



LEGISLATIVE ASSEMBLY OF THE NORTHERN TERRITORY

COUNCIL OF TERRITORY CO-OPERATION

PUBLIC HEARING NO 52

TUESDAY 6 MARCH 2012

Members:

Mr Gerry Wood, MLA, Member for Nelson – CHAIR
Ms Lynne Walker, MLA, Member for Nhulunbuy
Ms Marion Scrymgour, MLA, Member for Arafura

Witnesses:

Department of Housing, Local Government & Regional Services

Mr Ken Davies – Chief Executive
Mr Andrew Kirkman - Executive Director – Remote Housing SIHIP
Mr Mike Chiodo - Deputy Chief Executive – Remote Infrastructure Program Office
Mr John Tobin - Acting Executive Director, Local Government, Regional and
Community Services
Ms Michelle Brown - Acting Executive Director – Service Delivery Coordination Unit
Ms Giovina D'Alessandro - Director - Local Government & Community Services

Northern Land Council

Mr Kim Hill – Chief Executive Officer
Mr Ron Levy – Principal Legal Officer
Ms Shanti Rama – Legal Officer
Mr Syd Stirling – Senior Policy Officer

NAPCAN - Ms Lesley Taylor

Professor Graham Vimpani (*via teleconference*),
Chair – Child Protection External Reporting & Monitoring Committee

SAF,T

Ms Victoria Pollifrone – Advocacy and Policy Manager
Ms Briony Crummy

AMSANT

Mr John Paterson, Chief Executive Officer

Member of the Public representing the Silent Majority - Mr Kenny Wu

CHAIR: Good morning, everyone. I think you know everybody here so we won't go through all the introductions. You've been here many times. So I'll go through the opening statement first.

I declare open this public hearing of the Council of Territory Co-operation, and welcome again Mr Ken Davies, Chief Executive of the NT Department of Housing, Local Government and Regional Services, together with Mr Andrew Kirkman and other officers. I thank you all for appearing before us today.

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

Today's proceedings are being electronically recorded. Please state your full name and position before commencing your evidence. As soon as practicable following this hearing a transcript of your evidence will be provided to you to proof it. I remind Members that personal opinions should not be sought from public servants appearing in a professional capacity.

Mr Davies, could I ask you to introduce the Officers appearing with you today as they are called to the table.

Mr Ken DAVIES: Thank you, Chair, for that welcome. My name is Ken Davies. I'm the Chief Executive of the Department of Housing Local Government and Regional Services. Thank you for inviting us to appear before the Council of Territory Co-operation today.

I understand it is the intention of the CTC to focus on issues relating to regional service delivery in growth towns, land tenure issues, SIHIP implementation, and local government reform. To assist me in that process I've brought with me Senior Officers from the Department. Michelle Brown, who's the Acting Executive Director of the Service Delivery Coordination Unit in my department. Michael Chiodo, who is the Deputy Chief Executive of the Remote Infrastructure Program Office. Andrew Kirkman who is the Executive Director of Remote Housing, and finally John Tobin, who's the acting Executive Director of Local Government and Regional and Community Services. They're the officers who are appearing.

We've got behind us Elizabeth Furlonger, who is the Director of the Land Tenure Unit, and Giovina D'Alessandro, who is also a Director in Local Government, who will be able to assist us as well, Mr Woods, if we've got questions that we need to expand on.

CHAIR: Right. Thank you, Ken.

Mr Ken DAVIES: Thank you.

CHAIR: We've asked lots of questions about SIHIP but maybe we could probably start of with some specific ones, and maybe just in relation to Alice Springs, because that's a more recent issue that's come up, and it has been raised publicly, and in Parliament. But just wondering, what's the state of the houses, the new

houses in Alice Springs, and in relation to the repairs that are required, and could you perhaps give us an explanation of what has actually happened to those houses?

Mr Ken DAVIES: Thank you, Chair, I can. Andrew, could I get you to answer that for us?

Mr Andrew KIRKMAN: Chair, I'd just like to table some documents which detail the remediation work that will be done to the houses that require it in Alice Springs. The work that's undertaken is largely cosmetic. It's effectively replacing a number of flushing joints. So where the Ritek panels actually join, if you didn't have a flushing compound to flush those off, you'd see some ridging; it's not structural, in fact you could just paint over it as it stands, but it's not aesthetically pleasing.

So what we've done throughout there is flush the joint, put a tape over it, and then paint the entire exterior of the house. Unfortunately, some of the sealing products that had been used we found hadn't really coped with the excessive extremes from hot to cold, and they've shrunk, which has caused cracking in the seal, but then of course in the paint as it's shrunk. So in those houses, Territory Alliance is in the process of stripping back those flushing joints, resealing them, re-flushing them, retaping them, and then painting those sections of the house where it's required.

CHAIR: So how many houses were affected?

Mr Andrew KIRKMAN: Sixty-five.

CHAIR: So what is the process now for recovery of costs? Is it going to come out of the SIHIP budget, or will it come out of warranties from either the company, or the people that used the materials that were provided?

Mr Andrew KIRKMAN: Immediately it will be costs borne within that package of works and Territory Alliance tell me that the contingency available within that package is to deal with those costs. Certainly at the same time they'll be looking to see if there is a possibility to use the warranties available for those products to see if there's any recompense they can get there, but certainly they can deal with those costs within the package budget that was agreed with them.

So at the outset of every package budget we sit down with the Alliances, and we work through what's called a Risk and Opportunities Register, which details risks that we think may come up throughout the package, and we allocate some funding to those. So effectively it's a contingency bucket. Obviously we did not expect this particular risk to eventuate, but others haven't eventuated so we're able to transfer that contingency from one risk that hasn't eventuated onto this one, and cover the costs that way.

CHAIR: So this money, when you say 'contingency', is not the same as the contingency written on the ...

Mr Andrew KIRKMAN: No. That's right. We've got a further program contingency, which we've held back from the Alliances.

Ms SCRYMGOUR: Separate from what's on here.

Mr Andrew KIRKMAN: That's right.

Ms SCRYMGOUR: What's that amount, Andrew? Because in here it's got ...

Mr Andrew KIRKMAN: So that's our Program Contingency that you've got there, Ms Scrymgour, which is effectively available to the Program Managers, ourselves and the Australian Government in managing the program, if we need to apply that. Now that's if a package goes beyond its budget, and there's a 'pain share' situation where the Alliance pays for part of that cost, and we pay for part of that excess cost.

Now the way we'll deal with the rectification works in Alice Springs does, I'm expecting, not have to call on any of that contingency. It's within those risk and opportunity sort of contingencies that we've already applied within each package, which is standard sort of procedure for alliancing.

CHAIR: We might have some questions on contingency later. I might stick with just Alice Springs, and deal with that issue.

The other issue, of course, is the negotiations with Alice Springs Town Council, and I know that Minister Macklin said the communities receiving new SIHIP housing would be normalised. So obviously if you were looking at a development in Alice Springs, you would expect to come up with some requirements for a normal subdivision. I know it's not normal in the sense it's a brownfield, rather than a greenfield, but has there been any movement on negotiations with Alice Springs in regards to the standard of infrastructure in the town camps?

Mr Andrew KIRKMAN: We continue to negotiate with the Alice Springs Town Council; they've been cooperative in the sense that they've certainly worked with us on what infrastructure's in place, how we're going to connect that infrastructure to external infrastructure outside the camps. I think it's fair to say we've still got a way to go with them to get agreement on the scope of work required for them to, I guess, take on the infrastructure.

It's certainly our opinion that the three camps, which we went through a few weeks ago: Hidden Valley, Larapinta and Trucking Yards; when the work is finished under SIHIP it will be akin to the sort of a standard elsewhere in the community. There's particular nuances with those sites, as you've pointed out, they're brownfield, we're working around existing houses, existing infrastructure, obviously realigning roads at the same time we've done sort of housing work. So I guess we have a certain amount of flexibility you'd expect of the Council in that regard, but by and large there's extensive work going into those camps to bring them up to standard. The remaining camps will take some time to bring up, and we'll rely on sort of additional funding to come through to do that.

CHAIR: But is it a case that you don't accept that the standard the Council wants is the standard that should be in a town camp, or is it the case that the budget has run out, and you simply haven't got enough money to come up to the standard the Council wants?

Mr Andrew KIRKMAN: We believe that standard that we've designed, and we've gone through a number of iterations of design, quite a number, is appropriate. Of course, there's always more you can do in any brownfield site, but we believe it is a standard that's appropriate for Alice Springs, and those communities.

What we'll continue to discuss with the Alice Springs Town Council is what are their particular issues that we might be able to address. Now one, which I think is

possible for us to address, is that access into, say, Larapinta and Hidden Valley, there might be some things we can do there. Obviously it does depend on the cost. Some of that is almost classed as external works, but we'll continue to talk with the Council, continue to liaise with the Australian Government about, obviously, funding, and access to further funding, but I think, over time, and hopefully in the near future, we'll get across the line with those three camps.

Mr Ken DAVIES: Chair, the priority is to get those three urban living areas across the line with the Alice Springs Town Council. So we'll, as Andrew said, we're going to continue to work with them on that basis. For the others there is substantial, larger investment required over time to get them to a standard where we think we can get them across the line. So we are going to continue those negotiations with them, it's certainly the intent of the Australian Government that they go across, and are properly looked after by the Alice Springs Town Council, but we're still not there yet.

CHAIR: So what happens if Alice Springs Town Council doesn't accept the infrastructure?

Mr Ken DAVIES: Well, what will happen is that the Alice Springs Town Council will work with what services they're going to provide. Keep in mind that those town camp precincts are a very large area, and they're not fully occupied by houses, so their rateability in terms of the rates that they would generate from those town camps might not necessarily be sufficient to sustain the total town camp footprint, certainly sufficient to maintain the access roads, and so on. But in terms of the broader amenity of those town camps, there's a lot of area inside them, so we'll work with Alice Springs Town Council. We're working with Ingkerreke, also with Tangentyere to make sure that the right services are provided in there, and that things are maintained to the right standard while we continue the negotiations.

CHAIR: And do you think that Alice Springs Council's got a fair point when it says, "Well, we could take them over," but if they're not to the standard they require, they're going to have to pick up that cost in the future, and I'll give you at least one example, Trucking Yards, I think their request is there be a right hand turn lane. Now it seems to be normal with a development that might occur off a main road that you would get some changes that are outside of the subdivision, but they are caused by that particular subdivision. So do you think it's fair that they would see that, if that's not done that would be a cost the ratepayers of Alice Springs would have to pick up at some other time?

