, very messy. And we have to deal with it, as Mr Davies said as we do in an environment where we look at how we can work with the tenant.

Mr ELFERINK: I want to zoom now back to the area of policy, because what this is exposing merely as an example is, and Mr Davies you're advising me now that you're in the process of setting, what was it? A high level strategic approach. To respond to this, I'm surprised this wasn't anticipated as an issue originally. Assuming that the police will not respond to the bulk of these damages, can you tell me now what your process will be to recover this civilly?

Mr DAVIES: Mr Elferink, what's happening is that the executive director who's responsible for the allocation of this particular house in Katherine ...

Mr ELFERINK: I'm talking more of a policy for future damage.

Mr DAVIES: Well, what we'll be doing is pursuing, whether we work with Centrelink, we'll be pursuing cost recovery, so we are going to repair this house. We will be pursuing cost recovery. Inevitably people that we're dealing with in the social housing context, they will accrue a debt, they'll be required to pay it off. We can do the work through Centrelink to do that. Whether we're able to do that so that there's an immediate cost recovery or whether it's a time, over time repayment will depend on how the family and the tenant wants to deal with it.

Mr ELFERINK: Can you describe to me the process, how you get to the point where Centrelink is starting to garnishee this person's income? Just take me through the process that you intend to use.

Mr KIRKMAN: Again, the same as we use in the urban environment. There's a debt recorded on the tenancy system, there's an agreement with the tenant around what that might mean in terms of a weekly or fortnightly reduction if it's through Centrelink, and then that debt starts to get paid back over probably a long period of time in this case, along with the, that will come in with the ongoing rental payments.

Mr WOOD: Can I just get clarification, are you saying the tenant, that's the mother, would have to pay?

Mr KIRKMAN: Well, the mother is the head tenant, the son is also a tenant in the property, but it's a matter of the tenancy repaying the damage. So how I guess in this case the mother and son come to an agreement on that; it will be a matter for them to decide.

Mr ELFERINK: So basically your point of contact is the person who signed the agreement?

Mr KIRKMAN: All tenants will sign off the agreement, and that's why we can actually, as normally happens, and in this case that's why we can put an acceptable behaviour agreement on the son.

Mr ELFERINK: Okay, going back now to the issue of establishing a unit, you referred to it, in relation to inspecting these premises. There are 20 people to assist in development programs, this unit, is it being sourced from that 20, or the other 54 which are involved with service delivery in remote communities?

Mr DAVIES: We already have people in our agency dealing with anti-social behaviour. Mr Elferink, what we'll be doing is setting up a director-level position in the agency from existing resources, that's going to be working directly with the Deputy Chief Executive Housing, to manage incidents like the one we've just had, to manage incidents in housing complexes as well, where we need to intervene and coordinate with police, with Family and Children's Services as well.

Mr ELFERINK: Okay, then I want to start talking about the quality in your inspections of the 4,000 premises, and we're talking about the remote 4,000. Of the 4,000 premises, can you tell me how many inspections have been done, actually no, I'll rephrase that, of the houses that have now been handed over to you, can you advise to me as to how many inspections have been done on how many houses, and how regularly?

Mr DAVIES: There is a requirement, Mr Elferink, to do a minimum of four inspections a year. Where a tenant is seen to be not managing we will do more regular inspections. I have said before at these hearings that in a remote context where there isn't a larger housing footprint or an alternative from social housing, our focus will be on sustaining tenancies. We've done 509 property inspections, keep in mind that we are only dealing here in this context with the houses that we are signing over through SIHIP.

Mr ELFERINK: 509 out of how many?

Mr DAVIES: 509 out of 500 houses that have been signed through. The specifics of, in the last few months as we're signing up new tenants who are taking over the refurbished, rebuilt or the new houses.

Mr ELFERINK: Do they include the new house inspections? Okay, how many of them are not new house inspections?

Mr DAVIES: Oh, we'd need to go back and seek that information for you, Mr Elferink. I don't have it here specifically, but I can say to you that 580-odd families have had some specific tenancy support to help manage the tenancy. We're taking over, we're dealing with the signing over of the new houses very, very seriously. My Executive Directors has in the region of 750 decisions to make around who's going to be tenancing these houses, so when we look at the tenant profile, we look at whether they're employed, whether they've got a good tenant history, a bad tenant history, whether they can pass managing a property, what the tenant history is. We've also got an overlay of overcrowding, homelessness, and we do as well look at disability, frail and domestic violence issues. But we don't want to put people into houses who can't sustain the tenancy.

Mr ELFERINK: Thank you, Mr Davies. Getting back to, so how many houses have been handed over?

Mr DAVIES: In relation to the exact number of houses handed over, I'll go through the specifics. Andrew? 74 new houses have been built, in relation to the actual handovers, we've got 346 households that have entered into tenancy agreements at the moment, and as I said 509 property inspections have been undertaken.

Mr ELFERINK: Alright. Just help me with this because the numbers is always where we get a little bit bogged down. How many houses have been handed over, either rebuilds, refurbishes or new houses from SIHIP to Territory Housing?

Mr KIRKMAN: There's been 510 refurbishments and rebuilds, and 74 new, so that's 584 all up. Of those, I can't tell you how many of those have now passed to tenants.

Mr ELFERINK: That's fine. So how many have been handed over again, that figure?

Mr KIRKMAN: 584.

Mr ELFERINK: 584. The inspections include new house inspections, of which there have been 509, yes?

Mr KIRKMAN: Correct.

Mr ELFERINK: So out of 589 houses that have been handed over, there have been 509 inspections, which includes new house inspections.

Mr KIRKMAN: The 509 inspections which Mr Davies has read out, from my understanding is houses that have been complete. All post completion I should say. As houses are completed, they are all inspected, documents are agreed ...

Mr ELFERINK: I understand that, but that's included in the 509 inspections.

Mr KIRKMAN: No, I understand that's in addition to the 509, so the 509 are regular inspections of property post the tenancy taking on.

Mr ELFERINK: Okay, so did I misunderstand it before when I was told that they were new house inspections and were included in that number?

Mr WESTRA VAN HOLTHE: That's what was said.

Mr KIRKMAN: They may well include new houses that have been handed over, and we've had an asset or tenancy manager go in and inspect the house after it's handed over.

Mr ELFERINK: So when you get a refurb or a reconstructed house, you inspect those as well before they get handed over?

Mr DAVIES: Definitely, that's right.

Mr ELFERINK: As I imagine they would. So please make it clear for me so I understand it. The 509 inspections, so in total, including refurb, rebuild, new house, 589 houses and 509 inspections. Those 509 inspections include new house inspections or not?

Mr KIRKMAN: They're post the house being handed over.

Mr ELFERINK: It's a straightforward question. Do they include, when you get to hand over the keys, alright, and your guy goes round with a checklist, which we've now seen the checklist, yep, it's all done, hand over the keys, that's then a new house, that's one of the inspections. Alright. So there's 589 houses have been handed over so far, and there's been 509 inspections. You know where I'm going, don't you?

Mr KIRKMAN: Just to be clear, 584 handover inspections and agreements, with the alliances. A further 509 in excess of that with the tenant, inspecting their home for a post-tenancy agreement.

Mr ELFERINK: Alright, so that doesn't include the new house inspections. Thank you. I misunderstood clearly. Okay. So you've had ... can you lay on the table now a schedule for inspections into the future?

Mr DAVIES: Mr Elferink, we'd need to take that on notice and give that to you, we can certainly do that.

Mr ELFERINK: So there is a schedule?

Mr DAVIES: There will be a schedule, yes, and they'll sit with each of the regions definitely. And you know there are seven communities that are currently being handed over, so completed and handed over, and so there are people on the ground, housing officers on the ground working in those communities, there are housing reference groups established, and we are working as rigorously as possible with the tenants, because as I was saying before we need to help sustain these tenancies.

Mr ELFERINK: Is there a schedule in existence at the moment?

Mr DAVIES: At the regional level there will be, and I will get those for you.

Mr ELFERINK: No, is there a schedule in existence right now or is it a case of the thing still has to be drafted up.

Mr DAVIES: In relation to an inspection plan, there will be in each of the regions.

Mr ELFERINK: Is there a schedule in existence right now?

Mr DAVIES: Definitely in each of the regions. There is, absolutely.

Mr ELFERINK: There is. Can we organise that? Thank you.

Madam CHAIR: Marion, you've got some questions?

Ms SCRYMGOUR: I just want to back towards tenancy agreements, and that process again if I could, Ken. And it's following on from the example that Gerry was pulling up in terms of Wadeye, and the, so it's just so that I can, through the tenancy agreement, the mother is the one that will wear the responsibility for the payment of the damage that's been done? I think that's what Andrew was saying.

Mr DAVIES: As the head tenant, but in terms of how that's negotiated Ms Scrymgour, it will be really a decision for the family. There are a series of tenants that will have been signed up in that particular tenancy, the head tenant is the mother.

Ms SCRYMGOUR: But doesn't that create a whole lot of problems, I mean, if you're going to have a whole family signing a tenancy agreement, the buck's got to stop with, I mean somebody's got to take responsibility for the tenancy arrangement. So you're saying that the mother is the main signatory to the agreement?

Mr DAVIES: That's correct. But they may be in terms of how the payment is electronically transferred, drawing off two or three incomes in that house to make the aggregated \$230, which is the ceiling that we can charge for a house. So if there are then out of that repayments that have to be made for damage, that may well come out of the mother's repayments, but it could well come out of her son's Centrelink payments as well.

Mr WOOD: Can I just ask, how does the son get punished then?

Mr DAVIES: The son, the person involved, they will have to repay for the damage, so this person was also in line for a new house and is no longer.

Mr WOOD: That won't help the taxpayer.

Ms SCRYMGOUR: But he'll just go and camp, I mean, if you look at a scenario, and we see this in all of our bush communities, alright? That son or those sons will either just go and live with other people who have got tenancies and houses, and they will just add to the overcrowding and stuff that's happening in other houses. So what is the department ... and given that you are legally, you've got the leasing over the housing precinct, so the department is, you are the landlord, so you are ultimately responsible for that property. So what is the department doing in terms of recovering the money for the damage for those houses in those communities?

Mr KIRKMAN: So in this particular case, Ms Scrymgour, the regional office have sat down with the sons involved in this incident. They've agreed to repay for the damage. Obviously now it's a matter of actually extracting those dollars and it will be through the payment deductions, in excess of whatever rent contribution that particular individual would make in the house. So there would have to be an agreement on how much that would be each fortnight until the debt is recovered.

Ms SCRYMGOUR: But he walks away still without having to, I suppose, be responsible for his actions. I mean, being responsible for damaging the property in the first place.

Mr KIRKMAN: There's one thing, one is the fortnightly deductions to accrue to any debt that's owing from him as a result of damage, which is the same as we'd do in an urban situation. There's the fact that he's on an acceptable behaviour agreement now, which is again the same as urban. The difference, I guess the additional aspect is that we've also spoken to the community, the community are really upset with these kids, and they've spoken to the kids as well about the way that they've damaged one of their new houses, which as you know they've got a lot of pride in their new houses going up there. So there's a fair bit of pressure from the community now that they toe the line. So the community have had that discussion. That's a bit more influence than we actually have in an urban setting. So that's I guess, there's quite a bit of pressure on these young lads now to do the right thing.

Mr WESTRA VAN HOLTHE: Can I just ask, who decides whether a criminal complaint should be made to the police over damage to one of your houses?

Mr KIRKMAN: If any of our staff actually physically see the perpetrators of damage, then we can possibly lay a charge, we'd have to investigate that with the police. Other than that I guess it's either going through the tenant who would then possibly lay charges against those causing damage in their house.

Ms SCRYMGOUR: Can I ask, just Andrew or Ken, if I was to put in an urban context, if you look at in an urban context, Darwin, Katherine, Alice Springs, Tennant Creek, where you've got, and maybe Nhulunbuy, where you've got public housing, how many, in terms of criminal damage, how many cases have actually proceeded through court in the urban context? Also how many, what was the agreement you said? The acceptable behaviour agreements, how many have been tied? Let's look at Darwin first.

Mr DAVIES: We'd need to go back and get those.

Ms SCRYMGOUR: Will you take that on notice?

Mr DAVIES: Definitely, Ms Scrymgour. The issue is in the context that I've dealt with specifically where there's been damage, we have moved very, very quickly to if necessary evict. We are certainly going for cost recovery, so people have arrears we track them. They don't get another house until they've repaid the debt if we evict. So we are quite firm about this. I mean, it's a privilege to be in social housing, it's not a right necessarily, and we expect people to look after the tenancies, and if they don't and there's wilful damage, we will go very, very hard to make sure there's cost recovery, and there's a record that follows. They don't just move from once house to another. They don't get back into public housing until they've repaid the debt.

Mr WESTRA VAN HOLTHE: Can I ask, where do you evict to?

Mr DAVIES: When we evict in an urban context, we evict.

Ms SCRYMGOUR: So they're on the street.

Mr DAVIES: If there are children involved, and it is in a family context, we work with agencies to support the families. Quite clearly it's in no one's interest to have young children out homeless on the street, so I'll go back here and reiterate. The emphasis is on sustaining tenancies, and people do need help in this area, and certainly in the remote context that's going to be the case, but when we do evict, if there are children involved we work with FAHCSIA, we work with police and NGOs to ensure the family are properly accommodated, in their alternatives. But if it's just a person who's just done wilful damage and it's an individual, then we evict them and that's it and they carry a record with them.

Mr WESTRA VAN HOLTHE: Right, and they're out on the street. Right. Thank you.

Ms SCRYMGOUR: Just with the question on notice with the acceptable behaviour agreements, if you could furnish that to the committee, but also how many out of those acceptable behaviour agreements, how many have lead to convictions, but also evictions out of their residencies in an urban setting?

And the second part if I could, Madam Chair, and then I'll hand over to the Member for Katherine, how are you going to implement the same agreements in a remote context in terms of evictions? Implementation of the acceptable behaviour agreement, and if they, through a breakdown between two parties, what will the department be doing in terms of evictions, or is that part of the landscape or not? You can take that on notice if you want.

Mr KIRKMAN: No, it certainly is going to be a difficult environment in that case. There'd certainly be a lot of discussion with the housing reference group around what the community might be able to do to come up with a solution. Obviously just evicting out of one house and him moving into another relative's house, or they moving into another relative's house is not an ideal solution, so it's worked through with the housing reference group in terms of what can be a solution, often that community pressure and those senior, the leaders having discussions with them goes a long way there. So we're working through the framework in which we can deal with those, but it will be through a lot of discussion with the housing reference group.

Ms SCRYMGOUR: What's the department doing in terms of ensuring that the housing reference group is being, the discussion you're having with the housing reference group is then having the discussion with the broader community, I mean I know that there are members that have been elected or appointed, whether it's through the department or through your various networks. What's the department doing to ensure that that discussion that's happening with the housing reference group is actually happening with the community? Particularly in relation to tenancy management, because it is a major issue on the ground in communities. People are not understanding the tenancy agreement arrangements, and the payment of bonds, I mean a lot of that stuff. I know the department keeps saying housing reference group, but isn't that just using the housing reference group as a means of, you can blame them because we've had the discussion with them and we're not having broader discussions with the community to understand these tenancy agreements.

Mr KIRKMAN: Certainly in the smaller communities I guess it's a little easier, because the information does disseminate. In some of the larger communities, I think Maningrida has probably been a good example for us recently, it is clear that just talking to the HRG doesn't mean that information will disseminate. We've put a lot of, I guess, effort in and resource into communication tools to get out the message more clearly, but certainly as our tenancy management frame will sort of gear up, their work will be to get those messages out to the communities, whether it's through sort of community discussion or through meetings with the various stakeholders.

But Maningrida being an example, it was clear that both, the work that the alliance is doing in terms of getting out that information to the community, but also in terms of what's happening with the tenancy framework and the tenancy agreements, it's required really tenancy officers going around to each of the individual locations, you know the camps around, the community living areas around Maningrida and having those discussions in each of those locations and inviting the community down and I think that's happened at least a couple of times in each of those community areas over the past few months. But it will be intense and it will be ongoing. It's the only way the information can get out there.

Mr DAVIES: We're trying to move from the 30 year old model, Ms Scrymgour, as you know, and to roll out a public housing framework in remote areas, and it's requiring a lot of extra support, a lot of effort, and that understanding will, some of it will be built over time, but in relation to damage and inspections and support at the community level, the housing reference group play a critical role. They're advising us, they're only providing advice, they're not making the final decisions, they're providing advice in terms of who the tenants for the new houses should be. They are making sure that people don't house swap, that people don't access a new house when they've got a house at an outstation.

They're the sorts of things that we are working with them on. So when I've sat down and talked to these housing reference groups, their advice has been invaluable in terms of the broader messages to the community, and even in the urban context when it comes to wilful damage, the head tenant ultimately has responsibility for that property, but there are instances where visitors and people come in and do damage houses. There are instances I'm sure where damage occurs and somebody else gets blamed for it. So we're in a space of where we're very, very reliant on the intelligence of our tenancy management officers on the ground and our housing officers, and those housing reference groups about the solutions. But as I was saying, where there's damage and it has been wilful, we will be seeking to make sure it's paid for. And we'll be sending that message very clearly.

Mr WESTRA VAN HOLTHE: I'm just a bit concerned about this responsibility for damage to houses, and from what I hear in answers so far, that people who commit wilful damage won't be charged unless someone from your department physically witnesses them causing the damage, or the head tenant wishes to pursue a criminal complaint. Is that what I'm hearing?

Mr DAVIES: Mr van Westra, I'm not a lawyer, but in the context of a criminal act and witnesses and who actually is the person who is identified as doing the damage inside a house, inside a home, then police obviously will have to make a call on whether or not somebody can or can't be charged. But where there is damage inside a house that I'm responsible for, and it can be attributed to somebody in the house who is part of a tenancy agreement, we will be seeking to ensure that repayment is made for the damage, and they will carry that record of damage on their profile, and if we have to move to evict and they still haven't completed

repayment, they don't get into a new house or another public housing complex until they have repaid. That's about as much as we can do within the context of the law.

Ms SCRYMGOUR: But you'll press charges against that person though?

Mr DAVIES: Where we've got witnesses and people are prepared to stand up in that context, definitely. Where there's a case that can be demonstrated, definitely.

Mr WESTRA VAN HOLTHE: Who makes that determination?

Mr DAVIES: We would have to do that.

Mr WESTRA VAN HOLTHE: Right. You said yourself that you're not a lawyer, who's qualified in your department at ground level, at grass roots level, to make those decisions?

Mr DAVIES: In terms of what we see in the houses, we often get to the houses post an event, in terms of how we actually manage, it would be done situation by situation. We do go into complexes with police accompanying us, as I said before we've got this arrangement whereby if police see damage to a property, I mean clearly if they see somebody wandering around with a crow-bar smashing a house, they're going to charge them. But if they get there post an event and there are a range of people there, then we have to go in and do the unpacking, and work out how we're going to manage that tenancy going forward. It's not a clear cut as just going in and charging somebody without witnesses.

Mr WESTRA VAN HOLTHE: I understand that, I mean charging people is generally left up to police, but I mean, what qualifications do your employees have as investigators to investigate these matters? I mean, the point I'm making is, should not all incidences of damage, wilful damage to all houses be reported to police by way of a complaint or criminal damage, so that the police can then investigate in each and every case and make a determination as to whether there should be charges laid or not? What I'm hearing is that you're selectively, or in some ad hoc way going to determine whether matters are reported to police and to have them investigated.

Mr KIRKMAN: That is not correct. In the one instance that we've had in a remote area the region, and it will be the regional director in each case that has the responsibility, so they've been informed that there's damage, they've contacted police, they've had I guess advice about whether it would be likely that charges could or could not be laid, so that's been done, and that is done in each of the urban settings as well. So if there's damage to an urban property in town, there'll be usually a police incident report, often the report is requested from the tenant if someone comes and does the damage, so there'll be a police file note. We'll ensure as housing that the police file note is there, and they have actually gone and got confirmation from the police that damage has been caused by someone other than themselves. So it's a fairly standard process to get the police to review all aspects of wilful damage, and it was done in this case as well.

Mr WESTRA VAN HOLTHE: I'm just concerned about what's been given in evidence today. It seems as though your plan going forward is to allow ad hoc decisions about whether matters are reported to the police.

Mr DAVIES: No we're not saying they're ad hoc, there's a set of rules and regulations that apply, Mr van Westra [sic], and what we're saying is that each situation when we go into it,

has to be looked at in the context of that particular situation. So we're dealing with people who have a range of visitors coming to their house, there are a range of instances in this one, this was a family related issue where there is evidence that the police can sustain a criminal charge that is absolutely supported.

Our tenancy management officers get in often post an event ... and then we have to go through and if a house is damaged internally or externally, we go as hard as we can to recover the damage. That's the way that we do do it, and we do that through the rental repayment process, or if we need to through civil action. And people carry a record, and as I was saying to you if there's an eviction that takes place they don't get back in until the debt's repaid. It's not an easy process, but we can provide you with, as I was saying before, with the information that's been requested by Ms Scrymgour around people who are on the integral behaviour agreements.

Ms SCRYMGOUR: But if you can't, I mean, and that's why I was asking about the urban setting, because if you, and you only have to look at Shiers Street, Litchfield Court, I mean all of these places. If you're finding it hard to implement those behavioural agreements in an urban context, how the hell are you going to do it in remote, if you're not going to use the Wadeye as an example?