Mr Ken DAVIES: Well, that's a concern that they have. We'd be arguing that they are going to be rating those town camps, and that they're part of the broader community, and certainly, I mean, in terms of what's been contributed, if that subdivision's got substantial drainage points around it as well. I know they're worried about the drain that runs along in front of that down into the Charles Creek, so they're also a bit concerned about two or three of the houses, given that it was a brownfield site, and they were already constructed, some of the existing houses being within, I think, a 100 year flood area as well. So they are worried about liability, and what we're wanting to do is to work with them. We don't want to walk away, and just hand it over, and say, "That's the end of it." We want to continue in a space, where, as dollars are found, we can continue to work with them.

So their bottom line is they want everything done to near requirements right at the point at which they take them over, and we'd argue that we're in this process for the long haul, and for at least those three town camps, we think there's sufficient

done in there for them to be taken on by the Alice Springs Town Council. The Australian Government certainly thinks that, but of course there will be ongoing investment required, given the size of those footprints, and the issues like the turning point, and also the crossing, the crossing to the Larapinta Valley town camp as well, which is subject to flooding periodically.

Ms WALKER: Can I just go back for a moment Chair? Just with regards to the issues with these particular walls down in Alice Springs, because this same style of construction with Territory Alliance, I know, is at Maningrida and Galinwin'ku, there's no evidence that that problem is occurring anywhere else, Andrew?

Mr Andrew KIRKMAN: There is some issues in other communities, not anywhere on the scale of Alice Springs, but there is a number of other houses that have those issues, and are being basically dealt with at the time. Now most of them have been in the new subdivisions at Galinwin'ku and Maningrida, some of which have taken a little bit longer because of those infrastructures we need to hook up, which has allowed us to get in there before people have got into the houses, and that's why those particular houses prior to towns moving ...

Ms WALKER: Sorry, you may have already explained this, but it is it a product fault, or a tradesman error?

Mr Andrew KIRKMAN: It's that the product wasn't sufficient for the use, and that is, I think, the size of the flushing joint, and its ability to contract and expand appropriately with the temperatures.

CHAIR: So what's the warranty period on a new house?

Mr Andrew KIRKMAN: We've got six months on new houses, and 12 months on infrastructure.

CHAIR: And refurbishments?

Mr Andrew KIRKMAN: The same. Six months. So with the Alliance we've got a six – not a warranty, but a six month defect liability period. Obviously warranties might extend longer for particular products, and we've got all those warranties as the Alliance hands a house over to us.

CHAIR: Do you think, for a new house, six months is enough considering in the Top End you'd want to go through a wet season and find out if the roof leaks, and windows mightn't be sealed correctly, etcetera. Is six months too short? So say if a roof leaks and you have the warranty from March 'til, I don't know, September, and the wet season comes, and you find the roof has got a ... leaking? Who picks up the warranty for the repair of that roof?

Mr Andrew KIRKMAN: If it's a warranty issue then we'll go back to the product supplier through the Alliance, but in terms of your point, is six months enough. Obviously would like to have longer. It's fairly standard in the building game, and I know in houses in town, you'd generally get about three months, so it's better than that.

Ms WALKER: That's what I was going to ask. What's the industry standard?

CHAIR: Well, I know that it may be different for infrastructure, but I know infrastructure in, I think Litchfield Shire, used to be 12 months, and I think they made

it two years, because it simply had to go through enough time. You might get a wet season that's actually quite dry, and then you get a wet season that's heavy, and your drains might all erode. So is infrastructure, like roads and that, 12 months?

Mr Andrew KIRKMAN: It's 12 months from handover, keeping in mind we've had the best part of two wet seasons to rectify issues already in those big subdivisions, so we've had the test of time, I think, on those subdivisions.

CHAIR: So with erosion in, say, drains at, say, Maningrida, for instance, in that, who would pick up the cost if it, say, required repair?

Mr Andrew KIRKMAN: If at the point they handed over, and they haven't handed it over yet, but when the Alliance hands that over, it will be twelve months from that point.

CHAIR: And can I just ask? Have you got any questions on Alice Springs still?

Ms SCRYMGOUR: Yeah.

CHAIR: I've just got a question about, I went to Ipiye Ipiyellpea Ilpea and we were shown some houses there where the front entrance to the house, that is the gate, sorry, the front entrance to the yard was facing the laundry, and the front entrance to the house faced out the back. Is there any reason some of those houses seem to be the wrong way around, or the fences were the wrong way around?

Mr Andrew KIRKMAN: There's be a couple of houses there, yes. There is a design in the duplex that has the laundry, and it's not external, it's internal to the house, virtually next to the front of the entrance. So it's a separate room near the front of the entrance, and the laundry's there, and the reason for that is sort of best use of space in terms of what the designers have come back to me when I've asked them that question myself.

CHAIR: It seemed quite peculiar. And just the other thing is the swampies, they put them over what looks like the front door with a big pole thing over the front door, which if you are you walking out at night, and if you didn't have a torch, you'd probably walk straight into. Was that the deliberate design?

Mr Andrew KIRKMAN: I'd have to check that, Mr Wood. Most of them are at the side of the house from what I could see, but is this the same ...

CHAIR: Same house in Ilpea Ilpea that the swampies are right over the front door, they sit up there, and a pole comes straight down. So if you come out the front door, there's a fair chance you'll walk into a pole. I just don't know why that design was ... you know, did someone think ... I don't know who did that design.

Mr Andrew KIRKMAN: I'd suggest, because it is a duplex, but I'm more than happy to ask the question and come back to you on why we put that in that location.

Secretary Ms Helen CAMPBELL: That's a Question on Notice, Gerry?

CHAIR: Yes, please. Just could I ask. I didn't know they were duplexes, by the way. We were shown around and there was no sort of thought that that was a duplex. It looked like normal house, I must admit.

Mr Andrew KIRKMAN: Right. I'll check the designs.

Ms SCRYMGOUR: Have you finished all the infrastructure questions?

CHAIR: You keep going.

Ms SCRYMGOUR: Well, I wanted to keep all the infrastructure in one area.

CHAIR: All right.

Ms SCRYMGOUR: Let's do that, because then I want to go on to Tenancy Agreements and stuff.

CHAIR: All right. Well, the question of course that was mentioned to us, or the possibility that was mentioned to us, to me, in Alice Springs was the chance that we could have refurbishments given over to Shires, or housing associations, and I was told that in Alice Springs. So how far down the track has that advanced?

Mr Ken DAVIES: Mr Wood, we're in the process of working with the Australian Government to make sure that we're securing leases on the entire public housing footprint in remote, so currently at the moment we've got 20 housing precinct leases inclusive of the Alice Springs Town Council; places like Gunbalanya, and Maningrida, and Wadeye, and so on. There are a number of smaller communities that we have to now proceed, given that the NTER Act is concluding, to secure the public housing that's been refurbished under a formal lease arrangement with the CEO Housing, so we're working with the Australian Government on that.

As part of that process, we're discussing the way we're going to deal with the housing going forward in those minor communities, and there's a possibility that we are going to be working on doing some more work in those communities, which may include doing some replacement housing where it's required, new houses, and may also include doing some more refurbishment work as part of the national partnership up to 2018.

It's our intention, as part of that process, to work with the Australian Government to, in those minor communities, start to look at using contractors more at a local level, and that will be one of the jobs that Mike Chiodo has been brought into this department from DCI to work with the Australian Government, and Andrew, and ourselves, to look at a model going forward that that doesn't exclude the Alliances, but in fact complements the work they're doing, and gives an opportunity at the local level where there's smaller packages of work for us to use the contractors you're talking about.

CHAIR: So am I right in saying that the government, I'm talking governments, does not intend to get rid of the Alliance process for building houses?

Mr Ken DAVIES: We've got a commitment to deliver 924 houses under the implementation plan. Currently 924 new by the end of 2013. We've got 630 of those houses underway now, 636 or so, new houses underway so that ... The Alliances are there until 2013. If there's additional work going forward, they may well participate as a player in that process, but we want to use the opportunity of the implementation planning concluding to look at moving to a model that allows us to deal with minor communities in a more focussed way using local contractors, and Shires.

CHAIR: So you don't believe that the end of the 900 odd houses that are being built under the Alliance system, we will look at changing, if there's another program comes in, the governments aren't going to change that type of system?

Mr Ken DAVIES: Mr Woods, we've got substantial investment in the Alliance model. We've got designs in place, we've got quality assurance systems in place. There's a whole lot of work now that has given us a very clear way forward around controlling costs, and so on, and so one of the Alliances, Territory Alliance, has indicated that once they've concluded their packages of work, they've got additional work now in an urban context, and are not wanting to continue in the program. The other Alliance is wanting to stay in the program in the longer term so we'd be at where there are bigger packages of work, using the Alliances model, but when we go to smaller packages, we are going to hopefully work with the Australian Government to use a model that's more about fixed price, and uses DCI, the Department of Construction and Infrastructure, as the project manager for us. That's our intent, and we're working through that with the Australian Government.

CHAIR: Could I just put it to you that the concept of an Alliance process was to keep costs down? My understanding from the Commonwealth Auditor-General Report, in actual fact, that wasn't necessarily the case, because I think he said that it's such a big project, that the actual management costs are higher, and therefore it was more expensive, from my understanding. I'm not quoting him verbatim, but my understanding is it wasn't necessarily cheaper to build houses under this system because of the management costs involved.

Mr Ken DAVIES: We would like to test that, Mr Woods. I mean, the fact that we've got 636 houses underway in some of the most isolated Northern Territory communities, and they've been done to the scale they've had, my belief, and view, is that we could not have done that without an Alliance model being in place. It's been a massive program. So the Alliances are committed and are in place to deliver the 934. We've got another 500 new houses we have to deliver in under the national partnership, taking us to 1,400 new houses by 2018. So the Alliance model has done to scale where big subdivisions were required, big workers' camps were required, and large number of houses were needed to be constructed on a huge scale.

What we will be doing in the next tranche of SIHIP, the next phase of SIHIP, is moving to a model, and to a place where we won't require great big subdivisions in large communities. We'll be doing smaller packages of work, which we think will enhance, and support, a different delivery model.

CHAIR: Well, can I put it this way, if you're going down that path, why don't you consider taking all the refurbishments out of the program, so that the Alliances only build new houses, because my understanding is that one of the reasons we don't get, at least appear not to get value for money, with refurbishments, is because it's part of the package. We all heard that's a package, and in that package is a high management cost, and that \$75,000 is chewed up with quite a considerable bit of management.

Now I visited Ingkerreke Resource Centre when I was in Alice Springs, and they gave us the costing of houses with swampies, hot water systems, and it came up to about \$97,000 dollars, and if you took some of the ... and that was also including tiling of floors, and doing quite a lot of ... far more than what you get with present refurbishments, and the like, painting the whole house. Now, they obviously haven't got the overheads that the Alliances have got, and you're saying that we're

only considering having refurbishments in small communities, done by Councils, or Associations, why don't you have all the refurbishments done by someone else, fixed price contracts, and just leave the Alliances to do the new houses?

Mr Ken DAVIES: Well, Mr Wood, we'd probably argue that the new houses, if they're going to be done in twos and threes, in minor communities, that the Alliance model probably isn't the best place to deliver that, so we'd be looking to some sort of a process, which is around fixed price, and I'll get Mike to respond to this in a second, but I don't think, Mr Wood, we would exclude some of those smaller contractors, like Ingkerreke from building new houses, as part of that process. So they could do both.

CHAIR: Just before Mike. Yeah, I was trying to keep it a little bit simpler. You've added another little fig into there saying that new houses might be built under fixed contract, but it's just the principle that Alliances will be mainly building new houses, and from all the travels I've done, refurbishments have not been good. Right? They might have achieved something, but many houses look very poor, even after being refurbished. Why not take all the refurbishments away from the Alliances, and do what, like Ingkerreke said, they can do a total refurbishment on a house for around about \$90,000, and that includes tiling, painting, swampies, hot water systems, you know, a whole range of things that you would expect in a refurbishment. So really the question is why have refurbishments in the Alliance system at all?

Mr Ken DAVIES: Well, the answer is that, as you said, they were part of the initial packages, and when the packages were rolled out, we went with an Alliance model. As we've gone forward we are now looking at whether or not that model should be sustained and, Mr Woods, our view is that if there are refurbishments required in smaller communities, going forward, post the 924 new houses, we'd be wanting to work with the Australian Government to put in place a different model that would allow Ingkerreke to test whether or not it can actually deliver for the prices it's claiming to deliver.

I will go back to the refurbishment program though. That refurbishment program was about dealing with functionality, and all of the houses that were dealt with were returned to functionality. One of the biggest issues that we've had is the fact that we couldn't get in and do the painting that was required, so whilst the appearance was that the houses weren't brought to a standard, certainly their kitchens, and their bathrooms, and their laundries, were at a standard where there'd been substantial repairs done.

Ms WALKER: Functionality versus the aesthetics.

CHAIR: Yeah.

Mr Ken DAVIES: I mean, we can get ...

CHAIR: Forget about all the arguments about handing over keys to a house that's got a nice kitchen, bathroom, but the outside walls are just terrible, and the floor's not tiled.

Ms SCRYMGOUR: What about the internal?

CHAIR: Internal, yeah.

Mr Ken DAVIES: And we would have loved to have had the funds to do the painting, and I think what we may find, and part of what we're discussing now with the Australian Government, Mr Woods, given that we now understand the issues that have emerged, and we've learnt some lessons along the way, is whether or not we can go back, and with all of the houses that have been worked through on the program, whether or not we can go back and give them, the ones that haven't been painted, a paint, and that sort of thing. So this program will be ongoing. It's going to require more funding going forward.

The current NPA, which runs out in 2018, the levels of occupation per house is ten point, about 10.7 persons per house, with a one point seven billion dollar investment. It's taking the persons per house to 9.3 persons, so we have still a long way to go in terms of further investment.

Ms SCRYMGOUR: What was that projected on, Ken?

Mr Ken DAVIES: That's in the National Partnership agreement, so with the investment ...

Ms SCRYMGOUR: Okay.

Mr Ken DAVIES: ... so with the investment, this is dealing with the overcrowding issue, when you average ...

Ms SCRYMGOUR: So the additional houses?

Mr Ken DAVIES: Yes. That's correct. So we've still got a long way to go in this area, space.

Ms SCRYMGOUR: So you said ten point what?

Mr Ken DAVIES: 10.7, to about 9.3 ...

Ms SCRYMGOUR: And that's up to 2018?

Mr Ken DAVIES: That's to 2018. I did give that advice, Ms Scrymgour. I think I provided a little bit of data on that in the other inquiry I attended.

CHAIR: Could I just say, Ken, and maybe this is drifting slightly away from exactly what you're talking about, but surely we can't just deal with refurbishments simply just as fixing a house up, with regards employment. Maximum employment, and I'll give you a classic example of Robinson River, where they as employ as many local people as possible, that the refurbishments gives us the opportunity to have local people being employed constantly refurbishing houses, so you're not going to get that with Alliances. They come, and they go. Whereas the Council, or a housing association, or whatever, who's part of that community, will have people on a continual employment basis, and surely that is also a really good reason to look at taking refurbishments away from Alliances? You have ongoing refurbishments required for NT houses, so why not get this established now, as part of a long ongoing system.

Ms SCRYMGOUR: He's probably answered part of it.

Mr Ken DAVIES: Mike's been brought on board to help us with that process, Mr Woods, and our Minister, my Minister in particular, has been working with Minister

Macklin around this, and the intent is as we go into the negotiations around securing the precinct leases on the minor communities, that discussions will also go around the additional work that's required, and a part of that discussion will be about moving to a model that you are describing, because we recognise that if we've got to do additional work, it makes sense to have those workers also involved in the ongoing housing maintenance program, as part of a public housing model, so that there's continuing of work, and that means we need to be using companies like Ingkerreke, the Thamarrurr Development Corporation, and the shires, to do that work, to build their capacity going forward.

CHAIR: Thank you, but what I'm trying to clarify is you keep mentioning the small communities, I just want to clarify. But are you intending to try and apply that principle to your Maningrida refurbishments or your Wadeye refurbishments?

Mr Ken DAVIES: Once the package is completed at Maningrida, and Territory Alliance moves on, that stock comes across to the CEO Housing, the maintenance that is delivered there will be done and auspiced through the East Arnhem Shire.

Ms SCRYMGOUR: West.

Mr Ken DAVIES: Sorry, West Arnhem Shire.

Ms SCRYMGOUR: There'll be a revolt if you send it to East Arnhem, Ken.

Mr Ken DAVIES: Sorry. No, they'll be using local companies.

Ms SCRYMGOUR: And [9.09.44] local government under your auspice as well.

CHAIR: Can I just ... I know I'm probably harping on, but you're talking about maintenance, that's fine, but we're talking about refurbishments. Two different things at the moment. There'll be houses at Maningrida and houses at Wadeye and houses at other communities, where there wasn't enough money for all of the refurbishments. That's the bit I want to know, is still available for housing associations, Councils, instead of leaving it with the Alliances, because the thing that we heard is that the \$75,000, the reason you don't get the walls painted is because a great chunk of that \$75,000 is taken up in administration costs, which mainly applied to the building of new houses and infrastructure. But they take their chunk out of that \$75,000, and you don't get the value for money, which Ingkerreke is saying you should get.

Mr Ken DAVIES: Yeah, and what we haven't done is tested their capacity to deliver in that context and whether or not we can actually get more in the door. So when you've done the comparisons on where work's happened, what we've been able to find, and Andrew, I might bring you in on this, but it is very expensive to deliver work in very remote locations. We think we'd like to test another model, which involves using GB Civil Construction on Angurugu, they're already engaged in the program as a subcontractor with the Territory Alliance and so if the Alliance model isn't there, then can the company deliver as efficiently as the Alliance model. We've yet to fully test that, but that is the intent. What you're describing, Chair, is where we want to go with the Australian Government, and we're negotiating that in the coming weeks.

So the Alliances are with us to deliver the 924. We've got 680 odd underway, but there will be a transition process that will take place but we've invested

substantially in the Alliances and have brought an enormous amount of intellect and design grunt and capacity to a program that's never been done before on the scale it's been delivered. If we were just going on the fixed price housing contract and had to do the civil works concurrent with that, my views is that for those bigger places, I don't know whether we've been able manage without the Alliance mob. Andrew, did you want to comment, or Mike, at all?

Mr Andrew KIRKMAN: Only to say, I think, in terms of, Chair, about whether you're better off to remove it from where new houses are being delivered, it's not my experience in terms of what I've seen, that will be any better value for money. In fact, where you've got a larger package of work, whether it's new houses, refurbishments, infrastructure, the bigger the package you can get, the better value for money, you want to have economy of scale, so if you compare what's been done in some of those smaller refurbishment communities in the south, which didn't have any new houses associated with them, its not dissimilar to the work that's been done in those bigger communities. As per Ken's comment, we're very keen to obviously now look at what other methods we can trial, and compare, to really work out going forward which does give us more in the house.

Mr Ken DAVIES: Mike? Did you want to comment on anything?

Mr Mike CHIODO: Mike Chiodo, Deputy Chief Executive, Department of Housing and Local Government. Mr Woods, just to add to what Ken and Andrew have stated, it is part of the function of the new Remote Infrastructure Program Office to test some of these assumptions that we've just spoken about. There is an economy of scale issue, that quite rightly Andrew points out that in certain instances where you have the Alliance in situ, from the economy of scale point of view, there is a logic that says if we can create partnerships with organisations such as GEBIE or Ingkerreke, or a number of those, between the Alliance, and that group, the fact that they're already in situ will maintain the costs at a level that they need to be maintained at.

Part of the role of the Remote Infrastructure Program Office will be to look at these smaller communities, and to identify, in fact, what the most appropriate model for the delivery of infrastructure, keeping in mind the economy of scale, and working through the lessons learned that we've received as a result of the Alliance model, and a number of other delivery packages. So there is no marriage at this point, from an RIPO point of view. We've recognised very clearly that the Alliances have delivered some excellent results, albeit that there were some initial issues, and we've now delivered well over 600 houses, and the point of the RIPO is exactly to deal with the types of issues that you've raised, Mr Chair. There is an imperative that we recognise first what the appropriate model is to achieve an efficient, and effective, in economy of scale delivery model within each community.