Mr DAVIES: Can I just say, Ms Scrymgour, I mean, I've been involved in two instances recently, and it wasn't hard. What we needed was the evidence that there was some damage going on, we went in, did an inspection. One of the instances that happened near the Narrows, we went and did an eviction process, a formal eviction process based on what we'd seen with full police accompanying us. So we are being much, very, very, much firmer around managing anti-social behaviour in complexes. And what we're now doing is gearing up with the police to tighten up on those relationships, and we're also as I was saying, making sure that we apply a common approach to remote and to the urban and regional area. But it's not going to be easy, we're taking on 5,000 additional assets here, and we're dealing in a context where if we evict people in a remote context, there is no other housing for them to go to.

Madam CHAIR: So John, did you have questions, because Gerry has questions and we're nearing the end of the first hour.

Mr ELFERINK: Just a couple of quick ones. You've gone by way of agreement to recover monies from tenants who are not criminally charged, do you pursue it civilly, and if so by what, and when I say pursue it civilly I mean do you pursue it through the courts, do you simply place them on a list and say never to have a house again?

Mr KIRKMAN: It's pursued, I guess, by an agreement around largely how the debt will be recovered.

Mr ELFERINK: Yeah, but you say an agreement, so that's, so you sit down with the person and say look you owe us some cash, yeah, I'm really sorry I broke the house, take five bucks or ten bucks a week out of my payments. Do you actually have any mechanism by which you pursue it through the courts to recover a civil debt?

Mr KIRKMAN: If the debt isn't recovered or the tenant then isn't forthcoming or stops deductions, then we'll pursue it through the Residential Tenancies Act, and the Commissioner ...

Mr ELFERINK: So you go through the ... alright, fine. Thank you. Just one other quick one. Those inspection schedules to which we were referring earlier which have been prepared, can you make those available today or tomorrow, please?

Mr DAVIES: Certainly.

Mr ELFERINK: Thank you.

Madam CHAIR: Gerry.

Mr WOOD: Thanks. I mean, I raised the issue at the beginning there, because what worries me is that way out in the bush, people not sort of connected generally with the bigger picture, and the bigger picture is that SIHIP is a major funding project by the Commonwealth and Territory governments. It's had its fair run of controversy, as you know, and then if the taxpayers out there see that all this money is being spent for the benefit of Indigenous people, as it is, and then they see within a few months the damage to the house, and if I was to release the pictures of the damage to the press, it would just put the whole program back further, and I haven't done that, but I've had to go and have a look at the houses, I've seen the damage in it, and the damage isn't only to walls, it's to light fitting, it's to doors, it's to the towel rack in the bathroom. There's some graffiti which may or may not have had anything to do with that, but for a brand new house, it's not a good look.

So the reason I'm making an effort to raise this issue is that I think that we have to, right at the start which is more when the first houses have been tenanted, that if the message doesn't go out there that this is not acceptable, what will happen I think there will be a backlash from taxpayers throughout Australia saying, well, we're not going to fund it anymore. It's not acceptable until people look after the houses. Now it's not saying that my house is perfect, and other houses aren't perfect, but this as a program has had a lot of scrutiny, it's been out there in the paper weekend after weekend in the *Weekend Australian* and other papers, so that's the reason I'm concerned that if nothing is seen to happen to someone who damages a house maliciously, then I think this program will be doomed to failure from the start.

Mr DAVIES: Thanks Mr Wood, and I just want to reemphasise just what Andrew said earlier in the context of this particular family, I do understand a couple of these blokes have formally apologised to the community. So there's been, what we see on the surface, but there's a subset of issues that are being dealt with through the housing reference group and at a community level. Nobody at Wadeye wants to see these new houses damaged, it's a source of pride for the community.

But I'll just reemphasise, we have our executive directors in our regions who have the final sign off on the housing allocation, the housing reference groups provide advice, the executive director in the Arnhem region, for example, will be signing off on 300 new housing tenancies over the next three years, and each one of those decisions will, there'll be a record as to who and how, and the justification for it. They are big decisions that are being made, and we want people in those tenancies who can sustain them and look after the houses. It's really critical because, you're right, if we have even 10 of these houses that are damaged very soon in the program and in the way that this one has been damaged, then it's not what we would want to see going forward. But I do want to affirm that we're taking it really, really seriously, doing the inspection regimes, and making sure that we're doing the right work to support the tenancies.

Madam CHAIR: Gerry, I just want to jump in. I was going to make the comment that we're talking about a couple of houses here, just a couple of houses out of a massive program. And my concern is that of course they need to be managed, all of the questions that have been asked here today are quite valid. But I do not want to see Indigenous Territorians across remote areas stigmatised by the actions of a couple of families. And what we don't hear enough about is some of the positive stories about how people's lives have changed, have been improved and that health and well being and that sense of pride and community pride that comes with this program.

Mr DAVIES: And if I could just affirm that through the Chair, I mean, if you go to Umbakumba and have a look at the new houses that are being constructed there, the involvement of the local workforce, the Indigenous workforce in that building program and see the new houses with, you know, they've got a nursery established now with the trees being put out the front and the absolute pride that's been taken in those places. This is a sea change for these big 16 priority communities, and we're taking it really seriously, but it doesn't mean that our processes can't be improved or that we're going to learn some lessons along the way. But again just to reinforce it, where this kind of damage occurs we will find it, call it and make sure that somebody is held responsible for repaint.

Ms SCRYMGOUR: Madam Chair, I just wanted to ... yeah, look, I don't think anyone's disagreeing with the Chief Executive Officer or what you were saying, Madam Chair, but if you look at ... and the reason I asked that question about the acceptable behaviour agreements and those issues and what we've implemented in an urban context, is that, I mean, the departments often, and there has been communication out in our remote communities that they're normalising the whole situations. I mean, you've got growth towns, you've got, you know, Territory 2030, I mean, you've got a whole number of these policy parameters or frameworks going into these communities, the whole leasing normalises are the situation on the ground of these communities.

When you look in an urban context and you look at the damage that is done in urban housing, a lot of that damage is family members that come from our urban centres, you know, from our remote centres into our urban centres. So how are you going to, you know, look, I know you're going to ... it's a massive job, but unless you put in place that the same framework that you've got in your centres in your remote, I don't want to see Aboriginal people in communities evicted out of their houses anymore. But the people that pay the price on the ground in these remote centres are usually the old grandmothers and the mothers that then have to put up with, you know, the larrikins and the hoons of their sons and others.

So it's in that context of who's going to make those young men who couldn't give a shit about their mother or their grandmother, responsible for the damage to those houses. That's all I was asking, it wasn't, you know, I know that you've got a big job ahead of you but it certainly has to be addressed. And I think that time for pussy-footing around a lot of these people are ... and generally they're young men that do the damage in a lot of these houses, and I'm glad you said that they apologised, I'll wait and see.

Ms WALKER: Gerry.

Mr WOOD: The second part of my concern about this house, and again I take in ... look, I know there are good houses too, but the reality is we've also got to deal with the problems that they're costing taxpayers a lot of money. But the issue that concerns me is that in this, this is

the Commonwealth and Territories facts sheet about ... see here, and it says that with better housing will help make families healthier.

Now, the reality is, and again I haven't put this out to public viewing, is that that house was literally covered in cockroaches. Now my understanding is that may have come from the sewerage, that they've come up through the sewerage pipes for some reason or what, but whatever it shocked me that in the middle of the day this house was covered in cockroaches. Now I've got cockroaches in my place, and you get up in the middle of the night and you'll see one wandering past, but, you know, it's not normally a plague of them.

The thing that would concern me is, before people went into the houses, we are, I think, we asked previously, was there training done, you know, like there used to be, life-skills training, and is there a record of that? If we were asked for a record of what program these people did before they entered the house, would you be able to give us that?

Mr KIRKMAN: Absolutely. And it's certainly in the area that we probably spent a lot of our energy focusing on.

Mr ELFERINK: Have been there and done that.

Mr KIRKMAN: We've got a tenant support framework, and a very important aspect of that is the intensive tenant support program. We're now starting to roll it out across 581 families now; that program is something that the tenants can either take up or not, but the majority overwhelmingly, yeah, have wanted that support. So that program is effectively delivered over a six to 12 week period of time. It discusses, I guess ... well, it provides the training and education to tenants to understand their rights and obligations around the tenancy agreement and how to maintain a safe healthy home and living environment. We've got talking books in Indigenous language to assist this process that our tenancy management is for.

Mr WOOD: Is that before they go into the house?

Mr KIRKMAN: Yeah. So the first phase of it is a pre-handover engagement, so up to six weeks before the handover occurs there's the start of the program.

Mr WOOD: Would any of these tenants who were referred to this specific house, would you have an idea whether they went through that course?

Mr KIRKMAN: I'll check that, I'm not positive that they have.

Mr WOOD: But I think you've told us some of this before, but what I was trying to get at was that, alright, well, you've said that there is a program. What I'd like to find out, have these people been through a program, and secondly, have you done inspections on, you know, in the meantime, like, what I'm worried about is the government again is spending \$695M to make families healthier. And if no-one is making sure the house is actually healthy, that is if no-one is making sure that there is the people there are learning to control insects, you know, to maintain the house, so people will be healthy, we're not going to get anywhere.

Mr KIRKMAN: No, absolutely. So the start, I guess, is the intensive tenancy support program, but then after that regular inspections, it's also the knock on the door by the tenancy manager. So the four inspections a year are the thorough inspections, but there's also, I guess, there are times when the tenancy manager too, as often as they can go around and knock on

the door, but put their head in and say, you know, is everything going alright, do you need some assistance. And obviously if they see a sort of pests sort of a issue that was involved in that house, then they can address that at the time.

A lot of it's around the education and knowing that, and the family understanding that that isn't a healthy way to live, and if there is an issue they can go and report that to the Shire to get a pest treatment done.

Mr WOOD: So it will be the Shire's job now if say this house was, well, I'd regard that as unhealthy for any children to live in there, but that, you know, I've got pictures of hundreds of cockroaches on the floor. Now, well, has anything happened, for instance, now if someone walked into that house and said, that house is actually condemned because no-one could live in there because it's unhealthy or has there been some action take place?

Mr KIRKMAN: Yeah, sure. I was actually out there last week and had a chat to the asset manager we've got on site and the tenancy manager. They've now gone and done a further sort of inspection of the property, and there'll be the appropriate action, both in terms of the damage but in terms of the pest issue.

Mr WOOD: But does it need you to go out there to get it going or does it need me to go and maybe take photos of it?

Mr KIRKMAN: No, not at all.

Mr WOOD: Is there a regular process?

Mr KIRKMAN: Well, there certainly is, and it's the four times a year inspection is the formal process in which those issues are addressed.

Mr WOOD: And could I just ask the board a question then, we're all about outcomes. Who's going to prove that over the next 10 years or something by building these houses we are making families healthier; who's going to actually say that actually has happened, you know, we build and spend all this money, we say this is the reason we're spending all this money, who will actually show us that that actually has happened?

Mr DAVIES: In terms of, you know, the whole SIHIP, you know, is underpinned by the closing the gap arrangement. So in terms of the healthy homes and the proof there'll be a range of indicators, Mr Woods, will be applied, you know, including the wellbeing, the wellbeing of children obviously in their community, school attendance. I mean, housing underpins a whole lot of changes you would expect to see in a community, and including the homeownership choices, those sorts of things.

So in terms of how we will measure that improvement, we're doing an evaluation with the Australian government around the Closing the Gap initiative and we'll have research and evidence that will enable us against those closing the gap indicators to be able to show progress. That's the way we're going to do it. We're not just going to roll this out and then just in five or six years time just be, you know, grappling around to try and find out if a difference has been made so.

Mr ELFERINK: In 10 years' time the answer is the Australian Bureau of Statistics.

Mr DAVIES: I want just to reinforce you, and it goes back to Lynne's earlier point, this is a major change, right, it's a positive change, we're 27 months into a 10 year program, that's how far we're in here. We've got, you know, large numbers of houses are now being constructed, new infrastructure being rolled out, Maningrida, subdivisions been put in at Nguui and Galiwinku. There's a small one going in at Umbakumba. We've got a new housing lease just agreed at Lajamanu. There's one now that's being put in place to be signed off at Hermannsburg. This is a massive change that we're going through here, and we're 27 months into a 10 year project.

So picking up on your point earlier, Mr Woods, about finding things and calling them early, we certainly you know, don't see you know, a challenge with that. What we want to do is to rise to it, and to try and fix them as the CTC's finding issues, but I can't say that it's going to be perfect because we've got 5,000 houses that have to be tendered and put into a public housing model. I can tell you it's not perfect out there in the urban and regional either.

Mr WESTRA VAN HOLTHE: The house that the Member for Nelson's been referring to with the cockroaches in it, the family that lives there, have they gone through this program the intensive support program that the education?

Mr KIRKMAN: I'll check that.

Ms SCRYMGOUR: Yeah. He's going to check it. Then he'll follow it up and get it back to them.

Mr WESTRA VAN HOLTHE: Now the program is voluntary you said?

Mr KIRKMAN: That's right.

Mr WESTRA VAN HOLTHE: What's the thinking around making this voluntary rather than mandating it for all new tenants into new SIHIP housing?

Mr KIRKMAN: Right. It's like any training and education, you can't force that upon people but ...

Mr WESTRA VAN HOLTHE: Can you not make it a condition of the lease that they do this, because there's a recognition out there and it's ...

Mr DAVIES: Yeah. We could look at that, we could definitely look at that.

Mr WESTRA VAN HOLTHE: Most non-Indigenous folk accept that we as a normal part of our routine, we clean our house and we do all sorts of things. Many Indigenous people don't understand that. So you're looking at now there would be a cost involved in remediating that particular situation and regardless of the damage or any damage that might be there. So why wouldn't you look at making compulsory as a part of a lease condition that tenants must undergo this training?

Mr DAVIES: We can certainly look at that, I think the one thing there, Mr Westra Van Holthe, would be that we probably if we were going to do it given we're trying to get a public housing system that's consistent, ...

Ms SCRYMGOUR: Make it right across the board.

Mr DAVIES: ... we probably need to do it in the regions as well.

Ms SCRYMGOUR: 'Because it's just not people in remote areas that trash their houses and can't clean them either; look in your urban centres.

Mr DAVIES: So you know, that's, I think, you know, we'll definitely look at that, but you know, as I say like we ...

Ms SCRYMGOUR: It should be right across the board. I just got one ...

Mr WOOD: I never finished my line of questions.

Ms SCRYMGOUR: Madam Chair, if we could ... like, I'm conscious that we've also got local government and I want to get onto local government. But with the refurb and rebuilds, sorry Mr ... do you want to ... have you ...

Mr WOOD: No.

Madam CHAIR: It'll be the last question, Gerry has been waiting for a while.

Ms SCRYMGOUR: Have we gone forward with bringing now that with the refurbishments and rebuilds, where are we at with that, because the expectations in communities is in terms of refurb have we ... what are we doing in going through those next steps with the Commonwealth government?

Mr DAVIES: Right. So just to ... we've got a target with the Australian government of 150 new by Christmas, with ...

Ms SCRYMGOUR: New refurb?

Mr DAVIES: No, sorry, new houses completed and handed over. We've got 74 that have been handed over to date, and 75 or so no, I think it's nearly 80 that are underway. So we will meet the new target by the end of the year. The target nationally for refurb was 1,000 by the end of this year. The advice we've got off both alliances is we're going to get there, I think it's fingers crossed given the wet. We'll see how we go, but the aim is definitely for 1,000, they're looking at their projections we'll get over that, but let's just see what happens in the context of the wet. In relation to the, sorry, your question, Marion?

Ms SCRYMGOUR: With the refurbishment, Ken, which has been an issue that the CTC has been following for some time.

Mr DAVIES: Yeah. In relation to the refurbishment footprint, what we are doing and Minister Burns has undertaken too in the public domain to say that we've got an alliance model, we've got two alliances who have packages which involve also as well as building, doing refurb where there is a big one where currently there's no new building, it's all about refurb, and New Future Alliance is running that in the southern region. And what we're finding as the program develops is that on the upside working with Aboriginal enterprises, Julalakari's one, GEBIE out of Groote Eylandt and Ingkerreke and Thamarrurr Development Corporation as well, is part of the answer of looking at value for money in the context of refurbishment program.

We are in the process of working with the Australian government to look at how we manage the refurbishment program going forward, and to whether or not we can look at some models which are using existing alliance methodology. But might enable us to try some different methods, one being the use of local companies to do the refurbishment work.

Another option might be to go in with fixed priced contracts for particular communities, and work with the alliances to put in place a different method of managing them to see if in fact we're able to generate improvement in terms of the value for money and the amount of work that's done inside the door as part of the package. That's what we're doing, so you know, the program is changing, there's no doubt in terms of new and rebuilds.

The way we're doing that is definitely starting to deliver the scale in terms of the refurbishments where you've got say for instance at Hart Range or Alcoota, \$900,000 worth of work that has to be done in nine or 10 houses there. Whether, you know, the alliance method of rolling out teams and that sort of thing is the best way to go, just remember that we've got that Indigenous employment overlay where through the alliances where, you know, we're achieving some fantastic outcomes. So if we break it up into small packages the engagement for local people is going to be a challenge, so we are exploring it with the Australian government to see if we can improve.

Madam CHAIR: Gerry.

Mr WOOD: And I've got two questions for you, one question relates to what you were just talking about now. Yesterday we spoke to Brian Hughey from New Future Alliance about Palumpa, now I visited Palumpa and looked at the refurbishments there and I think I could show these ones fairly well. That was door frames not painted properly, and I know Ian gave us a reason why SIHIP did the better job than local contractors. This is a case where this was not up to standard, but this was under New Future Alliance who subcontracted others to Thamarurr.

Ms SCRYMGOUR: Thamarurr, but he explained.

Mr WOOD: Yeah. But there was ... well, the thing is that what I was going to ask is, you mentioned that there'd been all these inspections done, now even New Future Alliance said they didn't come up to standard. So I'm presuming someone from the department did inspect the houses at Palumpa, and if they did, did they pass that as quality refurbishment, and if they did have they also paid New Future Alliance for work that really was not ...

Mr DAVIES: Oh, yeah, that's right, he said it came back to us and they must have fixed it up.

Mr WOOD: Yeah. But was New Future Alliance paid for that work?

Mr KIRKMAN: The answer to the first part of your question yes, the asset manager went in looked at that work some months ago, contacted us directly to say, he was very unhappy with the standard or the quality of work, New Future's acknowledged that. They haven't been back into Palumpa since that they know that they're going to have to rectify those defects as soon as they get back in and they continue their refurbishment program there so.

Mr WOOD: But before obviously they were on our matrix shown as completed. Did someone from the department before the money was paid over, obviously you get an invoice

from New Future Alliance says we've done this work. Before that was paid did someone from the department go out and say, oh I'm sorry, we can't pay you for that?

Mr KIRKMAN: Yeah. There is a handover it's important to know that, you know, you've asked for those and I've got a couple there for an example if you so wish, but if the house is habitable and by and large is fit for residency, then the tenants will move back in because obviously there's a lot of pressure on relatives and creating an overcrowding situation whilst their house is being fixed. So if it's tenatable then the tenants will move back in. These sort of issues will be listed as defects to be rectified, and it's then the responsibility of the asset manager to ensure that those defects are rectified when the alliance gets back there.

Mr WOOD: What I'm getting at is that I believe the system is that the alliance says it's done a job and gives you an invoice to pay. Now hasn't anyone gone out there to say, mmm, no, that invoice ... we can't pay that invoice because the work hasn't been done to the standard required, or has the alliance been paid for this work and now you're coming back after you've paid them and saying hang on?

Mr KIRKMAN: Yeah. It's not dissimilar to any other contract; the work we put forward as complete, but we sign off on that but there'll be a defects list which means obviously they'll be paid for the work that has been done, but they'll be required to go back and fix anything that is a defect.

Mr WOOD: Is that what's happened in this case?

Mr ELFERINK: Yes. It was explained yesterday.

Mr WOOD: It's okay, John.

Mr ELFERINK: Oh goodness, we're wasting time ,Gerry.

Mr WOOD: Oh well, that's your opinion, John.

Mr ELFERINK: Well, you're fixated on this door frame, mate, what about the policies?

Madam CHAIR: Order.

Mr ELFERINK: Well, get on with it.

Mr WOOD: Just on the other question on the matrix, we got two matrixes, one for the 17th of August and one for the 30th of August; this is what we've been given and I would presume it came through your department. But the numbers of houses has increased, but the amounts of money just stayed the same. Is there ... have you ...

Mr KIRKMAN: I wasn't aware that you had two different.

Mr WOOD: We have one dated the 17th of August, say for the package one shows 121 total works on housing lots. On the 30th of August we've got one that says 125 total works on housing lots, but the money the amounts of funding and the money expenditure to date is still the same at \$44.5M.

Mr KIRKMAN: Okay. So ...

Mr WOOD: What I'm asking is are those expenditure figures correct or ... ?

Mr KIRKMAN: The expenditure figures are as of 31 July.

Mr WOOD: But the housing numbers have changed.

Mr KIRKMAN: The housing numbers would have changed from the difference between the 17th of August and the 30th of August, in future I'll ensure that you only get one copy of that at the one date and obviously that'll be quarterly as we discussed. But the budget and expenditure figures, well, the expenditure figures here at 31 July, so that's probably the same figure that you've got in both reports. The housing figure would have increased from what has been completed from the 17th of August to the end of August; I gather that's what the change is too.