Mr Ken DAVIES: Chair, the other issue that goes back to your point is that part of this process is about using a model that gives ongoing employment to local Indigenous people, and being involved in the building and construction program, so part of what Mike's job, as well as dealing with the land tenure side of it, is to make sure that there's a capital program in a place that then lines up with our housing maintenance program, and so on, to ensure that if there's a building program, then there's a maintenance program that follows, and that local recruits are engaged in delivering, or local companies, are engaged in delivering the ongoing maintenance, and the liability that comes out of maintaining an asset.

So it's about using what we've learnt to now get us into a space where we go to a different model, and I think the model may well engage, still, some overlay of one Alliance going forward, but we will be going where we can in the right packages of work, as Mike says, to use a direct contract process with the contractors that you're talking about, with the right procurement processes and so on.

Ms SCRYMGOUR: Yeah. I was just going to jump in when Mike was talking, but isn't that where the problem is though, Mike, when you talk about economies of scale, because you're actually talking about a very low base, and that's part of the problem of what Ken was talking about, that if you look at the scale, and I mean, it's been a huge program, and to roll out the 600 odd houses that we have across the Northern Territory, but if we keep using this argument though, don't you think if we keep using the argument of let's look at economies of scale, whether there's small communities, or major communities, like the Galiwin'ku's and the Maningrida's and the Tiwi Islands that you're always going to have over runs, you know, the cost. I mean, why do we continually go back to, "Well, let's look at the economies of scale", when we know in these remote communities, you are starting from a very low base, there are no economies of scale in these communities, because you're starting with, you know, nothing. I mean, the surveying of land, getting service lots, and all of that hadn't been considered when this program happened.

Mr Mike CHIODO: Ms Scrymgour, the economy of scale that I speak of doesn't stop at the fiscal, or financial, component. We're talking about the social capital component as well. So I agree with you, in the smaller communities, the economy that I'm talking about is the ability to provide legacy, whether that be in the up-skilling of existing personnel within those communities, and the ability to create an environment where, moving on, post the initial construction, we have an ability to provide ongoing employment within those communities.

The economy of scale I speak of, as I said earlier, isn't just about the fiscal component, or the financial component. The economy of scale for me will include the necessary thinking that we need to do about the legacy effect of providing that up-skill, and then leaving a legacy, where for example, a strong period contract, or ongoing repairs and maintenance contract, could be put in place with local organisations, or local government.

Ms SCRYMGOUR: Look, I'm not arguing with that, Mike, and I realise it's just not fiscal, or that component, that it's building the social capital as well. But how do you get the economies ... I mean, if you look at the social capital, I mean, we've been talking about employment, up-skilling, and putting Aboriginal people in these jobs, and leaving legacies behind for some time, so what is the employment numbers at the moment, Ken, across the SIHIP program? I'm talking about Indigenous employment in the existing packages, and how many of those Aboriginal people are still employed, or working in some way? And I think of Tiwi islands and Maningrida, and other places where there are programs.

Mr Ken DAVIES: Thanks, Ms Scrymgour, I'll go to Andrew Kirkman to respond to that.

Mr Andrew KIRKMAN: Ms Scrymgour, the end of January there was 233 Indigenous employees on the program, out of a total workforce of 959. Over the life of the program, I suppose, being over 1,200 Indigenous employees, and obviously that's well over the 20% sort of target that we were ...

CHAIR: Andrew, I'm using the latest figures we got from the 23rd December, and out of 1,261 people employed under the Indigenous Employment Scheme, only 243 have lasted more than 26 weeks. So whilst you can, and I'll say this again and again, you can say that the 1,261 brings you up to a 32% of the total workforce, which I know Minister Macklin would be very pleased, and she has, I think, given out an award for that. The reality is, on the ground, gee, about 10% of those people have actually lasted more than half a year, and if you don't last half a year, you'd have to ask what's the quality of the training that's being given, what's the benefit to those people, the other 1,000 people who haven't worked for more than six months.

Mr Andrew KIRKMAN: Yeah, Mr Woods, I guess here is where we disagree. I think that's a significant achievement. Yes, there has been a lot of people come through the program, some in those smaller refurbishment communities where the program might only be there for six or seven or eight weeks so, of course, we had to look to some of those smaller training opportunities and employment opportunities, in those communities. Two hundred and forty three people employed over 26 weeks has enabled a number of people to get up to a sort of Cert IIIs, certainly hundreds in Cert I, and Cert IIs in terms of training, and has provided them some real employment experience. I'd like a bit more of course, but I think it's a significant achievement.

Mr Ken DAVIES: So, Chair, the challenge here is to knit this program together, going forward. We know where, who those people are, what their qualification levels are, and this goes again in the Remote Infrastructure Program Office, and it's coordination function, it's got ... part of the deal will be going forward.

We are going to have a housing construction program that's going to be ongoing, there's a lot of Northern Territory Government infrastructure that will need maintaining on these communities, we've got government employee housing that needs maintaining, so it's about getting the right contractual models in place, going forward, so that as many of those people that have had their initial start in this program, are picked up, going forward, and put into jobs that have ongoing sustainability.

A big capital program always has a large workforce at the start, you know, Impex is going to be one example of that. A great big workers' village, and then once the construction's finished, it will be a group that maintains it going forward. So what we want to do is to go back and make sure we've got the right contractual mechanisms in place to allow as many of these people that have been trained in this program to be picked up and go forward, because, Andrew, again can come in with the figures here, but not many of the employees have chosen to move from one community to another with the Alliances as they've moved forward. That has been an option for all employees, but there hasn't been the take-up on that.

Mr Andrew KIRKMAN: Only a couple.

Ms SCRYMGOUR: Which is why I was going to ask whether any of these Aboriginal employees, and looking at this whole employment and workforce development stuff is going to be part of that bigger analysis that you're going to do to look at how do we sustain this better.

Mr Ken DAVIES: And going with your point, Chair, companies like Ingkerreke, GBC, or Thamarrurr Development Corporation and so on, Bawinanga (Maningrida) Bawinanga's another one, you know, get in and they have capacity, and if we can get into the right contractual arrangements with those organisations, the

Shires as well, then I'm hopeful that we can revisit many of these people and get them into programs where they've got a job where the skills they've learnt can be used.

Ms WALKER: And to be fair, these figures don't indicate, we're not able to capture where people with these skills have moved on to. If they're not longer with the Alliance, who are they working with, which community are they in?

Ms SCRYMGOUR: And that's why I was asking Mike whether he'd look at, analyse some of that because that might be what we need. Because you're right, Gerry, I mean, as Mike was saying, and as Lynne was saying, they could have moved to the Shire or, you know. We don't know. I mean, it's easy to say 1,200 and then only 243 are there, well, where's the rest of them gone? Are they still in that community? So I think that that analysis should be pushed ASAP.

CHAIR: Because I think what we're trying to get at is that there's much more chance of those people getting a job if the refurbishments, and the maintenance of those houses is done by a local company than if it's brought in. I've been to Wadeye, and I've seen work being done on houses, and I've been looking for the locals. They were, you know, it was quite easy to see there weren't many local people working, but here if you have a local company working, I think you've got a better chance.

And Ingkerreke, the figure that I quoted is just a ball park figure, I think that all they're saying is they believe they can get better value. I mean, these figures, probably, are now out of date as well, but what they're saying, they believe if you get a small resource centre, or a housing association, or a Council doing the work, you'll get better value for money, and all I'm saying, add on to that better employment outcomes as well. So that's why I think refurbishments really should come out of the new housing project.

Mr Ken DAVIES: And Chair, I guess all I'm saying is that we have got a partner in this process, and that's the Australian Government, so we continue to work with them on that, and going to Ingkerreke, and their workshop, their capacity, you know, where they have done work, they've done an excellent job. So if there's an opportunity to do the sorts of things that you're talking about with them, we're certainly wanting to discuss that, and work through that with the Australian Government to make sure those opportunities are realised.

Ms SCRYMGOUR: Can I just move away from Ingkerreke, and Alice Springs, and infrastructure, Mr Wood? And go onto ...

Ms WALKER: And then I've got one more question.

Ms SCRYMGOUR: Oh go on. If you've got ...

Ms WALKER: Just, I don't think we've ever had a breakdown, and I suspect that the vast majority of people who have been employed, and involved in training of males, but I know that there have been women involved, for instance, in those support roles around the accommodation and camps for workers.

Mr Ken DAVIES: Some women have actually been involved in the construction program as well, certainly on the Tiwi Islands, the [9.27.06] work group.

Mr Andrew KIRKMAN: Yeah. As you know there's some painting teams as well that woman have been participating in. I don't have the figures right here with me. I'd be happy to provide that.

Ms WALKER: I'd be interested to see, and there'd be a breakdown of what sort of roles they've been engaged with in employment?

Mr Ken DAVIES: So we can take that on notice.

Ms WALKER: Thank you. If you wouldn't mind.

Mr Ken DAVIES: Thanks, Chair.

CHAIR: Could I just ask you a couple of technical questions then please, Ken? On the new matrix for December, package 10 and 11, Ngukurr and Lajamanu. Now, there's a figure on the column there that says, "Allocated Funds 65.3 million", yet it has one, Burunga, Beswick, Yarralin, Binjari, Amanbidji, and Kybrook Farm. They have some totals there, which add up to 11.3 million. What is the 65.3 million in that column represent? How does that column work there?

Mr Andrew KIRKMAN: That's the updated financial explanatory spreadsheet.?

CHAIR: That's right, and under Attachment C, Allocated Funds, for Ngukurr and Lajamanu, it says 65.3 million.

Mr Andrew KIRKMAN: Yeah. So that figure is what we've agreed with the Alliances to deliver both the Ngukurr and Lajamanu package which includes a number of minor communities, as per our earlier undertaking. We've given you, I guess, what would be an average cost of refurbishments in the communities that have been completed. Again they may change depending on the final allocation at the end of the packages are complete, and we do the financial wash-up. But effectively all that's doing is indicating the average thus far as per the financial data coming back from the Alliance.

CHAIR: So the towns that are shown in this columns, Burunga, Beswick, Bulla, Yarralin, Binjari, Amanbidji, Kybrook Farm, that's money for refurbishments?

Mr Andrew KIRKMAN and Mr Ken DAVIES: That's right.

CHAIR: So if I take the 65.3 million, take the about 11.03 million, I expect that there will be 44 million dollars for new housing. Is that correct?

Mr Andrew KIRKMAN: In Ngukurr and Lajamanu there's refurbishments as well, and so that, yeah, there's refurbishments in those communities, and there's some other minor communities in that package.

CHAIR: So should there be a bigger break up of that particular package?

Mr Andrew KIRKMAN: Well, at the moment we don't have the average costs for the other communities, as per our sort of our earlier undertaking we agreed to provide you those breakdowns when the communities were complete.

CHAIR: In the previous matrix, that column, which is now 65.3 million, was 50.1 million. Why has there been an increase of ...

Mr Andrew KIRKMAN: We've incorporated Lajamanu into that package, as opposed to giving it a separate package. We pulled that in the Ngkurr package and asked New Future Alliance to deliver all that work virtually within the package 10, 11 scope.

CHAIR: And the other question is just down further from that, you have a column that says contingency/communities yet to be allocated 44.9 million. In the previous matrix that was split between contingency 47.2 million and places yet to be allocated, amounts 19.3. Why has that been put together? And why hasn't it been separated?

Mr Andrew KIRKMAN: I mean it's, I think, its presentational

Ms SCRYMGOUR: That gets people all the time when they say they've put it together for presentation purposes. [Laughs]

Mr Andrew KIRKMAN: Sorry, so there was 11 million for unallocated management and establishment costs in the previous report.

CHAIR: And that's interesting. We've got 19.3.

Ms SCRYMGOUR: Yeah. In that one.

CHAIR: We've got 19.3 places yet to be allocated, announced, but we haven't got a figure in the new matrix.

Mr Andrew KIRKMAN: So the unallocated Alliance management costs have then subsequently been allocated in the December report, so the report will discuss ...

Ms SCRYMGOUR: September. So in September you showed the two separate allocations, and then in December you're just showing the one allocation, or the one ...

CHAIR: We're just trying to work out why there ...

Ms SCRYMGOUR: ... allocation in terms of a contingency.

Mr Andrew KIRKMAN: So effectively there was a number of costs that hadn't been allocated to packages at that time, in September. In December we've been able then to allocate all the costs to the total housing expenditure against each of those packages.

Ms SCRYMGOUR: So the 19.3, which is the unallocated places, okay. And where were they placed, Andrew?

Mr Andrew KIRKMAN: So they would be unallocated management costs.

CHAIR: I think it would have been nicer if you'd had that column still there, and just put nought. Again, one gets a bit suspicious when there are numbers that just disappear into thin air. That was, yeah, that was an issue. Look the other – just to give us an update, what areas have not been allocated yet? Have we got ...

Mr Andrew KIRKMAN: The only package as yet to be entirely not allo ... I mean, we've put forward to New Future Alliance to come back with proposals around Gapuwiyak and Milingimbi, and Numbulwar, and now Hermannsburg (Ntaria). So those four are with New Future Alliance, and they're being worked up now with the Alliance to come back to an agreement with us over the next month. Outside of those packages, the only remaining then are Yirrkala, and Yuendumu, which we haven't finalised lease negotiations. Not yet.

CHAIR: So what's in our matrix here. Numbulwar is now what, in relation to ... has it been allocated to anybody?

Mr Andrew KIRKMAN: No, we've put it forward to New Future Alliance to develop a package proposal, and come back to us.

CHAIR: Gapuwiyak, you've got an agreement?

Mr Andrew KIRKMAN: The same with Gapuwiyak, Milingimbi, Numbulwar, and Hermannsburg, they're all with New Future Alliance and we're working through the scoping proposal with them, and the negotiation around the final budget.

CHAIR: Ramingining, Yirrkala?

Mr Andrew KIRKMAN: Ramingining's in with the Milingimbi packages, New Future Alliance.

CHAIR: Yirrkala?

Mr Andrew KIRKMAN: We haven't finalised the lease in those locations.

CHAIR: Borroloola?

Mr Andrew KIRKMAN: We haven't finalised lease negotiations on that one.

CHAIR: And Yuendumu is?

Mr Andrew KIRKMAN: That's still again yet to finalise. So Yuendumu, Yirrkala, and Borroloola are the three communities yet to finalise in terms of SIHIP works.

CHAIR: One of my favourites will be Robinson River. Is it possible that they'll be able to do the work themselves? That's what they're requesting?

Mr Andrew KIRKMAN: So that may be possible, Chair, when we sort of work towards the new delivery model. As with any organisation, and we certainly will be targeting those local organisations working with the Remote Infrastructure Program Office, what those organisations have to prove is that they're capable of doing the work within the available budget.

CHAIR: Well, you might have seen the letter I sent to Mrs Macklin saying they are capable, with the new store, they did the BER buildings, and they built their own airstrip. I think they're ...

Mr Andrew KIRKMAN: We areWe're certainly very keen to work with them to understand their capacity.

Mr Ken DAVIES: The issue there, Chair, will be whether they work as a subcontractor for the Alliance, or whether they'll be delivering the broader package in Borroloola, or whether you might go to a direct contract with Robinson River to deliver the refurbishments that would be put in place there. And again, that's part of the negotiations we're now undertaking through the Remote Infrastructure Program Office with the Australian Government.

CHAIR: I think, mostly, a lot of this discussion is using the example of Robinson River. They've got the track record. They want to employ as many Aboriginal people on the ground as possible. They've shown with their Building Education Revolution Program that they'll be able to get better value for money by doing it themselves, and I think, my feeling is a bit like Bill South, who's the CEO down there, that if the government doesn't support this community doing a refurbishment centre, they're saying it supports unemployment. That's his concern.

Mr Ken DAVIES: And, Chair, again, we would be wanting to look at that. We clearly ... I mean, this is Australian Government funds that we're using, as well as Northern Territory Government funds, there's a Safety Commission overlay as well, so we'd need to make sure that all of those standards can be met locally, and ...

CHAIR: They've got two qualified carpenters there.

Mr Ken DAVIES: And so the real issue is do we use an Alliance process to subcontract with, or do we go direct and try the Ingkerreke model direct. Our preference would be to test in some places the direct pricing model, and direct negotiations using the Department of Construction and Infrastructure, in these smaller communities. We've got to conclude those discussions with the Australian Government, but that's our preference.

Ms SCRYMGOUR: Which was the landscape before.

CHAIR: And I've asked Mrs Macklin to come and visit Robinson River, but she obviously, well, she's a pretty busy lady, but I think it's important.

Ms SCRYMGOUR: We're trying to get her into other communities.

CHAIR: I know. But I think we're trying to use an example where you try to avoid overheads, like having a subcontractor and a contractor as an overhead, that you may not need.

Mr Ken DAVIES: I agree.

Ms WALKER: I've got a question about the unallocated packages. I'm certain that previously they have been listed on the spreadsheet with the budget allocation attached, but I can't see that here on this one?

Mr Andrew KIRKMAN: Yeah. I'm not aware that we have ... because we haven't, yeah, I'm not aware that we have, but I'll go back to previous versions to see if that's possible, and we can include those of course in terms of allocated funds that will depend on our final negotiations with the Alliance, that's why I've probably got ... I don't think we probably had it, but I'll go back and have a look. The reality is that allocated funds will be reliant on us negotiating a price with those communities.

CHAIR: Just a general question. You probably heard me say it before, but where will our small communities go when it comes to new housing? Your Milikapiti, your Barunga, your Nguui, your Peppimenarti ... Pepperminartis...

Ms WALKER: Santa Teresa.

CHAIR: Santa Teresa. What message can you tell those people about the future of having more houses?

Mr Ken DAVIES: Well, in this program we can say, Chair, that there are 500 houses that are yet to be allocated as part of the package. What we won't be doing in those smaller communities, because we don't have the funds to do it out to 2018 at this point in time, is building new subdivisions. What we will be doing is going into those communities, and where there are houses, one that I can think of is at Beswick, where you drive in, and right at the corner, the junction where you go in, there's a house that is old. It's a public housing house, it's derelict, and nobody lives in it, because it's unsafe, we would clear the site, and build there, as long as it was elevated, we'd build there.

So what we will do is go into these smaller communities, and we will replace existing houses, that are beyond economic repair, using that 500 tranche. So part of the answer is that the communities, at this point, won't be able to get additional housing, we will be replacing old with new, and beyond economic repair, and legacy dwellings, with new.

CHAIR: And so it won't alleviate overcrowding, and increases in population?

Mr Ken DAVIES: That goes back to my point earlier that this is going to require substantial ongoing investment, going forward, and we're going to be working with the Australian Government around how we make sure that we continue to work together, because we aren't going to deal with the overcrowding issues completely in this tranche of the program.

CHAIR: I suppose it all goes back to whoever decided that certain towns should be growth towns, because that's what you've ... that's the policy to put, only new houses in growth towns.

Mr Ken DAVIES: Well, I think, Chair, one of the issues here is that when we go to these smaller communities, it would be fair to say that some communities are growing, and there might be others that aren't growing, and some communities will have bigger overcrowding issues than others. What we want to do is to use the good demographic data we've got, work with the communities, and really go in so that there might be places where we may build some additional houses, and there may be other places where we just go in and replace beyond economic repair, and don't invest much further, other than maintaining the housing stock that we've got there, because the community isn't growing.

And there are some communities out there, and I know this, because on the other side of the equation, we've got public housing in urban and regional contexts, and there are lots and lots of families, for example, moving into Alice Springs, into our public housing there, and coming in from remote. So there may be some communities around Alice Springs where you would just do a beyond economic repair, and deal with it in that way, but there may be another one like Santa Teresa, where you might go in and build some additional. But we'd need to make sure we're

doing that, based on population projections, and on the overcrowding statistics that we've got.

Ms SCRYMGOUR: So it's not just Alice Springs you need to do that. It's most of the urban towns that study needs to be done.

Mr Ken DAVIES: And, Ms Scrymgour, it's fair to say that we've got to be very, very careful with the funds we've got. It is tight, and we've got to make sure we do it strategically, but I am saying that we won't have dealt with all the issues by 2018. It's going to require a further, and ongoing investment, and, Chair, we have talked about this, I mean, the housing footprint in remote, in the longer term can't look entirely as 100% public housing. There has to be other mechanisms.

CHAIR: Well, we might not get on to that too.

Mr Ken DAVIES: Whether it's home ownership, or whatever, for driving more housing.