Mr WOOD: Is it possible to have the two coincide, otherwise if we're trying to work out how much the package costs we haven't got an accurate figure?

Mr KIRKMAN: Sure. Yeah.

Mr WOOD: Thank you. I've got plenty of other questions, Madam.

Madam CHAIR: Alright. So we're going to move on to local government.

Mr WOOD: Yes, yes, yes, yes.

Mr WESTRA VAN HOLTHE: Well, half the questions now on these new fixed price contracts, but I will wait for another occasion.

Mr DAVIES: We just are picking up on that, Mr Westra Van Holthe, we've got no agreement with our Australian government colleagues, it's just a test to see.

Mr WESTRA VAN HOLTHE: Oh, I get it.

Ms SCRYMGOUR: Because they have been issues that have been raised in the past, that's quite a difference.

Mr DAVIES: Yeah, that's right. Well, we're giving them the message and we are trying to adjust it to that.

Mr ELFERINK: Not for today, I'm not critical or anything, I'm just curious as to where you are with it, that's all.

Mr WOOD: Not critical?

Madam CHAIR: Look, on behalf of members of the CTC, I'd like to thank you for appearing before us this morning and providing evidence. A transcript will be made available to you in as timely fashion as possible, but again I thank you. And we might just take a very quick break for members to grab a cup of tea before we move onto ...

Ms SCRYMGOUR: Local government.

Madam CHAIR: ... local government. Local government reform service delivery.

[MEETING CONVENED AT 10.29 – RECONVENED AT 10.38]

Madam CHAIR: Apparently because I closed the meeting, I have to re-open now, so bear with me. I declare open the second half of the meeting of the Council Territory Co-operation and we welcome the following witnesses: Ken Davies, Mathew Fagan and David Alexander who appear before the Council to brief us in relation to our terms of reference.

The Hearing is open to the public and is being recorded and a transcript will be produced and will be available for the public. In certain circumstances the Committee may decide that evidence or part therefore can be taken in-camera and may remain confidential. Please advise me if you want any part of your evidence to be in-camera and I would remind you that this will be at the discretion of the Committee.

You are reminded that evidence given to the Committee is protected by Parliamentary privilege and for the purposes of record I also ask that you state your name each time you speak. Thank you.

So for this part of the meeting we are looking at Local Government reforms and service delivery.

Mr WOOD: Can I ask a non-specific question? When I was out bush, a few people said to me that there's a perception out there that the Shire's Reform program and the intervention is connected, and I think there's the belief that when the intervention finishes so will the Shire Reform. Have you run into that at all in your travels?

Mr DAVIES: Mr Wood, no, the answer to that is no. In fact, the questions that I have had and this happened at Yirrkala with Banambi, the President of the East Arnhem Shire, his question to me was more about we have started a process, we have had a process of reform, we have had a lot of changes to do with the Intervention and with a whole raft of things, including housing, and he said to me, can you give me a guarantee, please, that there will be no changes to the Shire Reform process. So he was actually looking for a guarantee that there was going to be continuity going forward. He wasn't talking about turning on August 18 2012, which is when the NTER Act concludes.

To the opposite, really, are people making the connections around a whole lot of change going in their communities with the intervention? I think that is the case, and of course the Shire Reform processes flowed out whilst the intervention was going on but I am not getting any sense at all that people are being turned off. The October 2012 date is the next elections for the Shire, so there may be an overlay there into 2012 with the NTER. That would just be an assumption on my part.

Ms SCRYMGOUR: How is the ... because we do have the NTER, the legislation, the sunset clause starts setting in 2012, we have got local government elections in 2012 and you have also got the Northern Territory elections in 2012. There is a lot of confusion, there is also a lot, I think, in East Arnhem and you use Banambi as an example and having just recently with the Member for Nhulunbuy gone through that region and, yes, it is good to see a Shire that is

operating effectively, but I've also travelled in other regions where it is clear that there are other substantial issues, structural issues, they are not just personnel issues, there are structural issues that are quite problematic in terms of these Shires being able to operate effectively and also financially.

So what work, Ken, is going to be undertaken, because there has been so much time on SIHIP that I'm glad we have set some time aside for local government because that is, and it is, a major reform that was needed, nobody is saying we didn't need the local government reforms, but how do we get the intent of the policy actually happening on the ground in these communities?

Mr DAVIES: Ms Scrymgour, you are right. I think there is, again, this is part of a major reform process, we are not long into the reform process and there are some Shires that are performing better than others, that is fair to say. In terms of what is the Department doing about supporting Shires, and that is certainly the frame that we are wanting to run with, we are working with LGANT very closely.

I held a Shire CEO and Mayors forum two weeks ago where we had full attendance there of all the Shire Presidents and the CEOs, we worked through a range of issues that are challenging, including how the local boards are working, we talked about funding, some of the reviews that the Department is conducting and, at the same time, where Shires have experienced difficulties like the Barkly Shire, we have had officers down embedded or working very closely with the Shire to give them the support to go forward.

It is still early days and it is certainly, from what we are seeing, the Department is very positive about the reform process. In terms of budget, there is an issue around sustainability, going forward around the rent base, sorry, not the rent base, the capacity to generate their own sourced income. It is not like a normal Municipal, they are very reliant on government support.

Ms SCRYMGOUR: If I could just stop, Madam Chair. If you go back to the reform process and when that happened, I mean, because this is a major issue for a lot of the Shires, is their own source revenue, and part of the reform was, we knew that the status quo couldn't remain on the ground, but the process of the Shires and own source revenue was that the rating was going to be an incentive in which you could ... so there were projections done and Shires were encouraged to come together and to do this. Now, we have gone ... how far have we been in this process? Over ... ?

Mr WESTRA VAN HOLTHE: Over two years.

Ms SCRYMGOUR: Over two years. The Minister at the time gave a commitment to review this reform process within 12 months. Where are we with that review?

There have also been a number of issues raised by a number of Shires around the Northern Territory to have the Local Government Act amended to try and deal with, particularly, the own source revenue which the Department seems to be under this thing that you can rate Aboriginal land, which is completely false given that the Local Government Act actually exempts the Land Trust from being rated. So how do Shires generate their own source revenue when you have got that imbalance in the Act?

Mr DAVIES: There are a few questions in there.

Mr ELFERINK: Three questions, two allegations and assertions - and a small speech.
[Laughter]

Mr DAVIES: Just in relation to the review of local government reform, I'll just address that. We are not going to be reviewing our local government reform in its entirety. What we are doing is we are working with the Shires and reviewing elements of the reform process, in terms of a complete review of the whole reform. We are not going to be doing that, we are going in, and I will let David pick up on the particular elements we are looking at in a minute, but rates capping is one of those.

As a consequence of the review, there will be some changes, we think, to the Act and the regulations. We are going to need to work through those pretty quickly with the Shires and the stakeholders, LGANT as well to get those sorted out before the 2012 elections, in particular. We have got the new financial year 11/12, 10/11 coming up where we have got to ... sorry, 10/11 now, 11/12 where we've got to make some decisions, particularly around rate capping, so there is a lot of work on foot.

David do you just quickly want to talk about it in the context of the reform and what we are actually doing?

Mr ALEXANDER: There are a number of aspects – David Alexander – of the new local government that we have been considering. There has been a review of the election that was held in October 2008 where we sought submissions from Council and stakeholders about how that election went and that has resulted in a report which has just been released today with some recommendations around how it can work in the future. Hopefully that will address the issue of the NT government and local government elections being in the same year and how they might be differentiated.

One other thing that came out of that review was about the voting system, and you may have heard from Will Sanders about his views on the voting system and that was one of the very well highlighted areas of concern in the election review, so there is a lot more work happening around that as well.

Ms SCRYMGOUR: Are we able to get a copy of it?

Mr ALEXANDER: Yes.

Ms SCRYMGOUR: Madam Chair, a copy of the review document to ...

Mr WESTRA VAN HOLTHE: Released today.

Mr WOOD: No, there's two documents you are talking about: one was about a certain election and the other was about review of local government elections in general or voting systems.

Mr ALEXANDER: So there is the review of the election and then the review of the voting system.

Mr WOOD: The review of the voting isn't finished yet.

Mr SCRYMGOUR: We are able to get copies of them.

Mr WOOD: There won't be a finding on the review of the voting system for a while, I would imagine.

Mr ALEXANDER: Submissions are open, I think they close on Friday of this week. So we expect that there will be soon. I know that Will Sanders is back up here, he is doing a presentation at the uni next week.

Ms SCRYMGOUR: On the voting system?

Mr ALEXANDER: There's a review currently underway of member allowances, there has been some concerns expressed by some councillors about the level of those allowances, so that is under review. There's a review of the ability for a council employee to also be a council elected member. It's an issue that has, for some time, been of concern to some councils.

Mr WOOD: Can I just ask a question. Again, when we were out at Port Keats, we heard that a member of the Northern Territory Public Service had to resign and he was not allowed to stand as a councillor, so they are having a by-election right at the moment; he worked for corrections. Is there a policy that you can't be a NT public servant and be a councillor or was it just because he belonged to this Department and there's been a direction ...

Mr ELFERINK: That might put Gary Lambert in a difficult situation, wouldn't it?

Mr DAVIES: With that particular circumstance, we need to check. It could be that if they were managing a program that was corrections related, there may have been ... it depends, I mean, there may have been some potential conflict, we'd need to find out.

Ms SCRYMGOUR: No, he was a corrections officer, as I understand it.

Mr DAVIES: If the Shire was managing some sort of program where there may have been potentially a conflict.

Ms SCRYMGOUR: No, he is a Northern Territory Government employee. He is the Corrections Officer on the ground in Wadeye. Because this has been raised in a number of areas where you have got Corrections Officers in remote communities that have been asked to, because of this conflict in the Act, if they want their position, and Wadeye ... oh no, this guy resigned.

MR WOOD: I'm just wondering where the conflict, because he's not working for local government, he's working for the Northern Territory Government.

Ms SCRYMGOUR: It shouldn't be an issue.

Mr ALEXANDER: I'll get some advice on it. I can't ... I haven't got the Act in front of me but I can't recall an [*inaudible*].

Mr ELFERINK: There are public servants working in the municipal.

Mr ALEXANDER: Yeah, exactly.

Mr WOOD: I was given that's the reason for the by-election, he didn't want to resign but he was told he'd have to.

Mr ALEXANDER: There is another review of the requirement for the nominees for Council elections to lodge a \$100 deposit. We understand that's been difficult for some people to raise that deposit, but also the logistics of lodging that with the Shire, that can be a long, long way away the Headquarters, has also been difficult, so we are also looking into that.

The other aspects are that the conditionality that was on the rates, so the rate capping and the transitional arrangements, conditional rating, they expire at the end of the current financial year and so there's obviously got to be consideration of whether that's the way to go.

Madam CHAIR: David, could I just ask you a question? You mentioned that there, amongst the review, included a review of allowances. Is that for the elected Shire Councillors or has it been mooted that members of the community advisory boards, certainly in East Arnhem way, look for remuneration due to the sheer volume of meetings that they are required to attend, the level of meeting fatigue that is happening out there in communities. Has that been raised as part of the review?

Mr ALEXANDER: The review is particular to the councillors, the allowances for elected councillors. We have also, with some funding provided by FaHCSIA engaged consultants to evaluate the local boards and I expect that some of the information that will come out of that will go to the time commitment of members in engagement boards, local boards, reference groups and whether there should be any style of compensation.

Madam CHAIR: It would certainly make it more palatable.

Mr DAVIES: In working with our Australian government colleagues, one of the other areas where significant work is being undertaken is through the housing reference groups, and there is an issue there about, that's voluntary at the moment, and certainly when we talk to our Australian government departments in that program, that's the way it is at the moment. But I do agree that there is this increasing pressure that fits into the paid work category and then how do you fund it? There are a lot of people who are being asked to do a lot of work, very good work, that is being done, really, for free.

Mr WOOD: But haven't you got this philosophical issue that you've got to deal with it? Local government is, to some extent or used to be to a large extent, voluntary. I know there are other issues but if you take that away from it, if you really have to pay public servants. I take Lynne's point of view there is a lot of work, but in fact local government, or my time on local government was you expected a reasonable amount of voluntary contribution.

Mr DAVIES: I think, Mr Wood, the review of elected member allowances is ... won't just look at elected member allowances for the Shires, it will be for the municipalities as well, is that correct? It is across the board and then there is the issue about should those elected member allowances be set by some sort of independent authority.

Mr WOOD: Then you have got the issue of who pays and that is ratepayers' money. So I think there is more to the issue, the government is looking at that, the ratepayers would like to know who pays if you set up an allowance for councillors.

Mr DAVIES: I think the intention is the review will be publicly released for comment. Is that correct?

Mr ALEXANDER: It is an issue that has been raised by some councillors in remote areas who are having to travel long distances to get to meetings and they are the ones who raised this as a concern.

Mr DAVIES: Mathew?

Mr FAGAN: I have been advised on the matter of the Corrections Officer situation, that is an HR issue, there is nothing in the Local Government Act and there was nothing in the Shire that required that person to step down from the Shire. It was an HR issue within the Corrections Department.

Mr WOOD: Okay, thanks.

Mr ELFERINK: I have a couple of quick questions. Have you done any projections in terms of the amount of discretionary funding that the Shire is going to pick up in the future, especially once they can start rating?

Mr DAVIES: That's work we are going to be doing around the rates capping issue and we will obviously be working with our Treasury colleagues in terms of what we build in terms of advice in the Northern Territory Government to Cabinet. We don't have any specific projections at the moment, but clearly going forward for the Shires to get a later level of sustainability, then own source revenue, which is discretionary revenue.

The challenge we have got, as Marion has said, the issue is that the Shire footprint in these communities isn't necessarily one where things can be rated equally, it's on Aboriginal land and, in fact, when rates charges are paid, in fact, the main person that is going to be rateable in some of these bigger communities is the CEO Housing, because we have got the large housing footprint.

Mr ELFERINK: I have a bouncing ball to follow here and I will explain where I am going with this. Everybody we have spoken to, let's say, the average budget, give or take a couple of million, it's about \$30 million for a council. Nearly every council I have spoken to \$29 million of that is tied money. It makes you ask the question, why on earth bother electing anybody when the decisions have already been made for them. Now, I understand that is a policy issue and it is not one that you can comment on, it's government that has to answer this and I would love to have a Minister in here to ask why or how we are going to do it. What system of freeing up that tied money is projected so that these councils can actually have a reason to meet?

Mr DAVIES: Well, I will get Mathew to come at this from the context of the Service Delivery Co-ordination unit, but there is no doubt that the short-term time frames of program allocations are just tying the Shires up in knots in terms of them having to report on report on every single element.

Mr ELFERINK: That's not my issue. My issue, if you will bear with me, my issue is this: you get a whole bunch of people get elected, they come together, sit around a table only to discover that the vast majority of their decisions have already been made for them remotely, either by the Federal Government or by the Northern Territory Government. So what's the point

of meeting when they have \$1 million, most of which goes to running the office and maybe one or two other things, why even have a council unless they have a reason to meet?

Mr WOOD: Community.

Mr ELFERINK: Community, but it is about dollars.

Mr WOOD: No, local government is not all about dollars.

Mr ELFERINK: I can tell you, if all of the Northern Territory's budget decisions were made by Canberra, and there was no discretionary expenditure available, I wouldn't bother getting elected.

Mr DAVIES: Mr Elferink, all I can go to is go back to the most recent matter with Shire Presidents and the CEOs; the issue is particularly around their capital infrastructure and being able to invest in the machinery and that sort of thing that they want to do to deliver their programs, and it is around the amount of discretionary revenue they have but none of them are saying to me at all they feel powerless or can't make decisions.

Mr ELFERINK: What decisions are they making?

Mr DAVIES: They are making decisions at the community level on a whole range of roads, what they are maintaining, the Shires Services Managers are a strong influence in the community around the services that are being rolled out by the Shires in terms of the housing footprint. One Shire I know has decided that they are not going to use contractors anymore, they are now employing their own plumbers, building and electrician so that they can start proper apprenticeships with Indigenous employees and put them in to the old style program where you have the tradie going around to the scene of apprentices and that is what one Shire is doing in terms of the money that we are giving them for property and tenancy management.

It is different from place to place, but none of them are saying that they feel they haven't got any control. All of them are saying we would like to have more discretionary funding and we would like to have a rate base, or at least a revenue base, that enables more ...

Mr ELFERINK: Okay, so what plans are in process to increase the capacity for discretionary funding, outside of the rate base, how are you as a Northern Territory particularly, going to enable further discretion for these councils to make real decisions for themselves?

Mr DAVIES: Well, we are going to do this review of the rates capping, that work is being done and will have to go to Cabinet and to government for a decision obviously. We are wanting to get longer term revenue streams locked in so that they can see a revenue stream coming in; we are working with our Treasury to ensure that where Shires want to take a loan to invest, to improve their footprint, they can do that providing they can demonstrate the capacity to repay. There are a range of things we are working with and on, but in terms of their actual revenue base, that's going to be something that is going to take a little while to sort out.

Mr ELFERINK: Now, asking the question, putting aside the rates base and that sort of thing, I appreciate the work that is being done in that location. What policies are you recommending to the Minister to free up those grants and funds that are currently tied to greater discretionary spending by the councils themselves? Is there a policy in place, are there

identified tied grants which can be released to discretionary expenditure in the money that is currently being provided?

Mr FAGAN: The answer to the question is yes, so we're examining every ... and this is largely being pushed by the Co-ordinator General for Remote Services who you will have the opportunity to ask these questions this afternoon, but he is calling in each agency and asking them to provide him with all grants that they provide to local government and then provide an explanation for why those grants are not being freed up in terms of length, up to five years, in terms of the acquittal processes. So rather than requiring them to have separate acquittal processes, just enable them to acquit their annual local government returns rather than having to do a separate acquittal, and have a lot more flexibility, for example, in how each program is delivered rather than having to jump through six different hoops of funding arrangements to deliver a youth programme over a five year period with the money that is provided.

Mr ELFERINK: Okay, so the Co-ordinator General is calling for this. Is there any policy document that you can point to within the Department where this work is being done independently within the Department, without having Co-ordinator General to push the button. Can you lay something on the table that says this is what we are planning to do and this is part of our plan for the future?

Mr FAGAN: It is as a response to the Co-ordinator General recommendations that the government has responded to and I think it is in the second report that you can see it has been undertaken by the Territory Government to do this process. It is also contained in the local implementation plans for each of the growth towns.

Mr ELFERINK: Right, can you show me the Departmental document, is there a Departmental document that says this is the plan and this is how we are going to implement it?

Mr FAGAN: Not that I am aware of.

Mr DAVIES: Until the capacity for these Shires to generate their own source revenue through rates and that sort of thing, until things are further normalised, if that is what you want to call it, these Shires are going to continue to being, as Mathew has just described, be delivering programs and services to a grant program and their own source revenue base is going to increase over time which then gives them discretionary expenditure, but without a substantial overlay of supplementary funding going in given the way the situation is in remote communities, their capacity to generate rate income out of land, out of businesses is still limited.

Mr ELFERINK: Okay, my concern is this, you have the Co-ordinator General placing pressure on departments, calling them and saying how are you going to do this. You see these sorts of proposals documented in each of the Shires plans. The problem is the people with the purse strings, the Northern Territory Government through its agencies and the Federal government, cannot lay on the table their process of implementing these plans which are anticipated by the Shires plans and by the Co-ordinator General.

What I am after is your system of implementation. Now, your answer to me is they are going to get further discretionary funding through increased rates base, okay, I accept that and put that to one side, fine. You as a Department though, tie grants to specific outcomes or certain outcomes. What I need to know from you, and I pretty much have got the answer already, is that there is no plan in place to release that funding to greater discretionary power of the council themselves.

At the moment, as I understand these grants, they are specifically tight in terms of the requirements that they make of these councils, hence the question I ask, what is the purpose of having a meeting if the decision has already been made? What I would like to see is your plan for freeing up, trusting these councils to make the right decisions for themselves and there is no plan.

Mr WOOD: Obviously there will be tight funding for grants, otherwise there wouldn't be a grant, you have to have a reason for asking for the money, but you have operational funding. I think that is more the area that perhaps needs to be looked at, that is discretionary funding I presume. I can't see grant money becoming too discretionary because otherwise it wouldn't be a grant for a purpose, but I would see perhaps an opportunity while council is travelling at least to increase the operational subsidies, and I wouldn't expect that to last forever either if I am talking from the Litchfield Shire residents point of view, but do you see that is an option to increase discretionary funding.

Ms SCRYMGOUR: There is huge difference, I mean Litchfield is municipal and their rates revenue, no, the Shire stuff, there is some fundamental stuff in there, there is a difference between Litchfield and West Arnhem here.

Mr WOOD: I am not saying there isn't, what I am saying is that one thing the Shires get that the municipals don't get is an operational subsidy which is discretionary funding that is given ...

Ms SCRYMGOUR: That is because they are rates based as figure too.

Mr WOOD: It was because they are a community government council and that was the way they were set up with operational funding. Regards to that they get that money and I think that that is the area that perhaps could be expanded to help Councils.