Ms SCRYMGOUR: I think we're going to get onto the leasing issues an stuff, because that's part of the point in terms of public/private housing, but can I just ... you just said then, Ken, the housing footprints, and, Gerry, the question of those communities, small communities. How about community living areas, and outstations? What's happening with ... is there any discussion about, I mean, in terms of housing, and infrastructure, because all of the pressures being put on the growth towns, all these major communities, because the housing and infrastructure on community living areas, and outstations, hasn't been addressed.

Mr Ken DAVIES: So the community living areas, if we're just talking about town camps, we've had the investment in Alice Springs, we've had the investment in Tennant Creek, and we're going to have the investment in Borroloola. Running up the track from Elliott through to Katherine, and into Darwin, we don't have any program funding at the moment, additional in this SIHIP program to deal with those communities in the context of putting in additional housing, or upgrading the infrastructure, so that's got to be part of a future discussion with the Australian Government.

Ms SCRYMGOUR: So there's been no discussion at all, Ken?

Mr Ken DAVIES: Well, certainly we've talked about it, and certainly we've talked about doing what we can with what we've got, and certainly there's a recognition that, particularly for Katherine and Darwin, and also Elliott, there is investment required. It's just that at the moment we've got a program of 1.7 billion dollars, we're managing with what we've got. So that doesn't mean that we're not investing in there; we are appropriating money to maintain the housing stock that's in there.

And in the case of Bagot, for example, government is investing in that community over the last three years to upgrade the infrastructure inside that community, quite substantially. So that's Northern Territory Government funds, but in terms of doing the sort of scope of work that have been done in Tennant Creek, and Alice Springs, the cost of that, that's going to be a different negotiation, and a different program.

Going to the outstations, we are working with the Australian Government now about securing ongoing funding, and support, for them to maintain the housing

infrastructure that's in those communities. We're going to be working very closely with the Outstation Resource Centres, in particular to get in place the right policy, and funding framework so that we can also understand the contributions that people are making to maintain their housing as well, so that we can see the combined effort, but, MLA Scrymgour, there is no additional funding at the moment on the table to build additional new housing in those remote outstations.

CHAIR: Can I just butt in a minute, just on definitions. The definition between a growth town, a small community, and an outstation, is there any definition to describe what is what?

Mr Ken DAVIES: Well, a growth town, and a small community, will have leases in it, and will be, the housing lease, they will be part of public housing program, where the CEO Housing has tenure, through a lease over the housing infrastructure. The outstations are on private Aboriginal land, and if they were going to come into a public housing system they would have to agree to a leasing arrangement that allowed the housing to be secured as public housing stock.

Ms SCRYMGOUR: If you wanted to get into the technicality of it, Ken, all of it's Aboriginal land, ...

Mr Ken DAVIES: Absolutely.

Ms SCRYMGOUR: ... and it's just the leasing. I mean, it is the leasing stuff, and it's not as if people on outstations don't want to do the leasing.

Mr Ken DAVIES: Just as an example, we've got on the Tiwi Island at Ranku, a ...

Ms SCRYMGOUR: Well, that's right. And it sets precedents. So the Australian Government is extending a lease, so taking out a 99 year lease over an outstation, why isn't she then having discussions with the Northern Territory ... Surely this must be discussed between the Northern Territory Government from CEO to CEO. And it's not just Ranku. I mean, there's leases over Wudupuli, and Nama, in Wadeye, but it seems to be is it just at the whim of public servants, bureaucrats, that leases, and money, and housing goes into certain outstations, but others don't.

Mr Ken DAVIES: Wudupuli and Nama were a legacy issue ...

Ms SCRYMGOUR: Oh look, they were both legacies. I realise that, but it's still the same concept.

Mr Ken DAVIES: And what happened in those place, as you know, in both those places, they had substantial, additional, new housing built in them, and so there was a requirement given the investment of Australian Government taxpayers' money in the current program to secure that as a lease. So part of the fundamental issue behind the 1.7 billion dollar national partnership is that if the Australian taxpayers' money be invested, then the expectation from the taxpayer is that those houses are looked after, and secured in a proper leasing arrangement.

That's not the way, in the context of outstations at the moment. I think that's a different relationship, and that's one that's going to require quite a sophisticated policy framework, to allow outstations to grow and prosper, and to build, and construct housing, going forward to meet the population growth. So we're working with the Australian Government around that, but it's not the intent at the moment to

try to push all of those outstation houses into a public housing framework. That would not be productive.

Ms SCRYMGOUR: No, I don't think ... It wouldn't be productive at all.

CHAIR: Can I just ask, Ranku has been brought up. What's the story on Ranku?

Mr Ken DAVIES: Ranku have agreed to a ...

Ms SCRYMGOUR: Ninety-nine year lease.

Mr Ken DAVIES: A 99-year township lease, and that means of course that the Executive Director of Township Leasing has a Township Lease, and there's some housing inside that. It's currently funded under an outstation's model. So if that was to come into a public housing framework, we would need to talk to the Australian Government about making sure that there was funding provided to maintain those assets as a public housing model, in a public housing framework.

Ms WALKER: How many people live there?

CHAIR: Variable.

Ms SCRYMGOUR: It fluctuates. A lot of them are in Nguiu, which is ...

Mr Ken DAVIES: Just to give you an overlay. I'm not sure what the people at Ranku are paying rent wise, but of course if they come into a public housing model, then there's an agreed rent rate that they also pay.

Ms SCRYMGOUR: Well, they haven't paid rent. They haven't paid power, and they've got the land ... they won't want it. It's a disgrace.

Mr Ken DAVIES: I don't think this is going to be done in a big hurry, Chair, at the moment. We've got to work through that, and of course the traditional owners there will have to agree if they are going to be picked up in a public housing model, that they pay, and the same rules apply, as they would in Nguiu.

Ms SCRYMGOUR: Because the Ranku township lease, or lease that's going over Ranku is being tied up in the Milikapiti lease. So she's taking out a township lease over Milikapiti and stretching it right across to Ranku.

CHAIR: So were those negotiations to put a lease over Ranku, did that involve the Northern Territory Government, or was it a decision by ...

Mr Ken DAVIES: It was the Australian, the Executive Director of Township Leasing, as I understand it, and the traditional owners. I think there's some negotiations going on about one or two other communities on the island as well, where they're talking about moving into a township leasing arrangement.

Ms SCRYMGOUR: Are they're the only two that are left, Ken?

Mr Ken DAVIES: Yes.

CHAIR: Nauiyu.

Ms SCRYMGOUR: So I reckon when the Commonwealth signs those leases they should then get rid of the Land Council, because there's no need for the Land Council to be there.

CHAIR: I just wanted to know whether this was a discussion held by the Commonwealth through the Office of Township Leasing ...

Mr Ken DAVIES: That's correct.

CHAIR: ... who's a Commonwealth person, without any negotiation, or agreement with the Northern Territory Government?

Mr Ken DAVIES: We certainly knew that the negotiations were going on, but the approaches around township leases have been made by Minister Macklin, and by the EDTL, and of course other communities in the Northern Territory, like Maningrida, and Wadeye, have been approached about securing a township lease, and to date, the traditional owners have declined to do that.

CHAIR: That's over the town, or over the outstation?

Mr Ken DAVIES: Over the town. They certainly agreed to Peppercorn leases for housing precinct leases, and certainly the Northern Territory Government's decision now is to move forward and secure its own assets on those communities, and start paying less payments. The approach of the NLC, their view, is that you don't need a township lease, that in fact their leasing arrangements enable the community to grow and prosper, without the overarching overlay of the EDTL. It's different in Alice Springs, and in the Central Land Council, where the Central Land Council seems comfortable with the EDTL, at least for the housing precincts, taking a head lease for the Housing Precinct at Ntaria and Lajamanu, and then the CEO Housing taking a ten year sublease.

CHAIR: If you are not going to get a township lease, how does that fit in with the idea that a growth town will be a normal town?

Mr Ken DAVIES: Well, we'll continue to work with the Land Councils, Chair, and we'll be making sure, as we work with them, that the leasing arrangements ... and they've very, very keen to do this, that the leases that are put in place allow for investment to grow and thrive, without this overall township lease that sections it all out, and puts it with the EDTL. The NLC and the traditional owners believe that they've got another model that can work.

CHAIR: Well, we might be asking that today, because it seems that leasing is an awfully bureaucratic process.

Mr Ken DAVIES: That's a question that would be best answered by the NLC and CLC, definitely.

CHAIR: So, all right. I'm just concerned about where the policy about homelands and outstations goes now if Ranku has now set a ...

Mr Ken DAVIES: Well, there's always some things that are sitting on the outside that test us, Chair, and those are, but the broader arrangement around getting a Homelands and Outstation's Policy in place, we've got the Headline Policy in place at the moment, but the real issue now is around ... so we've got some work going on around securing ongoing funding and buy-in by the Australian Government,

we're working through that as part of the Stronger Futures discussions, and the Chief Minister's sort of made that point to the inquiry hearings a week or so ago, so it's securing ongoing funding then the funding model that then goes forward, and then a policy framework that sits over that. But the policy framework's not going to be about pushing outstations into the space of then being required to provide a housing precinct lease to the CEO Housing.

So the investment from the Australian Government perspective is that new investment does require some sort of leasing arrangement, as per new. The conversation at the moment is about maintaining, and there'll have to be other discussions with traditional owners about new investment, especially if it's taxpayer funded investment, around securing whatever assets are constructed in that place. So it's quite a complex area. Very complex.

CHAIR: I understand. I don't understand the complexity sometimes. So how ...

Ms SCRYMGOUR: Get a briefing. [Laughs]

CHAIR: This is a briefing. But what did you say about, Ken, the ten year leases? What were you referring to there?

Mr Ken DAVIES: So the ten year lease is a housing precinct lease. The EDTL has a head lease for 40 years over Lajamanu, and then the EDTL has given us a ten year sublease, or given the CEO of Housing a sublease to secure the housing in Lajamanu for a public housing model. So I have a sublease from the EDTL. The EDTL has only secured, in Lajamanu, the housing precinct; they have not created a township lease in Lajamanu.

CHAIR: Why would housing accept a ten year lease?

Mr Ken DAVIES: Because, MLA Woods, one of the answers there, and the minor communities we have been discussing with the Australian Government around securing for the CEO Housing, a lease that goes to the end of the NPARIH, of the National Partnership Agreement on Remote Indigenous Housing by six years for minor communities, because we want to have a point at which we can renegotiate with the Australian Government for a longer term lease that will require additional funding going forward to ensure that we can maintain the housing stock. So some of this is about securing the buy-in by the Australian Government for the long term. We have taken longer term leases in places like Maningrida, and Wadeye. How long are those, Andrew?