Mr DAVIES: Just going back to Mr Elferink's comments in terms of a broader plan. Clearly some of the work that we are doing now in terms of some of the elements we are reviewing and the sustainability of Shires is something we have got a very close eye to. The issue discretionary funding, if I could just use an example of housing maintenance money we give to Shires under our agreements going forward, we don't describe to them how they are enforceable, we don't describe to them on a day-by-day basis how they manage those funds and where they are required to commit in terms of how they administer and support those programmes. There is substantial money that is going to the Shires where we are interested in the systems they are putting in place and we want to have a line of sight to them, but we are not doing it in such detail that they have absolutely no discretion over who they employ or how they structure the programs to deliver the outcomes we want.

Mr ELFERINK: Hardly a paragon of liberty. The problem is that you can't answer these issues now these are issues of policy, and realistically speaking the person I should be putting these questions to is the Minister. Unfortunately they don't condescend to coming to these meetings but thank you for your answers, Mr Davies, I do appreciate the difficult situation I have put you in.

Ms SCRYMGOUR: I have just got a couple of questions if I could because I have got some kids from Oenpelli downstairs. With the local government reforms and the Member for Nelson I can disagree as much as we can but with the review of the rating issue, is there any

moves by the Department to go back to putting in place service fees arrangements back into these Shires, and I know the Department view is that it's a poll tax but if the Department fully understood poll tax, poll tax is a tax that's put on people regardless of whether you get a service or not ...

Mr ELFERINK: Margaret Thatcher would be proud of you.

Ms SCRYMGOUR: ... whereas in communities, everyone's going to benefit from paying a fee and getting a number of services, so it's not a poll tax, complete difference, so is there any move of the Department as part of the review, David, to put that back into the Local Government Act, which will allow the Shires to raise the revenue, their own source revenue to be able to, you know, have some bread?

Mr ALEXANDER: The poll tax idea is not a form of taxation that is a ...

Ms SCRYMGOUR: I'm not talking about a poll tax, I'm talking about a service fee.

Mr ALEXANDER: The service fee is passed on by local government to the property owner, not to the tenants in the property so that as the remote housing process follows it will be the ... coming from the rent those costs will come, those service charges will be paid by the Department through Housing.

Ms SCRYMGOUR: I realise that, but if you have a look at, I mean, I'll go to West Arnhem rather than East Arnhem, Maningrida, you've got leases over the housing precinct. You've also got a number of houses in that community that are legacy houses which nobody wants to take responsibility of. Now the Shire has to find some way in which, I mean, they can't rate those legacy houses, nor can they get any source revenue out of the people in those houses, so how do we, you know, we've got shires out there that can't source this revenue so what are they supposed to do? They can't go to the Land Trust because they're exempted, and I asked this question before, we've exempted the Land Trust from being rated so how do shires then source that revenue to be able to then put that back into programs on the ground in communities? Have we set these shires up to fail?

Mr DAVIES: Ms Scrymgour, I don't think we've set them up to fail but what we have done is we've got to continue to work with them to try to get in place some sort of a process that allows them to generate more revenue of their own. If we go to those legacy houses in a place like Maningrida, they are part of the housing precinct footprint that is being picked up by the CEO Housing so as David said, the CEO Housing will be rated for those houses, so ...

Ms SCRYMGOUR: So can I just ... so you're going to be responsible for all those ... you're saying that the housing precinct is going to cover ...

Mr DAVIES: Will cover the legacy housing issues.

Ms SCRYMGOUR: Not just the subdivision in Maningrida?

Mr DAVIES: That's correct, that's correct. So the housing precinct leases pick up in those large communities where there's a new building program; they also pick up the houses that are being refurbished and the legacy houses which we then have to go back in a future program to work on and get them to standard. So ...

Ms SCRYMGOUR: Because not every house at Maningrida is being refurbished.

Mr DAVIES: No, that's correct, that's correct. So there are, in the SIHIP program, there will be with the current roll-out of the program, there will be in excess of 1500 houses in remote and in ... across all of the communities that will be requiring new work at some point in the future because they won't be picked up directly in the refurb program.

And if I can just say in terms of accountability for members in our Shires out there, it is a conundrum because what we've got is elected members - going back to your earlier point, Mr Wood – we've got elected members there who are in a Shire but in fact in terms of the rates that are applied, the rates that are being applied are not to community members, they in fact are to an agency like mine at the moment, so the accountability elements of it, in the Darwin City Council go and rate somebody, at a house, there's an equal and opposite reaction that occurs.

In Shire context, at the moment, the impact of the rates at the moment means that the elected members don't always have the feedback that says that rating's too much, or whatever. So that's part of the challenge going forward.

Ms SCRYMGOUR: But that's true, Ken, but if you have a look at ... that's right, if you look at Darwin, I mean, Darwin City Council and the municipal, they have the rate base in which to be able to get the revenue in which to put that revenue towards fixing parks and whatever they do with their revenue. With the Shires, they don't have the rate base to be able to raise that revenue and part of the reform was to be able to, you know, that Shires, other incentive was (1) roads, which hasn't eventuated because when we've spoken to all Shires and we've asked them about what additional funding has come from both the Federal government and the Northern Territory in terms of roads, it was minimal, and then there's the same in terms of the rate, you know, the revenue that comes from rates. I mean, I suppose the rate base isn't there on the ground in remote communities so what are we doing in terms of getting these Shires to be more sustainable?

Mr DAVIES: Mathew, perhaps if you go to roads in a minute. In terms of making the Shires more sustainable, we've got some work being done around Shire sustainability, we are going to be looking at the issue of rates capping but in terms of additional funds, given that they can't generate, their current situation is they don't have the capacity to generate the sort of income from rates and charges that were given the discretionary funding, there's an issue about how we go forward to either inject more funds or give them some more scope around the rates capping issue.

But I'm just saying to you, given the circumstances in these remote communities, inevitably the place that will be charged will be governments, the Australian and northern Territory government, because there is not the private sector footprint for the home ownership footprint out there to allow what happens in a municipal council at the moment.

In the longer term ...

Ms SCRYMGOUR: Isn't that setting a false... I mean, if it's just Northern Territory and Australian government revenue that would be going in, I mean, would we have not, I mean, part of ... I thought part of the review would be picking up because the revenue goes to the heart of sustainability of the Shires to be able to then develop their capacity to provide a service to the broader community. We have ... within West Arnhem, I mean, how long, I mean, from the time of the Shire's inception, it was been difficult to try and get, you know, the outcomes that we've

been seeking in terms of getting more effective local government happening on the ground in these communities, and communities have disengaged. I just think that it sets a false dichotomy by saying that Australian government and Northern Territory would be the main funders of this when that's not what the policy intent was supposed to be.

Mr WOOD: Could I ask then, that's all very well for a place where it's got leases take Nauiyu. If you have any leases and they receive services from Victoria Daly Shire, so how does Victoria Daly Shire get any income from Nauiyu to provide those services, unless they do what Marion's saying, they have ...

Ms SCRYMGOUR: But the Shires don't have leases, that's the problem.

Mr WOOD: No, hang on, wait till I finish, I'm supporting what you're saying. I know you like to jump down my throat but in that case why can't you have service fees for that community?

Mr DAVIES: Well, other than the fact that it's not being looked at at the moment, that's a suggestion that we haven't been looking at, Mr Wood, but it's certainly not a suggestion that we would rule out if that was one of the conclusions you had through the CTC. It's just not something that was set up at the point of the original reform and so it means that currently at the moment the Shires are heavily reliant on Australian government and Northern Territory government revenue to support their operations. And most of that is tied within ...

Mr WESTRA VAN HOLTHE: While we're talking about rates and the review, if you're not looking at service fees, are you looking at rating Land Trust land as a part of your review?

Mr ALEXANDER: No, no, we're not. David Alexander. The legislation's quite clear that Land Trust land is ... the Land Trust are not rateable. Land Trust in fact don't receive any revenue so they have no money to pay rates in any case but they are exempt and we're not looking at changing that.

Mr ELFERINK: That's a legal nicety, but I mean, ultimately that ... as being inalienable land you can't foreclose against it so no point trying to rate it. If I had an inalienable property I would be paying rates, even if you asked.

Mr WESTRA VAN HOLTHE: So you've got half a dozen reviews underway, although I note that one is finalised because you now have a report that's released today which is on the election in 2008. Now if I look at those six reviews, five of them are basically administrative and the only one with any real meat in it is the review around rate capping and conditionality. We're now more than two years into the reform; why is it taking this long to conduct this review, given that I know that most, if not all, the Shires are currently looking at their next year financial planning, they won't have any certainty until this review is done and the question, I suppose, or the next question is when will this review be complete?

Mr ALEXANDER: In relation to the issues around rates, we understand where the Councils need certainty on this by the end of this year or very early in the coming calendar year to prepare their budgets for next year, so that's certainly the timeframe that we're working towards at the moment.

Whilst there's no formal review of the whole of local government and what's happening, I think it's fair to say that every day our job is reviewing what's going on in local government, we

talk to Shires, we go to Council meetings, we have meetings with Shire CEOs and presidents where we get feedback on what's happening. I think it's a part of our every day job that we are looking at and understanding and evaluating what's going on in local government.

Mr WESTRA VAN HOLTHE: I understand that but I guess at the end of ... through the review process, there must be recommendations or changes or changes to policy that go to deal with some of the issues that are raised during these reviews. I mean, it can't all be good news – I'm sure it's not. So, I mean, rating and rate capping conditionality, all those things, go to the ... has been spoken about in this room at length, go to the discretionary funding for Shires, and I'm concerned, I know the Shires, all of them, are concerned that it has taken 27 months to be at this point and we still don't have a final recommendation coming out of this review of rates.

Mr DAVIES: Mr Westra Van Holthe, just ... we're working very closely with our Minister and with LGANT in terms of the timeframe and a timetable around these reviews so that we can keep this all together. As David said, we're aiming for December/January to have these completed in enough time to allow the Shires to develop their plans going into the 11/12 financial year, and in the context of review of the reform in its totality, we are still, in the same context of SIHIP, we've got a reform process that's on foot here, we're not going to do a review of the reform in its totality at the moment, we don't want to go back to opening up the whole discussion around the 60 local government councils and going ... we can't go back, we need to hold a distance here and to manage the issues that are coming up in this reform process but we think it's too early to do a review of the entire reform process, so we're still, at the moment, working with the Shires and with local government around sustaining what is a very early, very early in the reform. So we won't be going back and doing a review, a total review, of the reform process because we don't want to go back just at the moment of opening up this whole issue around the small or local government councils and making comparisons at this early stage.

Mr WESTRA VAN HOLTHE: I don't think I'm suggesting that you should review the whole reform, I'm just concerned really about the financial sustainability of the Shires and whether they can have the capacity to plan into the future. Now, you said Christmas time/January for when this review into the rate capping will be complete, so is that the end of your review or is that the time by which you believe everything will be finalised through the Cabinet process?

Mr DAVIES: Mr Westra Van Holthe, that's when we anticipate there'll be a decision by Cabinet, by government.

Mr WESTRA VAN HOLTHE: December/January?

Mr DAVIES: December/January.

Mr WESTRA VAN HOLTHE: Alright, thank you.

Mr ELFERINK: One quick question. As part of your change management process, with looking over the whole review, the whole reform, when in the planning phases of this reform did you determine would it be appropriate to have a review? At the five year mark, at the three year mark? When?

Mr DAVIES: We have been having a lot of discussion about this, Mr Elferink, and when I say we, I've certainly been talking to the Minister for Local Government about this. We haven't

set a specific timeframe for doing a full review, what we want to do is to get those elements that David's described done and completed and the rates capping issue hopefully a decision on that. We then need to have a look going forward in terms of whether or not that gives, frees up, you know, as Mr Westra Van Holthe is saying, whether that in fact supports Shire sustainability in terms of their own source revenue to make decision, to give them flexibility, so it's probably, I would suggest on the rates capping issue, probably for the 11/12 financial year but there's no formal decision by the Minister or by government about that.

Mr ELFERINK: The reason I ask is that at some point in the planning process for this, you've got 60 councils, 80 councils, whatever, alright, we're going to do this reform, we're going to end up with X number of Shires – or is it 13? Thirteen Shires – whatever. So you've got this great transition prepared, lots of critical thinking going into it. I would anticipate at that point you would have a series of benchmarks to see how you're going. One of those benchmarks would certainly be a review. No timeline was produced for this?

Mr DAVIES: I'll go to Mathew Fagan, Mr Elferink.

Mr FAGAN: I was the person in charge of that Gantt chart during that period, or series of Gantt charts, which no doubt caused Cabinet Ministers at the time nightmares, but the ... absolutely, there was a review process built into the transition plan. Essentially picking up on David's point, it was to do the "painting the Harbour Bridge" - where there would be a continual process of review, council by council, assessment of service delivery standards, assessment of financial viability, of systems, or elected member performance etc. etc, on a rolling basis, Shire by Shire, and a system wide review subject to Ministerial direction.

Mr ELFERINK: Subject to Ministerial ... did you make a recommendation at the original planning process as to when that should occur? I mean, there's got to be a timetable involved in this.

Mr FAGAN: Well, given that we were looking at every council individually, a rolling review was taking place and that was timetabled but in terms of the absolute system wide review, it was flagged but a time, a date was not in the transition plan.

Mr ELFERINK: Really? So ... yes.

Mr FAGAN: But I should say the Minister did say, at the time, that there would be a review after 12 months, so my understanding is that ...

Mr ELFERINK: Well, we've just heard that the reviews are going and ongoing and those sorts of things but it's ... one of the issues that comes out of this whole process if the quality of the planning that goes in up the front. Ongoing reviews – not to put too fine a point on it – I occasionally get the impression that I'm ... when I see the Minister talking about this in the House, that I see George W standing on the deck of an aircraft carrier with 'Mission Accomplished' written across the back of him. Woops, there's a little bit more to go! What I'm trying to establish is what was the upfront planning and I confess I'm a little bit surprised to hear that there wasn't a point set at some point in the future where we are now going to look at this because it begins to take on the flavour of, alright, we're going to do this and then we'll see how we go, which is what it starts to sound like with this ongoing reviews process – we'll see where we're at, we'll go and check that and we'll plug that hole over there. It's the quality of the plan in the first instance that I'm enquiring about. Do you have a copy of that that's available to us?

Mr FAGAN: I would have to see to what extent it was subject to Cabinet-in-Confidence...

Mr ELFERINK: Because it's that timeline I'm specifically interested in, and if there were holes in that original process, it could explain some of the holes that we're running into now, that have been run into, subsequent to that time, and I'm just trying to enquire in relation to that as to where we are now so we can see where we're going into the future. This is not trying to open the closet to find skeletons; what I'd like to satisfy myself is that either the planning process was complete or it wasn't. If it wasn't, what's the result of that and ongoing review should be uncovering those flaws, and how can we then address those issues so we don't run into the same problems into the future. That's really what I'm enquiring at. So if we can get some information as to what the original plan looked like, how it may have changed over time and why it's changed, we will then be in a better position to recommend to government how to do it in the future, and that's my thinking.

Mr FAGAN: I'm confident that the original plan, transition plan covered off on the key elements of evaluation and review. It was contained in a planning system called Interplan - so a piece of software that enabled reports to be produced on various elements, including the ones that you've been enquiring about, so I'm confident that the major elements of a transition, a reform process were covered off the initial plans.

Mr ELFERINK: Yeah, but there were changes along the way too because ... look, Litchfield Shire. Wasn't part of the original plan, I'm sure, because it was changed along the way. I'm concerned about that component in the way that it may have played out and the rest were planned and how it's played out. We talk about the rates base for MacDonnell Shire but we've isolated probably your biggest potential ratepayer and excised it out of the Shire. Was that the original plan? I don't know, that's why I'd like to see the original plan.

Mr DAVIES: So through the Chair, if the CTC would like to have a look at that document, providing it's not a Cabinet in-confidence document, we will go back and source that and get it across to you with our Minister's permission.

Madam CHAIR: Thanks Ken. Gerry?

Mr WOOD: Yes, I've got a few questions there, Ken. There's a letter CTC received from Local Government Association and it raised a number of issues – some of those issues that we've already covered. One was in regard to local government procurement matters and this also was raised in my trips out to Palumpa and Peppimenarti where the Victoria Daly Shire work, and their concerns – you might have them there – they had a range of concerns about collective tender arrangements amongst councils, arrangements which established approved contractor list etc. etc. Obviously you would have received that letter from LGANT. Where has the government gone in relation to those particular matters?

Madam CHAIR: Do you just want to provide the context of this letter?

Mr WOOD: This is a letter that was sent from Kerry Moir to the CTC. We asked her what issues that basically were important to local government and one of those was in relation to local government procurement matters, and basically they wanted some changes to the way the councils can actually use, I think, local workforces and I think one of the issues that they were concerned about was if you want to engage more Indigenous work ... employment then you need to have capacity for those councils to perhaps have tender systems which can, I suppose, favour the use of those people.

Mr DAVIES: Through the Chair, I don't that we, and I would have expected to ...

Madam CHAIR: A copy of this?

Mr DAVIES: No, I don't think we've seen that letter; I certainly haven't seen it.

Madam CHAIR: I think this arises out of the hearing in June, Gerry, is that correct?

Mr WOOD: Yeah, arose from our June 2010 hearing.

Mr DAVIES: We haven't seen that letter but certainly David can go to answering what you've just raised, and there are other ...

Mr WOOD: Okay, we can give you a copy of that.

Mr DAVIES: That would be fantastic if we can have a copy because it's important we understand those issues, particularly in the context of what we're hearing at the moment.

Mr ALEXANDER: Those issues have also been raised to the Local Government Administration Advisory Committee by Tony Tapsell and we're currently looking at having a change to the procurement guidelines so that councils can establish a panel of contractors, the way that they do in the NT Government at the moment, so they can go out to one said tender, develop a panel and they use that panel of contractors so that councils can use ... if one council goes to an open tendering process that other councils have access to that process as well, so there's some changes we're looking at for procurement guidelines.

The NT Government is also amended some changes to the procurement guidelines. In the previous guidelines there was an option of an automatic certificate of exemption if you went to an Indigenous organisation which included the Community Government Councils, Shire Councils aren't in that category now, so other's been some changes to allow government to go straight to Shire Councils [*inaudible*].

Mr DAVIES: If I could just ask Mathew to just go a little bit more around the procurement issue. Mathew?

Mr FAGAN: Well, as part of the growth town and remote service delivery national partnership agreement and also as a result of some of the recommendations of the Coordinator General there's been a review of procurement practice generally with a view to using that to boost Indigenous employment, particularly through Shires, and our own Department of Construction and Infrastructure in addition to that is also now allocating people to assist Shires and other stakeholders to do workforce planning based on the Territory government and the Commonwealth government's capital works program in those places. So there is a lot of work and effort going in to ensure that procurement processes of Shires, NT Government, Commonwealth government actually have as their central focus on Indigenous employment.

Mr WOOD: Alright, I'll keep moving because I'm watching the time there too. The other area, and I'll give you the rundown of the questions, was actually said not to be a question but Mr Tapsell agreed to canvass views about the required functions of Shires, Councils under the new Local Government Association, services that the Shires could not ... should not have to or cannot provide.

They then listed a whole pile of core government services and at the bottom they said all the core services listed in regional management plans that the Shires are having difficulty in providing largely because of lack of funding, so they've said that all the core local government functions services are having difficulty because of lack of funding and then they said the ones that are having the most difficulty with include, and they put down maintenance of upgraded buildings, facilities and fixed assets including – surprise – swimming pools and major plant and equipment, local road upgrading construction, companion animal welfare and control, library and cultural heritage services, training and employment of local people and council operations, customer relationship management, revenue growth and IT and communications. And they said here Shires argued that their ability to perform some of these services or to perform them at a satisfactory level is totally dependent upon them requiring grants to enable them to carry them out. If grants are not forthcoming then Shires say they'll either not perform the service or only provide services at the level of funds they have to do them, which in some case is next to nothing.

I suppose my argument is, or my thoughts are similar to what the Member for Arafura said that have we to some extent set these Councils up to fail and the reason I say that is, and this is one of the areas I argued with Litchfield. We gave them an enormous amount of core functions to actually have responsibility for but there's no way, no way they have enough money to operate all those things. So is there, you know, is the government addressing that particular issue because if these core functions that the government has set for the Council to do and the Councils are saying we don't have the money, what is the government doing to rectify that?

Mr DAVIES: Mr Wood, I'll start and then I'll go to David, but clearly what we're doing is working with the Australian government who also are in the frame with us around support for Shire and for the reform process. One of the unintended consequences of what you've just described is that Councils then Shires then are pushed in some ways to leading additional administration costs on grant programs to try and generate more revenue to sustain their operations, so there are some, definitely some challenges in this environment which, you know, mean that there's some unintended consequences because the Shires will, to sustain their operations, seek whatever funding they can that is discretionary to ...

Mr WOOD: Can I just ... I shouldn't butt in but I might just ask – in the case of swimming pools, the government's policy was, you know, let's build swimming pools. No pool, no school, and no school, no pool. The point is that anyone knows that a pool costs a lot of money to ... and yet the Councils simply end up spending what might have been for roads and parks we're spending it on pools because the government provided them with a pool that they simply couldn't afford to maintain, and that I imagine is still the case in some places.

Mr DAVIES: Yes, yes. And you have then assets sitting there that aren't being used because they can't be opened or they're not properly chlorinated and so on. I might just go to David to just, sort of, try to respond, if he can, but this is part of this broader issue around sustainability, going forward and what additional support the Shires do need to deliver these core services. David?