Mr Andrew KIRKMAN: They're 40 direct.

Ms SCRYMGOUR: Forty years.

Mr Ken DAVIES: Forty direct. So that is because there's been huge investment in those towns, and the housing stock largely at a, what we call, remote housing standard, but in the minor communities, as you know, there is additional housing required, but there's a lot of legacy issues in there, including the infrastructure underground, and we don't want to get in the space of securing a 40 year lease in those minor communities, because as you do, you take on the liability.

CHAIR: Including infrastructure?

Mr Ken DAVIES: If we've got to maintain the housing asset, and there's water requirements needed, and so on, definitely. We'll end up wearing the costs. So we want to ... the aim, MLA Woods, is to keep the Australian Government - and they're very happy to do this - in a future partnership arrangement beyond 2018, and the lease renewal process on the minor communities will be part of the trigger for doing that.

CHAIR: Why get into a lease at all then? I mean, why not say to the Federal Government you want ... I mean, they're the main people funding this program, if you want us to get into this, then sort out the baseline first?

Mr Ken DAVIES: Well, that's another option, and then in which case the housing would be owned, basically, by the Australian Government. We think that maintaining a public housing model means that given the Residential Tenancy Act, and so on, that there is a requirement for the CEO Housing to be running a public housing model where the CEO Housing has tenure, but we're going to run a public housing model.

CHAIR: I can see that. That's sort of like an object of the CEO, but the reality is that we've got these five year leases, for instance, that are going to run out. We've invested money into refurbishing these houses, and you could lose them all. Technically you could lose them.

Mr Ken DAVIES: Well, we won't, Chair, because what's happening is the Australian Government will either use the EDTL, or use FaHCSIA to secure a head lease over those housing precinct leases in the minor communities, where we don't have a formal lease arrangement, and then the intention is for the CEO Housing to take a sublease.

CHAIR: So you're saying, if I go through package 3A, which are all five year leases, Wilora ...

Mr Ken DAVIES: All those. Ali-Curung, so on. We'll have to go in and negotiate with the traditional owners in each of those communities, and we'll do that in partnership with the Australian Government. We're planning with them now, and we've also had discussions with the Land Councils, the CLC and NLC, and we'll have to go through a program of securing, once that NTER lease comes off, of securing the new lease arrangements, going forward, so that there's a long term lease in place.

Ms SCRYMGOUR: You've got places here though, Ken, in this package 3A, in places like Canteen Creek, I mean, you look at Ampilatwatja, Ti Tree, some of those are CLAs rather than ... I mean, how are you going to work ...?

Mr Ken DAVIES: The CLAs working secure leases in the CLAs under the current arrangements, but if there are amendments made that will help, but under the current arrangements we can certainly do that.

CHAIR: I just need to get it clear. I mean, [10.01.20], which I didn't realise until recent times, a desert community, living area, not a township as such, and it's a pretty big place, I'm amazed. I mean, there's a stores there, and there's ...

Ms Marion Scrymgour: The historic thing for [10.01.31].

CHAIR: I gather under the legislation you're not supposed to have these things, but anyway, that's why we're trying to look at the lease ...

Mr Ken DAVIES: Fix it.

CHAIR: Fix it. We're looking at that.

Mr Ken DAVIES: We are dealing with a range of, Chair, as you know, we've discussed this before, but a range of legacy issues here, and we're trying to get this thing to a spot where we can actually provide the right level of coordination.

CHAIR: But what happens if a community says, "We're not going to come to an agreement."

Mr Ken DAVIES: We don't think that's going to happen, but in terms of discussions with the traditional owners, if that was the case, Chair, we'd have to be talking to them about the implications of that. So who manages the housing stock? What happens to it? How does it get maintained? Who keeps an eye on it? Who funds it? They would be part of the discussions that we would have to have, and I think, my view is it would be very unlikely that that will happen, but clearly, clearly, we're going to have to go to each community, with the traditional owners, and with the Land Councils to secure a new arrangement going forward, and the aim is to secure a head lease over the housing precinct for the long term, and then for the CEO Housing to take a sublease for six years in the minor communities.

CHAIR: Now I might be getting down to the nitty gritty here. What I'm trying to sort out, because I know that, and I gather we can't tell everybody everything that's in this report, but you've done a national audit of Municipal and Essential Services. So you technically need to do a study of all, say Santa Teresa, so before you extend the lease, you would have to see what infrastructure is on that community? Would that be right?

Mr Ken DAVIES: What we would be doing is, given that we're only securing in that minor community, the aim, and this isn't agreed yet, but the discussions are about securing a lease to 2018, ie. a six-year sublease. We think we can take on that liability without knowing every detail about what's under the ground, because within the six year period, Chair, we will know more about what's required, and we will be able to go into a new negotiation.

The new negotiation could be, given that the head lease will be held by the Australian Government, could be, "We actually think you need to fix this up." And we wouldn't secure it any further. That could be one of the outcomes, but we think it's more about a leverage point for making sure that there's a further agreement in the longer term to ensure that the Australian Government continues to invest with us in the way they have. So we won't know everything that's underground in a place like Santa Teresa, when we secure the lease. But we will have a lever to turn around and say that there are ongoing liabilities, and the issue for the Territory is if we took it as a 40 year lease right up front, we would be taking on liability. We're not prepared to do that.

Ms SCRYMGOUR: So that's all part of that legacy. I mean, you talk about legacy, Ken, but for many years in the Northern Territory, and the Chair here was ... I mean, they used to have, what were they called? Was it SLAP Plans? Are you saying that those plans didn't go into, didn't have that level of information about infrastructure, and ...

Mr Ken DAVIES: I'll go to the expert here, if that's okay, Chair.

Mr Mike CHIODO: Ms Scrymgour, it didn't go into all those details across all communities. So some of the larger communities, it did. What the SLAP plans in fact managed to capture was most of the above ground infrastructure, but didn't manage to capture all of the below ground infrastructure, which is part of the needs analysis that we're doing now.

CHAIR: Can I just ask, do you believe that all of these communities that you have in a matrix that have a five year lease that's due to run out by August this year will have a new lease before they run out?

Mr Ken DAVIES: We are working as hard as we can to make sure that that's the case. I think it's fair to say, Chair, we're meeting with our colleagues in Canberra next week to do the planning around this. It's fair to say that, time on, it may be possible, and in fact leases are lifted and there is a ten year gap. We will have to work with the Australian Government, and ourselves, with the Land Councils to make sure that there's a management arrangement in place that allows for the interim arrangements to cover off the ownership issues, while the negotiations are concluded.

CHAIR: And what happens to people like [Uri reham?] who do similar job to yours, but they do it in the Darwin Region; are they in the same boat?

Mr Ken DAVIES: No, because the town camps are Housing Associations, and Yiyili is the provider in those communities. That is more or an arrangement, if we're going to differentiate, what happened in Alice Springs where the EDTL came in and secured an overarching lease over all of those town camps, and the Associations were brought into the frame in that way, those negotiations aren't happening around the Darwin footprint at this point in time. So Yiyili will continue to be funded as a service provider, and the smaller urban living areas will still be run by their association.

CHAIR: So places like One Tree Point, Acacia, Bulgul, I'm not sure there's others, outside of the immediate Darwin area, they won't be required to have a lease over their houses?

Mr Ken DAVIES: No, they will be treated as outstations.

Ms SCRYMGOUR: I need to have a talk to you about that. Are we finished the housing infrastructure?

CHAIR: Well, leasing. That was the only thing I wanted to talk about.

Ms SCRYMGOUR: Before we go into leasing though, can I just ask a couple of questions? The Tenancy Agreements I want to ... Ken, how many new houses have we got rolled out across ...

Mr Ken DAVIES: We've got 663 that are complete, or on the way, but actually 486 that are new.

Ms SCRYMGOUR: 486.

Mr Ken DAVIES: That are complete, and they are pretty well all tenanted, I'm sure, Andrew? There may be a few that we're still moving families into. But do you want respond to ...?

Ms SCRYMGOUR: Four hundred and eighty six. How many of those 486 have Tenancy Agreements in place?

Mr Andrew KIRKMAN: Well over 400, Ms Scrymgour. I haven't got the exact figure with me right now, but I'll certainly be able to provide that. By and large, as they're complete, we obviously want to move people in straight away. On occasion, it may take a little bit longer if people are out of town, or in the case of a little bit longer, we get people on the tenancy terms, will take a little bit longer.

Ms Helen CAMPBELL: So, Marion, will I take that as a question on notice?

Mr Ken DAVIES: We could provide that for you if you liked, MLA Scrymgour, the exact number.

Ms SCRYMGOUR: Yeah. That will be good. How many of those, and maybe you might take these in succession, Andrew, if you haven't got the information. Out of the 486, well, I suppose I'm going to the heart of the training and support services that were supposed to be put in place, in terms of families, in those communities, have you done an audit, or has the Department reviewed the delivery of the education program that was supposed to be rolled out to communities?

Mr Andrew KIRKMAN: In terms of the intensive tenancy support, which we roll out to families, as we discuss for want of preparing them to sign up to a tenancy agreement, and then signing them up, and then some of that post work, yes, we continue to have a look at that program to make sure it's as robust as we can.

I think it's fair to say that those teams are under quite a lot of pressure with the scale of the program, and keeping up with the program. There's no doubt about that, and I think when, certainly Territory Alliances, finish the bulk of their housing, and we'll be doing that in the next month, that will give us an opportunity, as those houses are all handed over, as we get sort of beyond the peak of them, you know, the scale of the program, that will then give us the opportunity to really go in, and robustly sort of review our processes for that intensive tenancy support. So it's fair to say that those teams are under a lot of pressure to deliver.

They've certainly been able to provide services to each of those tenants that are moving into new houses. The information coming back to me, they're spending as much as, or on average, about 20 hours with each family over that time.

Ms SCRYMGOUR: So over a week, or ...?

Mr Andrew KIRKMAN: No. It's over a six week period. Sometimes it depends on, obviously, when the tenancy teams are in the community, but there's those pre-meetings, meetings and support as tenants move into the housing and those, basically, post tenancy meetings. That support, and the intensive tenancy support has taken an average of about 20 hours per family, and so if we're talking about the thousands of families that now have gone into either new, or refurbished homes, that's a big piece of work.