Mr ALEXANDER: In the review work we're doing ... looking at the rates revenue options for Councils; we'll also be looking at the financial sustainability so when a Councils have got to ... following the production of their ... we've now got the 8/9 financials, we'll have their 9/10 financials, they're due in mid November so we can paint the picture on what funding's available, I think it's actually within 15% of their funding is untied through the operational FAGS grants.

They're certainly under pressure to increase the administrative component that's built into the grant programs. We're working with the Commonwealth government to try to identify other grant programs, particularly in the animal welfare develop management, there's going to be some more facts seemingly coming through for those programs.

Mr WOOD: Isn't that going to get worse because you are going to hand over soon 8,000 kilometres of road and if you don't have any extra funding, we haven't got that extra funding that was promised that was similar to the Pitjantjatjara deal that hasn't turned up even though there was a lot of promises that time, and if the government hands over the 8,000 without ... well, I presume there'll be some money go towards it but you're still going to have to maintain graders, you've still got long distances, you know, Barkly, one and a half times bigger than Tasmania, 1,000 kilometres to the Central Desert Shire, you're going to have all those extra costs as well must come with maintaining those extra roads.

Mr DAVIES: Through the Chair, Mr Wood, Mathew will have an answer for you around the roads issue and the 8,000 kilometres.

Mr FAGAN: Well, for a start, it's a process of negotiation between the Shires and the government, it's not just giving Shires the 8,000 kilometres worth of roads, so there'll obviously be ... the Shires are very conscious of the fact that they require requisite funds to manage those roads and robustly put that point in the negotiations that have occurred to date and will continue to, the same way that the Litchfield Council did when it was first established ...

Mr WOOD: We've gone past the establishment packages now, we're at ... yeah.

Mr FAGAN: Well, I think that's definitely the view of the Shires, there needs to be a package to support a transfer. On the issue of the core services that have been pointed out by LGANT, I don't think there's anything on that list that wouldn't be considered something that Shire Councils shouldn't do. The issue is that Shires, at the end of the day, can't do anything more than manage effectively their funds they've got to put into those areas. So, for example, the classic one is local roads. I think everyone accepts that local roads in and around communities are the Shire's responsibility but they can only do what they can do with the roads funding they get from the FAGS grants and other revenue ...

Mr WOOD: I could ask you how can FAGS funds grants be used on private roads.

Mr FAGAN: Well, they can be used on [inaudible] ...

Mr WOOD: No, no, you can only use FAGS money for public roads. How can it be used on ...

Mr ELFERINK: He's talking about Land Trust land.

Mr FAGAN: Well, in and around ... this is a separate issue ...

Mr WOOD: I know, but it's a big issue.

Mr FAGAN: ... and we've done some work on this for you at the recommendation of a previous report which was a fascinating exercise. At the moment though, like I said, for example, in and around the major communities ...

Mr WOOD: Wadeye, I've got a map here, it's got heaps of roads.

Mr FAGAN: There is a lease over those places at the moment, a five year NTER lease.

Mr WOOD: But not on the roads.

Mr FAGAN: Over an entire area, including the roads.

Mr WOOD: At Wadeye?

Mr FAGAN: Yeah, the entire land area.

Mr ELFERINK: For the whole Land Trust.

Mr FAGAN: Over the entire area of Wadeye. The Commonwealth government has ...

Mr WESTRA VAN HOLTHE: The NTER leases for this area.

Mr FAGAN: ... a lease over the entire area including the airstrip and the roads and ...

Mr ELFERINK: No, not the whole Land Trust then?

Mr DAVIES: No, not the land.

Mr FAGAN: Just the township area. So for at least for the current period there is a tenure that the application of roads money applies to. So it's about doing the best that they can.

On the roads front, we haven't given up on the getting additional money from the Commonwealth in respect of roads. Shires, Department of Lands and Planning and ourselves have done an exhaustive gap analysis of roads in and around the growth towns in particular and have that now ready to go to government to put to the Australian government around the importance of that investment. It's been, as I said, an exhaustive and detailed exercise with costings and an analysis of every kilometre of those roads and we intend to put a very powerful argument that in order to support service delivery at every level, a significant investment in those roads is justified.

Madam CHAIR: Mathew, what sort of a timeline around that particular process? It's probably the biggest and most contentious issue out there in the bush.

Mr FAGAN: Absolutely. It's come out of every local implementation plan as a top priority ...

Madam CHAIR: So do we have a timeframe around it as to how we would expect it to progress?

Mr FAGAN: I think it's fair to say that the timeline probably is out of the hands of the bureaucracy at this point.

Mr ELFERINK: And probably in the hands of Mr Oakeshott and Mr Windsor.

Mr FAGAN: And Mr Crean. And Mr Albanese.

Mr ELFERINK: Unfortunately the Northern Territory, neither has Dennison or New England.

Mr WOOD: Just a couple of specific questions. Mutitjulu – can you give us a rundown of what's happening with Mutitjulu and could I just ask a ... this might be a, you might say, a philosophical question. If the Department of Local Government says it hasn't got any responsibility or the Council, the MacDonnell Shire says it hasn't got responsibility for Mutitjulu, considering that most of the communities in MacDonnell Shire are on Aboriginal land and private land, how can they actually argue that they've got any right ... power over municipal services in those communities as well?

Mr DAVIES: So there's two questions there, through the Chair, Mr Wood, one is what's happening with Mutitjulu right now and then there's the issue about the Shires' footprint in relation to those smaller communities. Do you want to answer that ...

Mr ALEXANDER: The second one first?

Mr DAVIES: Yes. Could you and then I'll go to the Mutitjulu one.

Mr ALEXANDER: During the Local Government Reform there were, in most communities there were community run councils that were under the NT legislation and the NT legislation for Local Government Reform amalgamated those into the Shire Councils. There were a couple of communities where there were organisations that were not under the NT Act so that was Mutitjulu was one of those communities, so there was the process to develop agreements between the community and the Council to accept that the community would accept the Shire Council operating there. Those were signed in most cases, the Mutitjulu community didn't sign an agreement so there was some formal agreement in place there for MacDonnell. They'd been accepting the services but there's no formal agreement for that to happen.

Mr ELFERINK: And so the Council no longer feels obliged to provide those services.

Mr DAVIES: Look, if we go to what's happening now with Mutitjulu, Mr Wood and Mr Elferink, I was at Mutitjulu yesterday with Dave Chalmers, FaHCSIA, Fran Kilgarriff and a local government support officer there. We met with the MCAC – the Mutitjulu Corporation there. There's a meeting that's being conducted today with Ngurratjuta who are going to provide the municipal services in that community with MCAC working with us as well. Our intent given that the Shire has withdrawn its services is that we need to make sure that MUNS is sustained in there and then there's the issue of how we manage the housing footprint going forward as well, so we've got the (*inaudible*) being signed up today which will put in place a transfer of the assets that were in Mutitjulu and were locked in the compound that the GBM had now been transitioned across to Ngurratjuta to start delivery of the local government rubbish collection and so on, the services that were being provided and we're going to get in there now and work very closely with both those organisations around a proper agreement to make sure we've got a lot of the SIHIP funds that are being spent delivering those services.

Mr ELFERINK: Ngurratjuta is ...

Mr DAVIES: It's an outstation's resource centre that operates down in the Kings Canyon area.

Mr ELFERINK: From Hermannsburg through to Kings Canyon.

Mr WESTRA VAN HOLTHE: Commonwealth Parks – what's their role in this?

Mr DAVIES: Commonwealth Parks are the ... obviously the community, they've got a lease in place, there's a whole set of layers in there around the future of Mutitjulu and how we work with the local community there to sort out the leasing arrangements, get a township lease in place, get a proper agreement with Parks Australia and try to sort out what is a pretty unique situation; the only other place that ... big community that exists in National Park like this is Jabiru, so we've got to get some sort of a head lease arrangement in place.

But the Shire has withdrawn its services and we're now getting in there, and as I say, I was down there negotiating with some of the traditional owners there and these organisations yesterday to make sure that ...

Mr ELFERINK: How much are we paying Ngurratjuta to provide those services?

Mr DAVIES: It'll be ... we'll actually be ... what we were putting in through the Shire, Mr Elferink, will come back out and we will put it back in through Ngurratjuta ...

Mr ELFERINK: So you're saying that the Shire was being paid to provide services in Mutitjulu?

Mr DAVIES: Definitely. Definitely.

Mr ELFERINK: So why don't they just take it on as a subbie? I mean, why have you got an Alice Springs based organisation, I mean, you say they operate in Kings Canyon but they're actually based in Alice Springs. You now have an Alice Springs based organisation, which is essentially Aranda – Ngurratjuta is an Aranda word – operating on Pitjantjatjara lands because the local representatives of the Pitjantjatjara community and Mutitjulu can't strike a deal with the MacDonnell Shire to provide services for which they're already paid.

Mr DAVIES: The MacDonnell Shire chose to withdraw its services in that community.

Mr ELFERINK: Yeah, but, I mean, they're getting paid for it.

Mr DAVIES: They were, they're not now. There is a set of equipment that was purchased through Australian government grants that remains at the community. I was there looking at it all yesterday, back how, so on ...

Mr ELFERINK: So no net cost difference in terms of the service provided?

Mr DAVIES: There'll be no cost difference. What we will do is re-channel the resources we were putting into the Shire to the Mutitjulu Aboriginal Corporation ...

Mr ELFERINK: I thought the justification from the MacDonnell Shire was to not provide services because they weren't paid for it.

Mr DAVIES: No, the Shire was funded to provide services in that community. The issue was that they are, as I understand it, felt that there were tenure issues, that they didn't feel that

they were welcome in that community, there were issues around the Director of National Parks involvement with ...

Mr ELFERINK: But this is not a problem for Ngurratjuta, Ngurratjuta doesn't have any ...

Madam CHAIR: Excuse me, John, you do keep cutting Ken off as he's trying to answer questions.

Mr ELFERINK: I realise that but I want this ... I'm after very specific answers so bear with me, Mr Davies.

Mr DAVIES: I'm being as specific as I can, Mr Elferink. I was down there yesterday and I'm just saying to you that what we're going to be doing is, now that the Shire, MacDonnell Shire has withdrawn its services which we worked with them quite strongly to see if we could sustain that footprint. It is clear from my meeting down there yesterday that in the early stages of the Shire work going into Mutitjulu, there was some issues I think that probably could have been done better both from the community and the way the Shire engaged. The Shire has now withdrawn its services so what we're doing is making sure that the services that have been funded by the Northern Territory Government that the Shire were delivering, they're now being delivered in that community.

Mr ELFERINK: Okay. You said that they weren't welcome there – how were they not welcome?

Mr DAVIES: When I say they weren't welcome there, I'm just saying that the Shire, that was the feedback that I got off some of the councillors and in my discussions with the Shires that they felt that they, in terms of what they were trying to do in that community that they didn't have the full support of that community.

Mr ELFERINK: So, I mean ...

Mr DAVIES: It was one of the reasons that they gave me for ...

Mr ELFERINK: What I'm concerned about here is that it was my understanding the original justification is that there wasn't any money and now you're saying the money is provided to MacDonnell Shire to provide the services. The local community make the MacDonnell Shire unwelcome.

Mr DAVIES: The Shire made a decision to withdraw its services.

Mr ELFERINK: Yes, I understand that, based on the fact they didn't feel welcome in ...

Mr DAVIES: They had some legal advice, there were a few ... one of the things was that they had some legal advice saying that they didn't have to provide the services there; that was one element of the decision.

The other elements were that they thought that given that advice and given that they had challenges there in terms of engaging with the Director National Parks around ensuring they had access to the rubbish dump, that sort of thing, that they thought it was, in the context of their own service delivery, better that they withdraw their services and that another arrangement was put in place.

Mr ELFERINK: I really want to stick with this for a while because I'm actually ...

Madam CHAIR: Not too long because we're due to finish.

Mr ELFERINK: Well, I'm confused as to why we're accepting this situation as a government. The MacDonnell Shire was ... Mutitjulu was included in that Shire originally, and whilst I appreciate the issue about the establishment of Mutitjulu under Federal legislation and their Associations Act – I presume - is the vehicle which is the problem, you've got an organisation which is basically paid to provide services that it flatly refuses to provide services, so rather than saying, 'Oi, do your job!', the response is, 'We'll find somebody else'. I mean, if this starts happening across the Territory, when do you draw the line?

Mr DAVIES: The issue, as I understand it, with Mutitjulu was it was to be confirmed in those regional plans. There wasn't a confirmation process that flowed. They got some legal advice from their lawyer that said that they didn't have to provide the services there; we had some legal advice that indicated that whilst they weren't 100% required to deliver those services there was no reason why they shouldn't but the Shire, through its elected members, made a decision to withdraw their services. We negotiated with them and they gave us an extension of time to consider whether or not they would continue their service delivery. They've withdrawn their service delivery. We're not happy about that but that is the situation and therefore we have withdrawn the funding from the Shire and we are now working with the MCAC and Ngurratjuta to ensure that municipal services that were delivered in that community are being delivered.

Mr ELFERINK: So what's actually happened is that you've moved away from lots of little small councils to Shires and now we're starting to drift back to little ...

Mr DAVIES: We've got a very vigilant eye on the drift and the answer is absolutely that that's not ... we've got a unique situation here where we've got a community that's in the middle of a national park, the Director of National Parks plays a role, the Shires tried to play a role in there, we've got a lot of sorting out to do that goes beyond just the delivery of municipal services and it's about the future of Mutitjulu.

Mr ELFERINK: Let's hope it's just a one-off.

Mr DAVIES: We are not to preclude the Shire going back in there, in fact we would welcome the Shire return, but just at the moment we've got to make sure that those essential services are delivered.

Mr WESTRA VAN HOLTHE: Can I ask – prior to the shire reform, who provided municipal services to Mutitjulu?

Mr FAGAN: The Mutitjulu Council Aboriginal Corporation and its predecessors.

Mr WESTRA VAN HOLTHE: So MCAC?

Mr FAGAN: And also the National Parks provided what you could call municipal services there, too.

Mr WESTRA VAN HOLTHE: Okay, so you ... MCAC and National Parks, or or ... ?

Mr FAGAN: Both.

Mr WESTRA VAN HOLTHE: Both?

Mr FAGAN: Yep.

Mr WESTRA VAN HOLTHE: Okay, so who funds MCAC?

Mr FAGAN: At that time it was funded ... it didn't receive ... it wasn't a local government body, didn't have local government status. It received a form of funding that's commonly known as MUNS which is outstation resource funding generally, or CHIP, it's had various acronyms but essentially it didn't receive the FAGS grants or operational grants that the other local government bodies received; it received direct ATSIC funding, if you like, for the provision of services in Mutitjulu. So not Northern Territory Government money.

Mr WESTRA VAN HOLTHE: Okay, so who's funding MCAC now?

Mr FAGAN: MCAC has revenue coming in through some enterprises and some ... from Parks revenue and from some programs that they ...

Mr WESTRA VAN HOLTHE: It gets a third of the gate money, too, doesn't it?

Mr DAVIES: I think the laws ... sorry, the Central Land Council gets that money and holds it and then transfers it, I think, to MCAC. There's some contention about whether or not they are getting their share as they see it, but ...

Mr WESTRA VAN HOLTHE: So they're funded to do what? MCAC.

Mr FAGAN: I'd have to ...

Mr WESTRA VAN HOLTHE: Because if they were providing Shire services in conjunction with Parks prior to the Shire reform, they haven't been since ...

Mr DAVIES: They're not doing it now.

Mr WESTRA VAN HOLTHE: No, that's what I'm saying, and they haven't been doing it for the past two and a bit years. What have they been doing in return, I suppose, for the funding that they've been receiving?

Mr FAGAN: You have to look at each program that they're funded for. They weren't funded for municipal services in the period that the Shire was there. They were ...

Mr DAVIES: Just let ...

Mr ALEXANDER: As far as I understand, they don't receive any government funding at the moment, so the money they receive isn't government ...

Mr ELFERINK: It's private money through trusts.

Mr FAGAN: But the point that we've got to drill here is, that it is, Ken's right, absolutely unique. It actually did not have a local government body.

Mr ELFERINK: No, it was registered under the Federal Associations Act or its equivalent ...

Mr FAGAN: But even though the places at Utopia, Kintore and Docker had Commonwealth Corporations ...

Mr WESTRA VAN HOLTHE: Yeah, we're still local government bodies.

Mr FAGAN: ... they were given some local government status and we were able to negotiate a transfer to Shires from those places. Mutitjulu didn't have local government status and that's the reason why it is a unique situation.

Madam CHAIR: Can I say we're almost ten minutes over time here ...

Mr WESTRA VAN HOLTHE: I understand Madam Chair, however, a few more questions, I mean, if we lose ...

Madam CHAIR: Well, that would be with the agreement of the Committee. Senior public servants are invited for a midday finish who may well have other appointments to go to. I know yesterday Mr Elferink had a briefing organised in the lunch break so gentlemen, would you be available for another five minutes if we took this through to 12.15?

Mr DAVIES: Through the Chair, yes.

Madam CHAIR: Thank you.

Mr WESTRA VAN HOLTHE: Thank you, Madam Chair.

Madam CHAIR: So Willem and Gerry have some questions as well.

Mr WESTRA VAN HOLTHE: Ah ... train of thought – been derailed.

Mr WOOD: Do you want to go with my bit now?

Mr WESTRA VAN HOLTHE: Yeah, go on.

Mr WOOD: Okay. I suppose ...

Mr WESTRA VAN HOLTHE: I remember what it was. I've got it now.

Mr WOOD: Alright, go. Mine was more a finishing ...

Mr WESTRA VAN HOLTHE: How did it come to pass that two and a bit years ago MacDonnell Shire took over those municipal services for Mutitjulu? And I say that in the context of my understanding that the local government minister at the time knew that Parks were responsible for municipal services at Mutitjulu.

Mr DAVIES: David, do you want to try and ...

Mr ALEXANDER: A couple of things. Parks were responsible for municipal services in the Park but not in Mutitjulu, so Mutitjulu has always been funded through that CHIP program – Community Housing Infrastructure Program – which was Commonwealth and was part of the \$20M money that transferred to the NT, so historically that's where the money has come from.

There was a number of community meetings trying to get agreement from the community that they would accept MacDonnell Shire as being their service provider. At the time MCAC was under administration, the Commonwealth put it under administration, so there was a plan that there would be a formal signing of an agreement. The formal signing didn't happen.

Mr WESTRA VAN HOLTHE: And who would have been the signatories to that agreement?

Mr ALEXANDER: Um, not sure ...

Mr FAGAN: MacDonnell Shire, MCAC and other stakeholders.

Mr DAVIES: Including the [Road?] Department?

Mr WESTRA VAN HOLTHE: Yeah, I just don't understand how the Shire came to be delivering services there when the Minister prior to ... the NT Minister, prior to the amalgamations, knew that Parks/MCAC – whoever – but someone other than MacDonnell Shire were responsible for municipal services to Mutitjulu. Were MacDonnell Shire simply not told, were they not included in the discussions, were they deceived? I guess that's what I'm ... and then the other question is who ... why wasn't that agreement signed?

Mr ALEXANDER: In relation to those municipal and essential services that were provided, if they were provided prior to local government reform by a community council, those municipal services, so we're talking ... Mutitjulu used to be treated as if it was an outstation, that's how it was funded for delivery of those services, so the Shire Councils, if there was no outstation resource centre, became responsible for the delivery of those services by a grant agreement. So there's a grant agreement where MacDonnell Shire Council receives a grant, accepts the grant and then delivers the services. So there's no deception, it was a grant agreement that they signed.

Mr WESTRA VAN HOLTHE: Yeah, that's probably not quite what I was getting at. It's ... I mean, according to them and their legal advice, they're not responsible for providing municipal services in Mutitjulu by virtue of the fact that ... of the uniqueness of that community sitting within the park. They haven't signed an agreement to say that they would take on those municipal services, so how did it come to pass that they just did?

Mr DAVIES: I think, to try to answer your question, Mr Westra Van Holthe, I think the issue here is that those members of that community are part of the Shire footprint and vote in Shire elections, so I think, you know, and without having the MacDonnell Shire CEO here who was there at the time, you know, I can't ... but you would make an assumption there that given that there was ... that these people were voting, the Shire would have had an obligation then to provide a presence and the services. But the arrangement was to be confirmed and it wasn't confirmed because of the layers that we've just been discussing in terms of who ... and the role of the Director of National parks, the role of the Lands Trust, the role of MCAC getting all of those stakeholders into the same room to sort out service delivery across the board in that community so that it can grow as a normal community, is still part of the challenge going

forward. So they have some programs that they've been funded for that they can't actually put in place at the moment because there are constraints around the power supply and around tenure issues. There's a ranger station just next to it which has got a lot of houses in it so it's quite a complicated situation and the Australian government's undertaken to work with us closely to try to get more transparency around there and sort it out but it's going to ... it's complex.

Madam CHAIR: Gerry?

Mr WOOD: I was just going to ask – you could start up Yulara Town Council again and expand its boundaries. But when you have a, and I say it, I suppose, jokingly, but it also has municipal services provided by a private person, you've got the park providing municipal services for itself and you've got Mutitjulu in the same region. It seems strange that something couldn't even happen amongst the three of those groups to just say we'll provide municipal services.

Mr DAVIES: And I think, Mr Wood, it's fair to say that we actually need to get everybody in that community actually communicating in the way you've just described, and I don't think that's been happening as effectively as it could have been. So this is my sense of it from visiting there yesterday. And certainly my Minister's view that we need to get in there, roll up our sleeves with the community down there to sort out the local government issue and then to address those broader issues with the Australian government and with the Lands Trust and that would be the CLC and so on. MCAC too.

Mr WOOD: You did raise an interesting question – they'll be people that will not receive municipal services from MacDonnell Shire but they'll be able to vote in their elections.

Mr DAVIES: That's correct. And that's why, I mean, my own personal view is that once we get the issues sorted out, I would love to see the Shire return and see it as something that they want to do and for the community to welcome them.

Mr WOOD: Okay, thank you.

Madam CHAIR: Okay, on behalf of Members of the Council of Territory Co-operation I'd like to thank you for appearing before the Committee today and providing evidence and we will get a transcript to you as soon as we can.

Mr DAVIES: Through the Chair – [*inaudible*] we've made a few commitments today so we'll try and get that through after the meeting if that's okay so we'll try to make sure that that material's provided. I think I undertook to provide Mr Elferink with those inspection plans today or tomorrow.

Madam CHAIR: Thanks very much.

[MEETING CONVENED AT 12.15PM]

[MEETING RECONVENED AT 1.04PM]

Madam CHAIR: Thank you, I think we'll get started. Gerry, the Chair, has actually asked myself as the Deputy Chair to chair this such that he has a number of questions that he wants to ask along with other Members, so I declare open this meeting of the Council of Territory Co-operation and welcome Bob Beadman who is appearing before the Council to brief us in relation to the Council's terms of reference.

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 they remain confidential. Please advise me if you wish any part of your evidence to be in-camera, and I'll 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 and for the purpose of the record I ask that you state your name each time you speak although that's probably less necessary today, Bob, given you're the only person there. Who would like to start?

Mr WOOD: I might just ask Bob, since you brought out your report, you wouldn't be able to give us a little bit of an up ... has anything changed ... second report, since you brought out your second report, is there any notable changes that we should make note of before we ask you about that report?

Mr BEADMAN: No. Obviously things move every day but I don't think with such movement that I would want to retract anything that's in the report or suggest that it's some lower value. No, everything stands.

Mr ELFERINK: Based on the ... I don't know if you ... you weren't in the room for the local government section.

Mr BEADMAN: No, I wasn't.

Mr ELFERINK: One of the issues that I raised during the local government section and you got referred to in this process in the answer was that I am somewhat concerned about the nature of local government reform, specifically pertaining to the area of the miniscule amounts of discretionary funding available to elected bodies. In essence, I asserted that by virtue of the fact that the vast majority – 96/97% - of funding delivered to these local government bodies as tied grants, it essentially defeats the purpose of electing a body because they're, at best, project managers.

That then was framed in the form of a question, and the question that I put to local government was what plans do you, as local government, have in place or as the local government authority have in place to free up the tied nature and the tied grants themselves to greater discretionary power of the Councils. Part of the answer to that question was that you, as the co-ordinator, had placed or was asking similar sorts of questions of government departments, you were asking of those government departments what's happening, particularly in relation to those issues. Without reiterating that whole conversation, clearly it's something that you've turned your attention to. What is the response you've had from those government departments, are you satisfied with the response of those government departments and what could those government departments do better to respond to this particular issue?

Mr BEADMAN: It's a very good question and there's no simple answer to it, but I think I should go back a little bit. When you began to outline that I thought perhaps you were getting to the size of the pool of money the Grants Commission gets to operate on.

Mr ELFERINK: There's another component to this, yes.

Mr BEADMAN: Which is simply a per capita share of a national pool of funds, and try as the Territory might even use to get that pool increased, we've been unsuccessful. And indeed that subject is now barred from discussion at the Australian Local Government Association meeting context because the more populous states would serve to lose if the Territory share of the money was increased. They may dominate the numbers in the ALGA so consequently it's a taboo subject.

What I've talked about as Co-ordinator General is a perspective that I don't think anybody else has put on the sorts of agency arrangements the government departments of every kind, whether the Commonwealth or the Territory, put onto local government in the Northern Territory, and it seems to me that each agency has a threshold issue to clarify when they see a need out there. The first option is to, of course, relocate the staff and open an office out there, but that hasn't been taken up since the seventies when everybody backed out of remote communities except the police, teachers and nurses.

So when they decided they're not going to relocate out there, they say, well how can we fund to provide an agency arrangement, and the most reliable body in every case is usually the community government council, now the Shire. You then aggregate all of these agency arrangement funding deals that are done with Shires in the context of what is the total budget of a Shire and you find that the agency arrangements are taking up 70% of their activity. Now, that's ridiculous, especially in the context of many of these grants are annual renewable, they're application driven, which means that the most articulate Shire filling in increasingly onerous application forms, 70 pages, is more likely to get a grant than the most needy council who hasn't got that capability of filling in forms.

And my contention is across several fronts: first, if there's a perceived need to do something out there then for God's sake go out and do a needs analysis and fund on that basis rather than on an application driven basis which creates distortions between regions. Then you would do it on at least a triennium basis, if not five years so that you can provide some guarantee of funding in order for the employing body – the Council – to engage in some long-term recruitment and get quality candidates. In fact, at the moment, they can't even offer a 12 month contract so are you going to get a quality person from around Australia to relocate on a less than 12 month contract? I don't think so.

And thirdly, I think there's a serious challenge for governments to simplify the acquittal process. After all, we're talking about a third tier of government, there's an acquittal processes under the Local Government Act; there's multiplicity of government agencies where the Territory or Commonwealth should satisfy themselves that an acquittal under the Local Government Act should be satisfactory for these multiplicity of other funding arrangements.

Having said all that, there's a case, I think, for governments to establish a presence in remote communities. We've seen a start to that with the Commonwealth placing Government Business Managers there and Indigenous Engagement Officers, Centrelink at long last, I think, has placed some people there. Housing Local Government and Regional Services, I think, has

placed some regionally based staff in the Big Rivers region in relation to the housing management roll-out issues that are emerging.

But I think instead of third party funding arrangements, governments ought to be re-looking at establishing a presence up there. In other places I've talked about how the most impoverished skills lacking Shire ends up with a far greater range of functions than the Darwin City Council, simply because of the unpreparedness of government agencies to relocate.

So we're talking about a government centre, indeed government centres were envisaged in the Working Futures suite of documents, the government centre you would seek people to relocate some staff there. You wouldn't have a representative of every government agency but you would have some multi-skilled people with some IT connectivity that will allow you to do licensing or rent paying or those sorts of government transaction things that are a real dip in there. Indeed banking. There's all sorts of things you could put in a government set-up, but it might even open up into a small community business enterprise with various agencies paying rent to a landlord, after all, the government pays a lot of rent to some landlords here in Darwin. What's the difference in a remote community?

So, sorry for the long answer, but there's many sides to that issue.

Mr ELFERINK: Getting back to the issue of government departments being asked to articulate ways that they can free up grants which are essentially tied now, I mean, you get variance of tied, I mean, you could say you've got to build roads with this or you've got to build that road over there with this so your different levels of tied-ness. The tighter down the instruction the less rationale for the existence of an elected body because their decisions have already been made for them. What sort of response are you getting from government departments specifically in relation to that issue?

Mr BEADMAN: Again, I think there's two parts to that question. The first part is whether or not they can make grants available to community organisations, Shires, in an untied way, and I think the answer to that is no. But the question could well have had in mind whether or not the current expenditure patterns within agencies has got some flexibility into it such that they could re-prioritise and a greater share of that money went to the bush as distinct from the bitumen and I think other's capability on that front and I can see some movement there.

Mr ELFERINK: So you're getting that ... you're feeling that's actually happening in government?

Mr BEADMAN: Yes.

Mr ELFERINK: Alright. That's really what I wanted to know.

Mr WOOD: Can I ask about leasing, which is a ... you've written a fair bit in your report on leasing. You're saying in here that ... you quote on page 73, '*At a public hearing for the Senate inquiry into ALRA and [inaudible] NT government again stated its intention to establish an entity to issue and manage leases*'. I won't go through the whole quote – and you say, '*However, to date the NT government has not established such an entity as required by ALRA. In his second reading speech for the Bill the Minister stated: It was the government's understanding that the Northern Territory government would establish an entity to hold township leases, issue sub-leases, collect rent and administer township leases, however, this has yet not occurred*', and you say ... well, I'm not sure if this is your quote - you can tell me – '*According to press report*

the NT government's delay may be caused by internal caucus deliberations within the NT ALP'. And then it says, 'To account to the possibility the NT government will not establish a township leasing entity as is now the case a last minute addition to the 2006 ALRA amendments include provision for the Commonwealth to establish such an entity and this Bill implements that provision'.

Now, the Commonwealth has got an office of township leasing, are you saying that the Territory government certainly should have been doing that and it should be doing that now?

Mr BEADMAN: You said you're not sure whether it's my quote ...

Mr WOOD: No, depending on the thickness of the font here.

Mr BEADMAN: It isn't my quote, this is a direct lift from a Parliamentary Digest, a Federal Parliamentary Digest. But it's included in its entirety there to assist us all to understand why we're in a situation where Territory government agencies in an environment where we're aspiring to statehood, has got to go to a part-time Commonwealth statutory officeholder to plead the case to lease the assets that we've already built at these camps. And in order to understand what in my mind is anomalous situation, we needed to comb over the past.

Now, the Lands Right Act itself says there will be an entity. The entity can be either a Commonwealth entity or a Territory entity, but Territory has never, ever taken up the option of creating such an entity.

Mr WOOD: Do you think it should even now?

Mr BEADMAN: Absolutely. I do.

Mr WOOD: Well, if that happens, do you think they should renegotiate the Tiwi Island lease?

Mr BEADMAN: Absolutely.

Mr WOOD: And for the reason ... ?

Mr BEADMAN: I think the Tiwi Island lease, based on advice that we got from the Commonwealth Bank, is useless!

Mr WOOD: Well, I read what you said there, I mean, I have concerns in here that ... this was meant to be an open ... a growth town, an open town, and yet your first page is that you require a permit still to go onto the Island. But you raise the issue of the Legal Services Division of the Commonwealth Bank giving you some advice. Has the Northern Territory government done anything about that or has the Commonwealth Office of Township Leasing taken up what you've said and said, we need to do something about it, to change this lease so it will actually attract people ... the lease was intended to do?

Mr BEADMAN: Neither has corresponded with me.

Mr WOOD: Over this issue?

Mr BEADMAN: No.

Mr WOOD: So the chances if you read this of a private enterprise business operating on the Tiwi Islands with a loan from a bank, it's probably just not going to happen.

Mr BEADMAN: Well, based on that advice, the Commonwealth Bank has categorised such a lease as being a liability rather than as asset because it's not tradable on a real estate market because of all of the constrictions that are placed upon it. It seemed to me that the intent of both governments was to open up a real estate market in these towns, such that you would attract private sector investment and business migration. Now, the experience at Tiwi and Anindilyakwa is that the leases are so stitched up that you don't grab the tradeable title.

But worse than that, you know, you do hear some things on the street and I understand that that was to be used as a template in lease roll-outs across the rest of the Territory, so hopefully to report that this report number two, I shot across the bows of the Commonwealth government in proceeding in that way.

Mr WOOD: Did you look at this lease also to see whether the issue of how many non-Tiwis could operate ... they put a cap on how many ... I think 15% of people with business could only be non-Tiwis. Was there any ... did you get any feedback whether that would stand up legally, even from a human rights issue whether you could actually do that?

Mr BEADMAN: No, I haven't referred it off for that sort of legal advice. And I can't answer the question. I am not a lawyer, I've had a look at the community lease, I've had a look at the subordinate legislation, the documents to that Tiwi lease and one just wonders whether or not the legal firm that was commissioned to produce it was just given carte blanche, and they've made it as complex as they possibly could.

Mr WOOD: So if I was to ask you that if you looked at this lease, one is that it still requires permits; two – you're probably very unlikely to get any money from a bank because of the lease, and three is you're actually limited about who can actually stay on the island based on whether you're Tiwi or non-Tiwi. Would you say the chances of this lease actually bringing any benefits except maybe to a few people, the ones with the payments, traditional owners for instance, would you see that this was actually going to do what the intention of leasing was meant to do, that was to open up these towns for greater development through business? Or do you think this particular lease will make that happen?

Mr BEADMAN: No. No, I certainly don't, and all of those matters that you've identified are impediments to that happening. Now, I accept that you probably in the end need some protection against exploitation, you don't want the multi-nationals coming in there and buying up everything and doing as they will. There's got to be some balance in the end. You'd be looking at trying to achieve some shared equity arrangements with local people, you wouldn't want them missing out entirely on the business opportunities, so there would have to be some control mechanisms in the documents that will get an equity deal, shared responsibility, partnering with local people.

But to stitch it up to the extent that it's been stitched up, those are the things that have obviously led the Commonwealth Bank to condemn the work.

Mr ELFERINK: Any other banks looked at it?

Mr BEADMAN: No. I don't know, I guess they've all looked at it. That's the only opinion we've got on the books.

Mr ELFERINK: So the long and the short of it is the Commonwealth Bank will not lend against their lease arrangement as it currently exists.

Mr BEADMAN: Well, that's how I read the advice.

Ms SCRYMGOUR: And it's because, why would you with sub-leasing when it's the head lease that is more valuable. And tradeable. That's where the problem is.

Mr BEADMAN: Mind you, there has been some ownership achieved under that head lease but it's been Indigenous Business Australia that's lent the money ...

Ms SCRYMGOUR: On the sub-leases, yeah.

Mr BEADMAN: ... that claims to be virtual operation but, you know, it's a ... the bank would lend given what they've had to say. So it hasn't achieved nothing, there's been a quite significantly higher level of home ownership achieved ...

Ms SCRYMGOUR: Bankrolled by government though.

Mr BEADMAN: Yes.

Ms SCRYMGOUR: I mean, that's a fundamentally different issue where it has been bankrolled by government otherwise the private sector wouldn't even touch it, because of the, you know, the sub-leases versus head leases.

Mr WOOD: Just a couple of bigger issues on leasing now. You obviously stress the importance of getting leases for all government facilities right across the Territory, that government need to act quickly on that. Now, one of the issues that's come up through this particular lease, the Tiwi island lease, is that the Office of Township Leasing is now negotiating lease payments for government facilities, like hospitals, schools etc.

There are two arguments about that: one is that, well, if a government instrumentality wanted to come to a township where there was no land available, it would have to buy land or lease the land.

The other argument would be that in some of these communities, there wouldn't have been a hospital or a school because they were too small in other parts of Australia but because they're Indigenous communities, government obviously put money into those communities, and now they could get hit with an annual lease payment. If that is to occur, and if that is to apply to every government facility right across the Territory, that would be a fairly large sum of money that could go into improving a school, improving a facility. Do you have an opinion on whether government facilities, like schools and hospitals, for instance, and police stations, should have to pay lease amounts on an annual basis to whoever, you know, whether it's a township lease or whether it's a Section 19 lease. Those type of facilities, I'm not talking about private enterprise, profit making facilities.

Mr BEADMAN: There's the issue of whether or not payments would be based on unimproved capital value or improved capital value, and I understand the Territory government's

intention is to pay on the basis of unimproved capital value. And presumably the thinking behind that is, well, we did the head works anyway and we built the facility, so it would be a bit rich to pay an additional leasing arrangement based on improved capital value – we funded the improvements. And I think that's the point of difference with the Director of Township Leasing and the Territory government.

But to the other part of your question, should lease payments, annual lease payment be part of the deal? I would have thought not but that's not what I understand operates in the commercial world, and I thought the intent of governments was to establish a likeness to open townships anywhere, creating opportunity for businesses to invest and transfer titles. And if they're likely to be lumbered with an annual lease payment of that kind then that would be an inhibition because you haven't got a level playing field then with their other investment opportunities in other parts of the country.

Mr WOOD: I suppose my argument about not having to pay leases, and I understand there is argument for that, is that you're providing a service in many communities that for the people, generally speaking, in towns that aren't necessarily open, the government provides a service, a medical service, for that community, for its benefit and then if it gets hits with a lease payment, it basically means less money is available for that medical facility to provide the services you've got it there for in the first place. I have a concern – this is only my personal belief – that when you start to multiply that by all the facilities across the Territory, that is going to be a very large sum of money on an annual basis, providing facilities, what I call public facilities for the benefit of the community. So I didn't know whether you believed that, say, a school or a hospital should pay a lease payment?

Mr BEADMAN: I think that's a policy decision that in the end governments are going to have to make. The same issue arises for public housing stock in remote communities, and potentially the Department of Housing and Local Government and Regional Services might become the biggest contributor to rate revenues with uncapped rating capability on the part of Shires. So there are some huge policy questions out there on the periphery.

The short answer to your question is it should operate just like the commercial world operates in open townships.

Mr WOOD: The difference is that generally speaking government will own the facility, own the land – not always – but your hospital, you're on Crown land. I'm only using the Territory as an example because the hospital's on Crown land, the police station's on Crown land, the Fire Brigade's on Crown land so they don't pay the lease to themselves, obviously, they provide that facility. But here, we're moving from a position where we've got many of these facilities were built, even as far back as Mission days when no one even thought of leasing, it was just a township and that's the area for the hospital and it was built. So I just was asking an opinion there because I just see a large amount of money being ... will have to be, sort of ...

Mr BEADMAN: There's another issue threaded through this, and this will probably get me into deep water in a number of areas but here goes. Remote townships were built on land that was owned by somebody, but mistakes were made by governments, by Missions, but people then migrated from everywhere to those places, and it becomes a moot point whether continued assets build-up on those places with the exclusive right of the traditional owners or whether it was for the benefit of the wider population who'd migrated there. And the answer is clearly for the benefit of the wider population that migrated there.

That begs a real big ethical question as to whether or not it's a legitimate charge on the public purse to pay the few traditional owners of the land ... on whose land is mistakenly used for the development of a township 50 years ago when people were less aware, at the expense of the programs for the wider good. They just leave it hanging. This issue arose in 1978, it's not new. I remember shortly after Land Titles under the Land Rights Act were handed down and all the Land Councils sought the lease payment for a sewerage pipeline to cross somebody's traditional land, and the position I put then in terms of the administration of the Land Rights Act was absolutely not! It would be inconceivable that the taxpayer pay twice for the benefit of extending a sewerage treatment works for that community: once for the right of the pipeline to cross the ground and another one to put in your pumping station and your pipes and so forth.

So if there's a public benefit in these things, it seems to me that that is at odds with this motion that you ought to be paying traditional owners for the right to put in a public benefit.

Mr WOOD: And just another ... the last question on leasing, you mentioned as the other serious issue in regards to leasing and that is the intervention leases are running out. Have you had any comfort from any moves by the government to get this issue sorted out before 2012 when all these buildings could be handed back to the Aboriginal Land Trust that they are constructed on?

Mr BEADMAN: If you asked me this question two weeks ago I would have said no comfort whatsoever, but since then I have been in one meeting where I heard that the Commonwealth Department has done a risk analysis on this and are now working towards what might be done at the expiry of those five years, which is now less than two years away.

Mr ELFERINK: And that's it? They're doing a risk analysis, no indication as to what the results of that would be?

Mr BEADMAN: Well, the vibes I heard was that perhaps they should have commenced the risk analysis some while ago.

Mr ELFERINK: So the short answer to that is no, there's no guarantee of what's going to come out of this.

Mr BEADMAN: No, not that I'm privy to.

Mr WOOD: Well, there's two governments that have to be involved: one is the government that's putting ... it's obviously operating through NT Housing to maintain these houses. It has the risk of losing those houses as public stock and the other one is the Commonwealth who puts these leases into place in the first place who also, I suppose, is going to have a lot of egg on their face because this was their program to enable these things to happen, and if it all finishes in 2012 we're just back to square one.

Mr BEADMAN: It's not as simple as that in a sense that because of the delays in replacing the five year leases with long-term leases and the obvious need to get some housing on the ground given the build-up of pressure of no evidence that new housing coming out of the ground, which remember was relying on long-term leases beyond the five year term. Their move to a step of expediency in my book, which was lease some housing precincts for some individual housing allotments where you might demolish the existing house and build a new one.

So we got into housing leasing because township leasing wasn't happening, so there are secure bases under the SIHIP housing as it's rolling out. Where there's no secure lease, the housing hasn't yet rolled out and I understand it won't.

In terms of the existing housing stock, that's another issue. In terms of powerhouses, police stations and the like, I think they're being done now of necessity because there's no township leases on an individual basis Section 19 lease by Section 19 lease, which has of course meant that these are now all lodged in Land Councils who have got an administrative nightmare on their hands.

So in terms of security of government assets, some have been secured, some work is in progress ...

Mr WOOD: And that also includes easements which you normally get in any council, be a electricity easement, a sewer easement, a water easement, even a road easement, I'm not sure where we're going there, I might get onto that later, but they're all going to require some form of lease, aren't they?

Mr BEADMAN: Yeah, so leasing or securing the government assets is probably the least of my worries. I was more concerned about opening these townships to private investment, business migration, employment and training opportunities that might come from normalisation. That's the issue that's not going to happen. There's nothing to replace the five year leases.

Mr WOOD: So not only ... would you see these three things as the way to so-called normalisation, that there would be access to those towns on public roads, not private roads? There would be a permit system removed maybe for the town itself – I'm not talking about the broader area, and that there would have to be long-term lease arrangements, and until you get those three things would you say you're never really going to get a so-called normalised town and a growth town?

Mr BEADMAN: I think that's a fair summary.

Mr ELFERINK: it is a fair summary. Just getting back quickly to the provision of government services: police station, sewerage arrangements, healthcare centres, schools, you've just indicated that those things should be sitting on some sort of leasable property. Have you turned your mind to the idea of offering them for sale to the Land Council, or to the Trust, Land Trusts and then leasing them back? That way you get around the problem with, or the other argument you have that the public ... good argument that you have in terms of having to pay an extra lease for an asset you've just built. If it was sold to the ABA through the Land Trust – I'm not quite sure what the mechanism would be – and then leased back by the Northern Territory government on a leasing arrangement, then at least construction of the police station for argument's sake would have been paid for by the owners and then they'd be making, in the long term, a decent income and an ongoing income from properties that are being leased by the Northern Territory government. Have you turned your mind to that attention and what opinions would you give on that issue?

Mr BEADMAN: In various ways. The Nguui police station is on privately owned by land ... and I was in the Office of Aboriginal Development at the time and we worked through those options then. Police had no capital money to build a station. They had ...

Ms SCRYMGOUR: Government refuses to build a police station.

Mr BEADMAN: They had oodles of money that they could use for rental payments so the idea emerged out of that, go to Treasury Corporation to get a loan. Treasury Corporation knocked them back, so they went to Westpac and got a loan at a cheaper rate than Treasury Corporation could offer on the collateral of a committed lease from police to rent the premises that emerged. Now, that's the sort of thing that's running around in various people's minds including mine about what government business centres might look like. Perhaps there's no need for upfront capital expenditure on the part of governments. It might be you can do a six cornered deal where some local enterprise using a commitment to rental payments for a range of agencies and they mightn't all be government, it might be banks too, you know ...

Mr ELFERINK: NGOs perhaps.

Mr BEADMAN: Yes. We'd establish a centre that's got some space available for rent, everybody gets in there. In terms of ... I've heard said, say that perhaps it's not necessary for government to lease the entire town. Maybe that's the drawback. Maybe there might be a segment leased by some entrepreneurial Warlpiri group and the rest by government, and a Warlpiri group would go about and try to sub-lease to investors. But I wonder whether that'd be much different from the Land Council's arrangements.

I suppose lawyers are teasing the edges of all of these questions.

Mr ELFERINK: Because, I mean, you're speaking of an administrative nightmare in the Land Councils, it could actually be an advantage too. I mean, you'd end up owning substantial assets on your own land.

Mr BEADMAN: When I hear of township leasing I thought it was a means of cutting through that

Mr ELFERINK: That's right, but unfortunately, as the Member for Nelson quite rightly points out, it's hardly a convenient document to work with.

Ms SCRYMGOUR: Madam Chair, I think the last time you appeared before the Committee you and I were having quite a good dialogue and healthy debate and I think that we'll continue that. Because I think the dialogue of a debate is good because I think that finally in the Northern Territory, and I know these Members won't like it but since 2001 I think the openness in the way that, I suppose, we approach these issues of leasing and, you know, put aside your ideology and philosophy about what's right or wrong from governments, but do you think, in your assessment and I go back to your first report and I've read your second report as well, in all the years that you've been looking and analysing and working in this field that maybe that the premise in which, you know, for a long time and we've all been involved in Aboriginal affairs for a long time on the ground.

We keep talking about this same issue that maybe we're coming at it from the wrong premise in terms that government being the developer, government being the lessee or government should be doing this but rather that government should be looking at how does it assist traditional owners and others on the ground to be able to become developers and encourage that private investment rather than the bureaucracies, and look, I can think of communities like Maningrida that do want to open to commercial development – I get a bit cranky when I hear people saying Aboriginal people in remote communities don't want to open up their communities or encourage private investment when that is not true – they do want to do

that. It's about let's get this process right, and putting that back in the hands of traditional owners. The Land Councils are separate beasts but I think that ... do you think in your opinion that we are starting from the wrong premise that rather than government positioning to do this that we should be trying to encourage traditional owners or resourcing traditional owners to be able to do, you know, go down this path or development?

Mr BEADMAN: Yeah, um ... the short answer's yes. The long answer is that I'm still optimistic, amazingly, that now I believe, and I've said this repeatedly in different forums, we've got an unusual situation where there's alignment between the major political parties at the Federal government level and at the Territory government level. Okay, they're going to strike sparks off one another occasionally but the core issues seem to be now to be mutually adopted, and for the first time ever the money has been put in on a long-term series of agreements that locks it in.

To answer Marion's question, I keep warning people who stand still long enough that unless we get engagement with local people, we're going to have 15 failed Wadeye pilot community trials on our hands where they sat by and watched a frenetic visitation rate by government agencies for a number of years and weren't engaged. Unless we get to an engagement of people and a shared responsibility, all of this work by governments is going to be for nothing. And shared responsibility takes on all sorts of forms. I've had a lot to say in this report about welfare benefits, about not sanctioning people who are knocking back jobs, not sanctioning people who are knocking back training, not sanctioning people who are not sending their kids to school, and until we get back to a situation of mutual responsibility, shared responsibility we're going nowhere. It's as brutal as that.

To pick up Marion's point, at the bottom of it, the idea of township leasing was to get away from the constrictions that the Land Councils operate under the Land Rights Act where they need agreement of the traditional owners affected and any other Aboriginal person affected by, meaning that Section 19 was a route that in theory was navigable but in practice had so many potholes and washaways in it and delays and expenses that people were giving up. The idea of township leasing was to cut through that and be able to do some deals. Now, I don't think it's government that wants to do the deals, I think government wants to open up the way for people to do the deal.

Mr ELFERINK: As it should be.

Mr BEADMAN: Now, maybe we haven't changed the mindset out there yet and that's part of the problem and I think the mindset of welfare dependants that do is another one that has to answer ...

Ms SCRYMGOUR: What do you mean change the mindset of ... ?

Mr BEADMAN: Well, the mindset being that ... now, we can out wait government and if we do nothing for long enough government will come and do it for us.

Ms SCRYMGOUR: I disagree with that, Bob, I mean, through the Chair, there are many Aboriginal people and traditional owners that ...

Mr BEADMAN: You can always find the exceptions ...

Ms SCRYMGOUR: Well, no, most of my travel through remote communities, I think that you'd be hard stretched to find Aboriginal people who don't want to develop their land, and don't want to have this happen. I think that there are issues in terms of making that happen between on the ground in communities and Land Council bureaucracies. I think that that's an issue but I think that there has been a fundamental shift on the ground in communities to, you know, having development happen and to encouraging, you know, their communities to grow. I think that this myth that's perpetrated constantly that people don't want this to happen, I think that it's not just Land Council bureaucracies, it's also the government bureaucracies and the layers that are in there that prevent the two to meet to actually have the outcome happen on the ground. I mean that's what I ... and that's what I'm just asking ...

Mr BEADMAN: And I'm in agreement with that.

Mr ELFERINK: I think the impediment is also, I mean, I love to bash up on Land Council, the truth is they actually have to do their job in accordance with the Land Rights Act and we talk about Section 19, I think you refer to it more as a labyrinth than a wall, I still think of it as a wall. If I had ten million dollars to invest and wanted to do the right thing and go out to Maningrida for argument's sake and invest in something at Maningrida, the process of investing that money will take me over a year, and that's with no guarantees at the start-out that I'm going to make any return. If I then take that ten million dollars and go into Sydney, I can buy X number of bits of land and get a return on my investment whenever I see fit – rental properties or whatever.

So you've got this investment money sloshing around in the country, sometimes there's more of it than less of it, depending on the overall economic environment, and then you have Land Trust land which has what I call a wall around it, and for good reason, because if you look at the philosophy of the time, that wall was constructed as a protective barrier against loss of land, hence the very concept of the naming of the title. The problem is that wall has now become a prison and it's captured the people inside of that prison ...

Ms SCRYMGOUR: No.

Mr ELFERINK: Well, I think it has, because ...

Ms SCRYMGOUR: Well, in your opinion.

Mr ELFERINK: Well, you say that these people want this investment, why isn't it reaching them?

Ms SCRYMGOUR: Well, because there have got to be ... there was an opportunity, I think, to do some changes to ALRA in a productive way to allow some of this to happen and it hasn't happened. I mean, you say Section 19, I mean, if you look at communities like Maningrida, Gunbalunya where Section 19 leases over those housing precincts haven't taken years to achieve but has actually been able to happen. I know that there are issues in Central Australia in terms of trying to get Section 19 leases happening and there are problems between the actual community and the Land Councils but that's another issue. But I know in the Northern Land Council jurisdiction they have actually passed a process in which to make Section 19 lease happen a lot smoother and faster, taking into consideration Section 71 which is the Aboriginal interest on any development that happens on land.

Mr ELFERINK: And where can I see the results of that?

Ms SCRYMGOUR: Maningrida, Gunbalunya, and if you look at the Tiwi Islands which is an absolute ...

Mr ELFERINK: So we've got the housing ... that's the housing leases ...

Ms SCRYMGOUR: If you look at the Tiwi Islands which is an absolute mess, and if this is the model that the Commonwealth government wants to follow, and any future Northern Territory government in terms of opening up communities, the absolute nightmare on the Tiwi Islands by the former government in terms of the whole of township leasing hasn't created the wealth or the economic opportunities that Tiwi people themselves want.

Mr ELFERINK: Is that the lease you're referring to? That is not a useful document.

Ms SCRYMGOUR: Of course it's not a useful document.

Mr ELFERINK: That's the problem, and this is exactly the point that Bob's trying to make is that you've got to make these documents useful so they become ... they can create a commodity that's tradeable.

Ms SCRYMGOUR: But it's not just the documents, Member for Port Darwin, it's the process and actually trying to get the outcomes that I think we all want and that is remote communities developing growth towns, Working Futures, all of these policy parameters that the Northern Territory government has been striving to do since 2001. It isn't, well, you know, I mean ...

Mr ELFERINK: What's stopping the results, I mean, you keep saying that there are no impediments on the ground ...

Ms SCRYMGOUR: Things are happening. It's not as if nothing is happening.

Mr ELFERINK: Bugger all is happening. Compared to the rest of the community, I mean, look, you're not going to seriously tell me and say that these growth towns are in as good a position as Casuarina, because they're not.

Ms SCRYMGOUR: And they never will be.

Mr ELFERINK: That's not true. And there's no reason ...

Ms SCRYMGOUR: You're not going to be able, I mean, and that is up to community so we can have this debate during a deliberative session when we're by ourselves.

Madam CHAIR: And I was just muttering that to Gerry here, so we've got ...

Mr ELFERINK: Perhaps Mr Beadman would like to make an observation in relation to this.

Ms SCRYMGOUR: Because you and I always ..

Madam CHAIR: The witness before us today who is here to take questions from Members of the Council. Gerry?

Mr WOOD: I'll quickly ask a question then, in regard to welfare. I actually ... I might be out on my own, I agree with everything you say about welfare. I've just come back from Wadeye and Palumpa and Peppimenarti, I was speaking to someone recently from Job Find which may, sort of, to some extent prove the point about if you start to put restrictions on people, all of a sudden people make the effort. I gather there's one of those communities, there was about 70 people not doing anything, Job Find had a set up a few training programs, normally hardly anyone turns up. It seems in the last couple of weeks someone's gone down to Centrelink, probably from Canberra somewhere, and said start pulling some cheques. All of a sudden, she said, this is only in the last fortnight, that people have started to turn up at training, which I think only in a small way shows that the saddest thing that's ever happened in Indigenous ... in communities is the welfare mentality that we've introduced over 30 years. We need some fundamental changes – you mention that in here as well. How have you been able to perhaps influence your counterpart, the Commonwealth - there's a Commonwealth version of you, isn't there – into promoting that concept that we have to make welfare harder so that we can get people to actually get out there and develop the work ethic that in many cases has been lost.

Mr BEADMAN: He didn't touch that subject in his first report and I don't think he's going to touch the subject in his second report. So we're poles apart in terms of, it seems, as to what he and I view as really fundamental threshold issues to me. An absolutely fundamental threshold issue is engagement in a shared responsibility for the building of their own communities. So if you're only going to do that now, it seems, after 30 years of entrenched thinking that welfare dependency, the inter-generational welfare dependency that we're going to have to be brutal to be kind, that there's going to have to be some coercion message now to get people off welfare and into the training and the jobs. And that means stopping benefits. And I don't think there's been the stomach for stopping benefits in the past. Maybe it's now arriving.

What we had in the past was 30 years of remote area exemption where people didn't have to undergo those mutual obligations tests of convincing people they were trying to get jobs, convincing people that they were undergoing the training necessary to better equip yourself for a job. That's been removed, but you have to be forgiven for questioning, well, what is the difference given the evidence that I've been picking up that people are knocking back jobs and knocking back training and that there's no sanction on benefits. Until there's sanction on benefits, it seems that the rank and file might continue to knock back jobs. There are always the exceptions, and the exceptions are what keeps you motivated in going on. And you would hope that everybody become like the exceptions, and that's the goal, I guess. So if things are changing then maybe the set of reporters has drawn some folks. Mind you, I hear rhetoric out of the Prime Minister and out of the Minister for Indigenous Affairs that's encouraging, that says these same things that their best welfare measure is a job, we've got to get everybody in jobs and education. That's the key for the future.

And then I look what's happening on the ground and there's an enormous gulf between the rhetoric and the practice, and that's what we've got to get fix.

Mr WOOD: But your example of the Tiwi Island training board and how you had a \$900,000 project and in the end they nearly scrapped it because hardly anyone turned up. Does that information get to a Commonwealth Minister? I mean, how do you actually sort of say to people down there ...

Mr BEADMAN: Some things get to a Commonwealth Minister; I read in *The Australian* that she padded away my recommendations in relation to leasing.

Mr WOOD: The 'she' is?

Mr BEADMAN: Jenny Macklin, Minister Macklin

Mr WOOD: And she still has that portfolio?

Mr BEADMAN: Yes

Mr WOOD: CTC's trying to go down to Canberra and meet with some of these Ministers. Maybe we should bring you along.

Mr BEADMAN: Please don't! [Laughter]

Ms SCRYMGOUR: Bob, can I ... if you've finished questioning then ... Member for Nelson, have you? Gerry?

Mr WOOD: Yes, Marion.

Ms SCRYMGOUR: Madam Chair ...

Mr WOOD: Can you speak to Bob?

Ms SCRYMGOUR: Bob, in your report and I suppose in a lot of these communities, I look at the Tiwi Islands, and I'll only go from my electorate, the biggest issue, alright, the biggest impediment to education, to training, to jobs, to Aboriginal people moving forward and I'm surprised that ... and I've read Brian Gleeson's report as well. The biggest impediment is substance abuse, and it astounds me that these reports are silent on the issue of the biggest issue that impacts on Tiwi kids getting to school and going to school every morning is the club and the grog and the ganja and everything else that goes into these communities. Maningrida doesn't have a club but it has permits and during the dry season and the road opens and those communities are inundated with substance abuse, why is, given that this is probably the single most, the biggest issue in terms of those kids, you know, and the quality of those children having some sort of like that these reports, knowing that that is fundamentally the most important thing that prevents any good from happening, it is silent. Because you can penalise people through welfare payments and have that sort of punitive measure happen but it's not going to make any difference. I have seen in Darwin where, you know, and I said this to Brough out on the Tiwi Islands, the rat will always find the cheese. And Aboriginal people are smart so they've found loopholes through all of this and, you know, it happens in Darwin. But there seems to be this silence in terms of substance abuse in remote communities.

Mr BEADMAN: Yeah. I've not dodged it, it's probably a question of priorities and space, and I think I've crossed the bounds of political correctness in both the first and the second report by taking on the unmentionables, so I was going to get to alcohol in the third report. I've prefaced it now, I suppose, to some extent. What I was going to try and do, and it's interesting that you have mentioned club, was come at an angle that hasn't been attempted before, you know, I got to notice what happened in this Assembly last sittings about alcohol, I agree with what the Police Commissioner says daily, I hear the crowds departing from Mitchell Street every morning, screaming and, you know, and I think are they having a good time, my God, but what I don't hear is that, you know, nobody tries to blame the Darwin City Council for Mitchell Street but yet if there's a disruption in remote communities, somehow it's the Council's' fault. What I

hear from the municipalities on the bitumen is there's been an influx of people since the declaration of dry areas. It's accelerated and magnified with hundreds of people in the town in order to drink.

So what I'm going to try and do is come at it through the eyes of remote communities and about the worry they have for their countrymen away from community and sanctions of the family, on the grog in town in an uncontrolled way. And because of the two kilometre law and the dry prescribed areas, two kilometre, the drinking camps have emerged, unsanitary drinking camps where different racial groups mix and the blood and the excrement and, you know, and it's shocking. And no apparent duty of care. But all we ever hear about is the bitching and the main towns and antisocial behaviour. Well, the remote communities are worried sick about it, and I'm going to try and reflect some of that concern, and I'm going to try and write the question as to whether declared areas are ever going to provide the means that people use alcohol in a responsible way. Whether or not we've got to rethink the ability to vote a community dry, where we've got to rethink the ability of better managing canteens and places where they have a liquor licence.

And I never thought I'd get to this position of trying to work through a community that votes to remain dry and need to rethink that position because the evidence is there now, for all to see. The dry communities mean people go to town and are further out of control than if they drank at home. There's no prospect ever in those situations, the drinking camps, that people will ever learn to use alcohol in a responsible way. Only under the sanction of peer groups and parents and brothers and sisters and kids and ceremony will there be hope. So you can have the registers and the people who are debarred from drinking premises in Darwin and Palmerston. Seems to me that that's not going to get the fundamentals of the crises that alcohol represents for Indigenous people. The only avenue for that is to re-examine the fundamentals of whether you have dry communities or whether you have licensed premises. How you regulate those. In an educated way lead to responsible use.

And that of course then takes you off into these other areas of substance abuse too, and I think, to some extent, those other areas of substance abuse are perhaps props for the unavailability of the grog. I know it's been cases to use in conjunction with the ... yeah, I agree. There's a huge problem, hasn't been mentioned in reports and I've let the cat out of the bag in what might be a piece of the third and fourth.

Ms SCRYMGOUR: Can I ... before you get to your third report and that, can I just say, Bob, recently I did a survey of a number of Tiwis, alright, in the long grass in Darwin. Nearly 100% of those Tiwis that are in the long grass in Darwin are not because the Tiwi Islands is a dry area. They're in the long grass because they've done the wrong thing on the Island and they don't want the sanctions on the Island so they come into Darwin. So I applaud the Northern Territory Government in terms of the sanctions that are going to come because if you can't behave yourself when you've got a licensed club on the ground in your community, why should you come in here and make a nightmare for other people. So, you know, it's not just about dry communities; I was talking about communities where you do have licensed premises where the impact in those communities and the Tiwi Islands is a classic. I've had it said to me by other Aboriginal communities, if you put any more money on the Tiwi Islands those Islands are going to sink. It's probably got the biggest job training network and yet they can't keep people in there. Why? Because everyone comes in here because they get in trouble over there.

And all of this, in terms of the policy of the leasing, all of those things, I could retrace my steps back over all of this and you could see where there's fundamental ... where those problems have been and you sort of don't want to hope that that model translates into other communities because Tiwis is a closed area, one language, one people. You're going to have bigger problems. I wasn't meaning have the discussions with dry communities but looking at existing communities where you've got those clubs and the nightmare that's created with those communities now.

Mr BEADMAN: You're in, sort of, Hobson's choice, aren't you, you've got the problems with the licensed club areas that dry communities consistently tell me they're worried sick about their countrymen in Katherine and Tennant Creek and Mataranka away from the sanctions that community would bring. I've likened it to end of season football trips, away from family and then there's all ...

Mr WESTRA VAN HOLTHE: And if you don't deal with the problem locally, all you do is shift the problem.

Mr BEADMAN: That's right.

Mr WOOD: You've been round plenty of years, Daly River, when I first went there in 1970 there were two pubs: one at the Crossing and Ma Fairweathers and Robbie Samber. They also introduced a club in the community – Brother Howley – he used to sell cold bottles of (inaudible) port to try and get them to promise that they'd only drink there and not go down to the pub, but sure enough they'd sneak off to the pub.

But the other thing that used to happen, even when there was restrictions, they get in the car and they go Casey Store, and that's why the Lagoon Road Aboriginal Community exists because that's where many of them ... that was their refuge when they were drunk. So whilst I think that the issue needs revisiting I think we've got to look at every possible way of trying to change things around. I don't think you can deny history has been down some of these paths before where communities have had that chance to try and sort these issues out. What's made matters worse today is certainly drugs, certainly ganga was never in my time and now it is, it's history is tragic. So I think it's worth looking at. There may be a new approach is needed.

Mr BEADMAN: I'm probably out of bounds anyway, you know, if my task is to look at duplication overlap and obstacles then alcohol is probably not a government program that I would look at, but nevertheless, I accept that it's a fundamental to decent outcomes and it's inescapable that ...

Ms SCRYMGOUR: Well, it's a major impediment.

Mr WOOD: It comes into the end of your report the social fabric, that's what it's about.

Mr BEADMAN: Yes.

Madam CHAIR: And the need for government policy to address it.

Mr BEADMAN: So just to recapitulate, I do intend and there's something already written in a rough form about alcohol but through the eyes of the local communities. As unqualified as I am to do that, because I don't think that perspective has really been covered in the rampaging debate that has been going on over recent months.

Mr WESTRA VAN HOLTHE: Can I ask a question.

Madam CHAIR: Yes.

Mr WESTRA VAN HOLTHE: In your discussions with the communities, are they in favour of a club type system where there's responsible drinking of alcohol, and I ask that in the context of a suggestion that was made to me a little while ago about having virtually a safe house on a community where people could drink to exhaustion if they wished but they were doing so in a safe environment where they could be looked after. Any thoughts on that?

Mr BEADMAN: You'll find that most communities have got safe houses now for each gender but they weren't set up for that sort of purpose, obviously. Look, it would be overstating things, I think, for me to even represent that I've got some concluded view from each community on this. These issues arise incidental to discussions about a whole range of things, and sometimes in a Co-ordinator General's hat and sometimes in my Grants Commission Chairman's hat.

But I do get a sense that those communities that are dry are beginning to think about whether or not that's best in the wider interest, given the seriousness of their worry about their countrymen in town getting into trouble and getting into serious health issues.

Mr WOOD: Because Bob mentions, without local people exercising responsibility for their own wellbeing all this effort will come to nought. Isn't that also a bit part of the equation because the old case of leading a horse to drink, some of this has to come from individual people, otherwise it's just a lot of money that's being thrown around and no change.

Mr BEADMAN: Yes.

Ms SCRYMGOUR: Yeah, but ... and that's true, but it depends where that money is actually being spent, and you can, you know, policing is a major issue, so if you're going to have the discussion or look at a community to put a wet canteen on the ground and in that community, you've got to do the analysis of line the population but policing, I mean, all of those things and it was only recently that a lot of those communities had, I mean, got police on the ground in those communities. I mean, you know ...

Mr BEADMAN: I think you'd have to start with a clean sheet of paper in each place but you'd been forearmed with some facts and figures. You would know what the school attendance rate is like; you would know what the hospitalisation is as a consequence of alcohol abuse; you'd know what the police intervention rate was; you'd have a rough fix on how many countrymen are in Katherine on the grog from Barunga. Let's assume we're talking about Barunga. So you'd go in and you'd open up, well, what do you think about it, this being a dry place, what do you think about your countrymen in town. Is it a solution? Are there other ways? So I've got no preconceptions about where you come out, other than I can't see good outcomes from drinking camps. Simple as that.

Ms SCRYMGOUR: No, but I don't think ... through the Chair, I don't think, Bob, anyone is endorsing drinking camps but I don't think it's as simple as if we're going to deal with this issue and get the countrymen out of the long grass back home that that's going to work, I mean, there's people from Maningrida that have been in this long grass for nearly 30 years. There's

Warlpiri people that have been based in the Warlpiri camp in Katherine, as you know, for over 30 years. So it's not ... yeah, it's a lot more complex and thing as ...

Mr WESTRA VAN HOLTHE: But through the Chair, this then comes back to a reason for people to want to go back to their communities and one of the basic reasons that people would want to be there is because they have something to do, and that something to do would have to come back to having a job through economic development in their community.

Mr BEADMAN: Yeah, that was my thinking too, you know, obviously people vote with their feet, for a whole range of very complex reasons. But the nub of it is the attractiveness of one place against another for a whole variety of reasons and the more amenities in remote towns it must follow the more attractive they might be for permanent living. Whether or not they're going to be sufficiently attractive to draw people back from the bigger centres, I don't know, but it would have to attract some, possibly, I would imagine.

But don't get me wrong, Marion, I'm not going out there advocating you do have licensed premises here; I'm advocating that perhaps we need to do the work on exploring everything in an effort to come to some consensus viewpoint about what needs to be done about a problem that's cutting swathes through people.

Ms SCRYMGOUR: I'm not in any way thinking that you're advocating that, Bob.

Madam CHAIR: Gerry?

Mr WOOD: You right, Marion? Bob, that might lead me onto something else that I noticed when I was out bush and it probably relates to other areas of the Territory, that you're mentioning about taking people back to where they came from, but with the growth towns policy, basically that is where our housing monies for the SIHIP program will be spent. Now, I went to places like Peppimenarti and Palumpa, which have got schools, clinics and it's got an abattoir, got a good store, some have a police station. Now, if you were sending back to those communities they've got no future the way that the growth towns policy is because growth towns are saying that once you're outside 50 kilometres from that growth town, well, I'm not sure where you are, but when it comes to new houses, you're not in the mix, and this will apply to Barunga, Beswick, Bulman. Has someone actually thought of what will happen to those communities which I don't regard as outstations, I regard those as small towns. So even though we're talking about taking people back, what would be the future in that town anyway if there's no plans by government to allow more housing to be developed in those areas?

Madam CHAIR: Or government.

Mr WOOD: Yeah, government built housing, yeah.

Mr BEADMAN: I just want to correct something at the outset. You were using the words 'taking back'. Nobody's contemplating taking anybody back anywhere.

Mr WOOD: I probably used it in the ... yeah, alright, yeah. I didn't mean physically taking back.

Mr BEADMAN: And in fact that's the language that comes out of Laynhapuy Homelands Association which worries me. We've just got to dispel any idea that anybody's taking anybody back anywhere. What I was talking about in the grog context was our people might get away

from these unsanitary conditions in drinking camps and go home if there were options back there to attract them.

Back to your question, I don't regard Peppimenarti as an outstation either, that's a small township that isn't one of the 15 that's in the Remote Services Delivery Agreement or one of the 20 in the Territory's growth towns. But what I heard governments in various ways talk about in terms of the long term future is these 15 or 20 for the first tranche and that we might address the others in a second tranche. When that might be I don't know, that's a question for governments.

In terms of the identification of those 15 and 20, that happened before I come on board, and indeed, obviously the Territory is dissatisfied with the Commonwealth's identification of 15, because they've added these other ones. It is borne out of a concern, I guess, that over all of the preceding views, no matter how small the bucket of money, equity was considered served if everybody got a share of it, meaning that the share that ... the people who got and the share that Tasmania got was so miniscule as to make no difference, and in order to maximise impacts, governments agree that we've got to prioritise our areas and that is the genesis of the 15 and the 20.

The Territory then drew a notional 50 kilometre radius from theirs and how many additional people would we pick up. We developed these as a growth town, service centre to provide a full range of service you'd find in any regional town to a catchment population, but with no eye to those people or people moving to that place. But simply having access to better services in that place was compared to a more distant bigger town.

So the fact that they've missed out this time doesn't mean they miss out forever. There might be another tranche. And in any event, most of the expenditure programs continue to apply to those places anyway just as they always did, but not being named means that they simply haven't got the accelerated attention that these bigger places have got. So they're not withering on the vine.

Mr WOOD: In the case of Nauiyu, and you might have other reasons there as well, but they've had one house built in the last eight years. And I don't ...

Mr BEADMAN: Well, before governments did this the Indigenous Housing Authority of the Northern Territory dispensed the money too so I wouldn't lay blame at government's feet.

Mr WOOD: But you've got a good town there, people do look after their houses there and to some extent what I know is people feel they're being punished a little bit, they've got no new houses over the last eight years and it's a growing population, well established community. So other's a feeling that, well, you might say that there might be a tranche some time in the future but we've heard this is a ten year housing program. Ten years, we're only two years into it, or three years into it, just that I think there needs to be some certainty for those communities as well. I mean, maybe the idea is that government wants those people to drift to those growth towns from those communities and they don't develop at all. I'm not sure.

Mr BEADMAN: The same question arises in relation to Homelands and outstations and Marion and I had a discussion about that at my last appearance before this Committee, but that issue gets to land tenure and leasing and the money lost to home ownership because of the failure to progress leasing in townships.

I hope government hears you, Gerry.

Mr WOOD: We didn't get enough time to deal with all of those questions. I've got a few more specifics because they relate to your first report. One was on morgues and cemeteries which people might say that's a funny sort of issue but it's a very important issue.

Mr BEADMAN: I believe it is.

Mr WOOD: How have you progressed with what you wrote in your first report in relation to that?

Mr BEADMAN: Well, I understand that there is a review of the Cemeteries Act afoot now. I was invited to provide any additional remarks but I've not taken that up because I think the report was adequately clear. My concern arises from a whole range of things, like, I think the availability of refrigeration has fundamentally changed the way traditional burials are undergone. The fact that you've now got many, many months that you can put into organisation has meant that they're bigger than ever they were, consuming more scarce resources than ever they did and taking people away from employment and all the schools and all sorts of things in a way that never happened before, so I've got that to consider.

I've got concerns about the dearly departed being buried in a front yard of houses, across the top of Arnhem Land, and what that means now that Territory Housing has taken over the tenancing of those houses. What happens in the event of an eviction where mum's buried in the front yard? That throws up all sorts of dimensions that have not been hitherto addressed.

Mr ELFERINK: They can become registered sacred sites as taboo.

Ms SCRYMGOUR: Yeah, but this issue hasn't just happened overnight, this has been, I mean, let's say, Maningrida's been 20 years, you know, 20/30 years. How long's Maningrida been there?

Mr BEADMAN: 1949.

Ms SCRYMGOUR: Right, and that's where the bulk of the burials happen in either their front gardens or their back yards.

Mr BEADMAN: So if we're having properly planned towns with commercial precincts and housing precincts and business precincts, it follows you'll have a cemetery, and it seems to me that if you've got a Cemeteries Act that applies everywhere in the Territory except on Aboriginal land, there's something anomalous about that. So it would be the easiest thing in the world to have it apply to Aboriginal land and then be controlled in the context of planning. That's my suggestion.

In terms of morgues, there doesn't seem to be any certainty about who carries responsibility. I followed that debate through January with close interest, so I'm saying create certainty and I'm not totally satisfied with the argument that in the private sector, in the wider world, the private sector looks after all this stuff, because we haven't opened the way to the private sector yet in remote communities and we won't until we've got township leases. And in the meantime, it follows that perhaps there's an onus on government to kick start some arrangements in the better management and better roll-out of morgues, and of course you haven't got to go to enormous expense. A facility in each small location.

I think we ought to get this in regulation too about putting some responsibility back onto families about how long you might leave a dearly departed in the morgue. If I understand things correctly in relation to the crisis in January, it was because ... it wasn't because there was no morgue, it was because the morgue was full of people that had been there for many months awaiting burial.

Mr WOOD: So you're saying there's no regulation in relation to that, that you know of?

Mr BEADMAN: That's right. Not that I know of.

Mr WOOD: And did you get any response back from the government on that?

Mr BEADMAN: No, but I pick up that there's work being done on what low cost options are in relation to morgue roll-out about how that might be a private sector business opportunity, as odd as it sounds, as distinct from government. What seed funding might be required from government, so that one sided ... it's not gone unaddressed. Where it's coming out I'm not quite sure yet. And on the other side of it the Cemeteries Act review is underway.

Ms SCRYMGOUR: It's been a policy of government since 1986 in terms of morgues and, I mean that, with remote communities and the incident Bob talks about happened with Gunbalunya.

Mr WOOD: Just another specific issue, an interesting one you raised last time about fluoride ...

Mr BEADMAN: I think you might have raised it.

Mr WOOD: Alright. Was there any move again on fluoride? Fluoridation?

Mr BEADMAN: I'm unaware of any action on fluoride.

Mr WOOD: So you got no feedback on that at all? Maybe it's something you'd find out what's ...

Ms SCRYMGOUR: Karen Walters said that they've done that with most of the remote communities though, haven't they, Bob?

Mr BEADMAN: Sorry, I didn't pick that up.

Ms SCRYMGOUR: Fluoridation with the bores.

Mr BEADMAN: I don't think ... I'm unaware. I can't answer that question.

Mr ELFERINK: Doesn't ring a bell with me.

Mr WOOD: And the one other area that you touched on and I think we can't let it go – school attendance. You talked about the carrot stick approach; you talked about parents having the responsibility to get their kids to school. Again, I was there six months ago and I didn't get some figures this time but I'm walking the street, 10 o'clock, 11 o'clock in the morning, the main street, and there are kids everywhere. Same at Palumpa, there were kids sitting within 100 metres of the school where there was an AFL program occurring and they were playing around

with turtles on the ground there, and we asked them why they weren't at school and they said not enough teachers. Right! Where do you see the carrot stick approach that can try and help change this? Do you think withdrawing welfare payments? Is that part of the equation?

Mr BEADMAN: I know that the problem is widely shared, the worry about the problem is widely shared and not the least of the sharing occurring in the Department of Education. That is why I went to some length there to try and give readers a feel of the range of issues that have been tried. Since then I'm aware of some intensive work that we've done at Borroloola and a big kick attendance rates up significantly. But it then created a whole suite of side stream programs like kids who hadn't been to school for a while and got there and found they were way behind then overcome that embarrassment by becoming violent. Teachers needed counselling, the parents of the kids who were under attack needed counselling so there were police issues.

So what I said in this report is, I think, I'm hoping for uniform acceptance that this is a drastic problem, that we're looking at another generation of second-class kids, kids who are not going to compete in an increasingly competitive world for remunerative employment, which is going to cause them to withdraw and be yet another generation of welfare dependents with all of the downward spiralling social outcomes from that. I pointed out that penalties for non-enrolment and non-attendance in the Territory are significantly below the penalties in other jurisdictions; I'm suggesting you should raise those penalties because that carries with it a message of the value that this jurisdiction places on education. I'm not foolish enough to think that you're going to collect fines from the impoverished people or incarcerate them if they don't pay up – I'm not that foolish – but I think you've got to fundamentally convey a different message to what's been conveyed in the past, and that might be the starting point. You would follow that through with as many carrot stick measures as you could; you would follow it through with a massive public awareness campaign about what it means if you come out at the end of the school system with an inferior ability to compete in a competitive world; second-class citizens. All sorts of social handicaps, early death. And then as a suggestion – not a recommendation – drew attention to the impact that the grim reaper campaign had. Of course, that was what the media wanted to talk about – scaring kids. The sorts of kids that I'm talking about probably don't watch TV anyway. I'd like to scare the parents. In any event, it's a suggestion not a recommendation but at least it got a headline for a couple of days before media interest waned.

I heard a suggestion from the Minister on Stateline last Friday that he thought this attendance problem was a factor of local government reform and the intervention. Well, I recollect a 1996 sessional committee report at the Legislative Assembly that drew attention to these same issues, so I would have thought that the attendance problem went back a long, long time, and that it's got nothing whatsoever to do with local government reform or the intervention. That's just my opinion.

Mr WOOD: I must get the transcript.

Mr BEADMAN: So what I was trying to do was elevate this problem as highly as you could possibly get it because it's going to determine what sort of place the Territory is into the future. It's as serious as that.

Ms SCRYMGOUR: Yeah, and it's been a major issue that I think has been around for a long time. One of the things that I was sort of looking at that for, Bob, and again I go back to, you now, you've been around this issue for a long time, we often have this discussion in Parliament. We have an Education Act, the lack of enforcement. I suppose I was looking at

your report for some recommendations about how to move forward with this, I mean, we've got an Act, the lack of enforcement of that Act, remote communities and the punitive measures are always the remote communities. I mean, you only have to go down to Casuarina on any given day and there's kids there – I think it's just right across the board. There's no quick fix.

Mr BEADMAN: No, and better brains than mine have come at it. What I've tried to do was elevate it.

Ms SCRYMGOUR: But how do you deal with it when you've got ... when we were out at Wadeye, remember that meeting we had at Wadeye, and we had ... remember when the comment was made to us that parents were actually keeping their ... I mean, they were stopping their kids from going to school. I know that governments, and successive governments, get a lot of criticism for not doing this but what do governments do when you come across communities like that, and this is the biggest Aboriginal community in the Northern Territory where parents have actually made a decision not to send their kids to school.

Mr BEADMAN: Well, it's either compulsory or it isn't. The Education Act says it's compulsory. The Commonwealth government says it will sanction parents who don't send their kids to school through the cessation of Family Allowance. How about the Territory government goes through the process of fining and the Commonwealth government goes through the process of sanctioning. Dare I suggest that we need a paradigm shift, given the language of the last week. And that might be ...

Ms SCRYMGOUR: Paradigm shift for who though?

Mr BEADMAN: Well, everyone.

Ms SCRYMGOUR: No ...

Mr ELFERINK: From government who polices the stuff and from the people who should be sending their bloody kids to school!

Ms SCRYMGOUR: I'm listening to Bob, if I wanted to, you know ...

Mr ELFERINK: Yeah, well.

Mr BEADMAN: Both governments sending resounding messages to parents.

Ms SCRYMGOUR: Alright, if you look at places like Wadeye, for example, that is Catholic Missions, and then if you talk about welfare payments at Centrelink, so how does government, I mean, so I think the shift has to happen with ... no one's disagreeing with you, I don't think, that there needs to be a shift. But there are, and I know, some communities who have reported people who haven't ... and it's Centrelink that won't do the defaults so it's not as if the Northern Territory or you haven't got government agencies on the ground in these communities that actually want to do it. The problem lies within Centrelink.

Mr BEADMAN: And I have spent the morning in Centrelink, interestingly, and I'm aware, I was aware before I went there this morning of the fact that they've got review processes above the decision maker, and then they've got a Social Security Appeals Tribunal above that, so meaning that any decision has got to hold up through intense scrutiny. That gets you back to the material on which you're going to base a decision.

And then I go to the employment and training stuff, and then you realise that non-government agencies are involved in a form of job service providers contacted through the Department of Employment and Workplace Relations, so you've got non-public servants filling in documentation that would then be used by Centrelink to make decisions about whether you're going to stop somebody's entitlement gets you into another framework.

In relation to kids it's been very, very clear what's been said at senior levels of the Commonwealth government in terms of sanctions on people who don't send their kids to school. And I said earlier in this discussion today, there seems to me to be an enormous gulf between the rhetoric and the practice. We've got to close it. I don't know whether Centrelink is just being ornery about this, or whether or not the documentation they've got to go on is inadequate, or whether or not there's misplaced ...

Mr ELFERINK: Expectation perhaps.

Mr BEADMAN: Misplaced sympathy. Whether they think, oh yeah, this is bad, yeah, I couldn't hurt those buggers. But in that report I talk about, if misplaced sympathies are behind the reluctance to make the hard decision, perhaps those people need re-educating. We're at the point as I said earlier in this discussion, we need now, I think, to be cruel to be kind to get some messages out there that some fundamental change is required. So paradigm shift. So getting kids to school, start stopping benefits, start fining parents. I'm not expecting that that will be a revenue stream for Treasury in the least, but it will nevertheless convey some messages out there that the law requires you to send your kids to school.

Ms SCRYMGOUR: That's right, but if you were to look at the model in North Queensland, and in the Kimberleys in Western Australia, and then you look at the Northern Territory. Now recently I've had a look at both of these areas in terms of affecting child attendance and they had other indicators in terms of both of those models, there was a shift, with both of those models which is fault based systems. If you were to ask Noel Pearson if he wanted the Northern Territory model over in North Queensland he would have jumped ship. Not in my backyard.

So do you think that the model of global, universal income management in the Northern Territory versus a fault based system, so that you could properly manage those families at risk, and those children that aren't going to school, where you've got chronic non-attendance at school, there's problems with the parents. Then if you had a fault based system you could target those families and those children that need it rather than a global system where you've got on the ground in communities some families who do the right thing, but they pay the price for the few that can't do the right thing.

Mr BEADMAN: In 2003, I think, I wrote a paper for the Menzies Research Centre, and in it I suggested you could easily identify, this was in relation to grog and welfare payments in the big towns. By going down to sobering up shelters, protective custody, women's refuges, even school attendance records you could quickly identify a core group of people in the town who were the repeat customers of those places. They would be the ones you would act on in terms of food vouchers I had to call it then, you know, this was a no-no at the time, talking this language, now it's almost accepted, food vouchers for those repeated customers on the basis that to me it wasn't a mark of a caring society that continued to process the cash payment to somebody with a track record of converting it all to alcohol and ignoring the kids. So that's a

long answer to saying I think we should be targeting it better, targeting these sanctions. Yes, I agree with you.

Mr ELFERINK: Yeah, ditto, I think you're right.

Mr WOOD: I'd just make a note that because I was talking about Wadeye, the centre have started up a program called the PACE program, Parental And Community Engagement, they've employed two Aboriginal ladies, and their job will be to focus on school attendance. I don't know how it will go; I think that you need these sort of programs as well as the stick approach as well. But I just thought I'd better mention that, because they're trying.

Mr BEADMAN: I think I may have mentioned it in my report too, Gerry. There's a myriad of measures, tried and trialling. But I see no discernable result, so we've got to do something different.

Mr WOOD: That's what I said before, you need a, well, if you'd know Port Keats many years ago, there was a Sister Freddy. There'd be no doubt if she walked up the main street and there was anyone not at school they would skedaddle quickly.

Mr BEADMAN: I was just thinking earlier, you wouldn't misbehave in Ma Fairweather's pub either.

Mr WOOD: But I lived under Ma Fairweather's regime, and I wouldn't class that era as something I remember with any joy at all.

Mr ELFERINK: The place probably ran well I suspect.

Mr WOOD: Yeah, but the deaths were high. It was a very sad time. I haven't got any more questions.

Madam CHAIR: No more questions? Bob, on behalf of the Council of Territory Cooperation, thank you so much for appearing before us today and giving evidence and being part of a most interesting discussion. There will be a copy of the transcript made available to view in a timely fashion. So again, that's very much for your time.

Mr BEADMAN: Thanks for having me.

Mr WOOD: We look forward to your next report. Thanks Bob.

Mr ELFERINK: Madam Chair, I have to be out of here on the stroke of three unfortunately.

[MEETING CLOSED AT 2:44PM]