Ms SCRYMGOUR: If I was to look at places like ... I mean, let's look at the Tiwi Islands, because that package is just about completed. So I think we got 90

additional at Wurruminyanga, which is Nguiu. How many have been tenanted out of that 90 additional?

Mr Andrew KIRKMAN: All of those have now been tenanted, Ms Scrymgour.

Ms SCRYMGOUR: So all of them, whoever the tenant is, the main person, they've signed a tenancy agreement with the CEO of Housing, or with Housing.

Mr Andrew KIRKMAN: That's right.

Ms SCRYMGOUR: So why is it that there is still a lot of confusion where the Department is asking every individual in the family to contribute towards rent, rental payments, even though one person has signed the lease. I thought that if you're going to sign an agreement, or a tenancy agreement, you're responsible for the rent, but everybody has signed. This is what I've been told, and I'm just asking you. Everyone has to, and is contributing to the cost of the rent.

Mr Andrew KIRKMAN: So each of the adults, on assessable income, are contributors obviously to the rent. There is an agreement though with the head of the household, as you know, some of the broader payment arrangements where there's a number of adults in the home.

What we're keen, very keen, to get is data on each person living in that house. What their assessable income is. Age, whether they're a carer or not, will be sort of factored in as well, and to give us that data that we've got on every other house we've got in Darwin, Palmerston, and Alice Springs, and the other urban centres. So we want a public housing model in the remote, and we're bringing that closer to the urban framework over the next twelve months. We want that framework to basically tell us everything about those tenancies, and also be able to tell us when people are moving in and out, when they're coming into town, all those things we need to be able to manage the framework.

Ms SCRYMGOUR: So what's the standard rent? I know you provided that information some time ago, Andrew, and I just don't have it. What's the base rent?

Mr Andrew KIRKMAN: For all houses ...

Ms SCRYMGOUR: So new house. Someone moving into a new ...

Mr Andrew KIRKMAN: The maximum home rent for a new is \$240. That's the maximum. If their assessable incomes of all the adults sort of means that it puts them into that bracket. If it doesn't, it's 18% of assessable income, as per the public housing in town. For refurbished dwellings, it's around about \$180 as a maximum dwelling rent again. It depends on the assessable income.

Ms SCRYMGOUR: And what's that percentage on the ...

Mr Andrew KIRKMAN: Eighteen percent.

Ms SCRYMGOUR: Eighteen percent. So if you had ... say in a place like Wurruminyanga, new house, say there's Mum, Dad, three kids, but they've got three older children, and they may be studying, and they're getting, some of them are getting, some form of income, say Youth Allowance, or AbStudy; why is their income then ... I mean, does this happen in Darwin? Do you ...

Mr Andrew KIRKMAN: It's exactly...

Ms SCRYMGOUR: So if there's a family in Darwin, and a young kid's getting Youth Allowance that's considered in the ...

Mr Andrew KIRKMAN: Well, a number of the allowances are exempted. As Ken's just pointed out, my reference to 18% of assessable income was around those on certain sort of allowances, like seniors, disability, etcetera. I think it is around the 23 odd percent across the board. But there's a number of those allowances ...

Mr Ken DAVIES: So let's just slow down. That's 23% of the assessable income in the house up to \$240 for a new. The other bit, Chair, that is a bit different in terms of an urban, and regional, public housing model is that where the income limit is exceeded, because one, or two, or three, people in a house, in remote might have a job, we don't then move people out of the house. We clearly can't do that in remote ...

Ms SCRYMGOUR: No. I understand that, I'm just asking how do you ...

Mr Ken DAVIES: In an urban context. So what I'm saying is at least in remote having a job is not an impediment to having a public house, which is really important.

Ms SCRYMGOUR: That's right, because they go above the threshold. I mean, that's when the issue of the threshold comes into play, but I'm trying to ... I've heard a number of complaints, not just in Wurruminyanga, but also in Oenpelli where people think that they're being forced, they're saying that they're being forced, but they've been told by the Department that they all have to sign approval to remove rental payments out of, whether it's their salary, whether it's Centrelink, or whatever, even though that's not their house, but they're staying there.

Mr Andrew KIRKMAN: Well, effectively they are occupants of the house, and we are treating this as a public housing model, so all occupants of the house that are required to contribute need to put forward their details, I guess.

Mr Ken DAVIES: I think, going to your point, MLA Scrymgour, is if you had one person paying \$240, the issue is, is that fair and equitable. The approach that's being taken is that if there are people in there, in receipt of allowances, then everybody pays their share to the point at which the required rental payment is made, is met, but there is a head tenant, and somebody is responsible, ultimately, for that house.

CHAIR: If the rent's not paid, what happens? Are people asked to leave the house?

Mr Ken DAVIES: If the rent is not paid they go into arrears, and we then get into discussions with Centrelink, or with wherever, and go through a process where they're required to pay it back.

CHAIR: So people are removed from the house if they continually refuse to pay?

Mr Ken DAVIES: That is ultimately an outcome, and it certainly happens in an urban context. Our data, at the moment, is showing that where we're going back, and requiring people to pay, they are coming on board, and doing that. So we

haven't got to the point where we've had to evict somebody for the non-payment of rent, yet.

Ms WALKER: Have there been any evictions, full stop, for wilful damage, or either breaches of tenancies?

Mr Andrew KIRKMAN: In remote communities, no, not at this time.

Ms SCRYMGOUR: Any prosecutions?

Mr Andrew KIRKMAN: I just need to, we're certainly following up where there has been tenant responsibility damage. That can be identified, and actually tied to a tenant in the house, as opposed to a visitor coming in and inflicting the damage themselves, and in those cases there's been agreement to pay, in terms of remediation, and that comes back out of, no adds into, the rent.

I do need to clarify in terms of the head household arrangements, and this is similar to urban as far as my knowledge goes. Where I guess a head tenant, or other head tenants, have an agreement with other family members that they will cover more of the rent, then those arrangements can be made, and the system's flexible enough to accommodate that. So for example, if you've got a traditional owner in a community where they've actually got other means of income, they're actually not struggling financially, they may come up with agreement with the other family members, or visitors coming in, that they'll cover off certain payments, so there is another family agreement that sits underneath our tenancy arrangements, which will, and can, deal with some of those issues you discussed, Ms Scrymgour.

Ms SCRYMGOUR: It's creating a nightmare though, where families want to get rid of people out of their houses, and those people say, "No, because we pay. We've got an agreement with the Department, and we don't need to move." And when these people have gone to the Housing Officer, in the community, they say, "It's not my problem. Go to the Housing Reference Group." The Housing Reference Group says, "It's not our problem. It's the governments." So, I mean, there needs ... part of the training and support program was supposed to work people through the understanding of these agreements, and it's clear it's just not. I don't know whether in parts of your electorate, Lynne, whether it's ...

Mr Ken DAVIES: And they're valid issues, so I just wondered whether around session we might be able to just identify a couple of cases without being over intrusive, but going and trying to understand what's going on there to see if there's some policy that we need to adjust or amend. And if you had a couple of examples that we could look into and do it very carefully. There might be some lessons we can learn out of that. So it's just a suggestion and ...

Ms SCRYMGOUR: I'll provide those names and lot numbers to you, Ken. I want an undertaking that those people aren't going to be penalised, because they have.

Mr Ken DAVIES: No, no, absolutely, yeah.

Ms SCRYMGOUR: Well, they have, in terms of complaining to Members ...

Mr Ken DAVIES: Oh, okay, all right.

Ms SCRYMGOUR: ... about issues confronting their houses. So there's a whole number of issues I think that have to be worked through and dealt with. But look, I've got no problems ...

Mr Ken DAVIES: That'd be great, that'd be great.

Ms SCRYMGOUR: ... with talking to you after, yep.

Mr Ken DAVIES: Thank you.

Ms WALKER: And I haven't had that raised with me.

Mr Ken DAVIES: Because that would be helpful just to understand what's going on there. Thank you.

Secretary Ms Helen CAMPBELL: Marion, when you started that discussion you did say you were interested in answering questions in series ...

Ms SCRYMGOUR: No, I'll talk to Ken out of ...

Secretary Ms Helen CAMPBELL: Yeah, but I just wondered if you ...

Ms SCRYMGOUR: ... out of session.

Secretary Ms Helen CAMPBELL: ... did want to get the information about the tenancy agreements.

Ms SCRYMGOUR: No, he's going to provide me the information of the 486, how many of the 486 he had tenancy agreements to, and, yeah, how many have been kept on and people ...

Secretary Ms Helen CAMPBELL: And you want to know about the family agreements underlying ...

Ms SCRYMGOUR: Understanding, yep.

Secretary Ms Helen CAMPBELL: ... underpin that decision?

Ms SCRYMGOUR: Yep, the tenancy arrangement. Yep.

Secretary Ms Helen CAMPBELL: Yep. Thanks.

Ms SCRYMGOUR: And I'll talk to Ken separately about that.

Secretary Ms Helen CAMPBELL: Yeah.

CHAIR: Any other questions?

Ms WALKER: No.

CHAIR: I might just ... this is a ... it might be a clarification question, I know this technically might come up on general business day, but I've got my doubts we'll get to that. But in relation to the houses in the Darwin region, are they regarded as public housing, the ones at ... the Yilli Reung housing?

Mr Ken DAVIES: No, they're not. They're treated in the same framework but so ...

Ms SCRYMGOUR: Outstation.

Mr Ken DAVIES: ... as outstations are or homelands. Anyway, so just as an example, we would apportion to Yilli Reung about \$2,400.00. It comes under the national formal housing agreement, so NAHA provides ... so Minister Macklin provides funding to support the house itself, and then there's a separate lot of funding that we allocate through MUNNs that supports the infrastructure that supports the housing. So it adds up to about \$2,600 per house that we would give to Yilli Reung to support, or to Bawinanga or to Laynhapuy to support each house on their outstation. In the public housing model, to support a house we're allocating about \$7,500.00 per house roughly.

So totally different, and what we do clearly in a public housing house is we know for each house the rent return we're getting. At the moment with the allocation we're giving the outstation resource centres, and this all part of the work we're now doing with them, we aren't entirely sure, and I know from talking to Yiyili and Cohen that they don't always collect the rent that they had hoped they would collect from the tenants in some of those urban living areas. So how much of that then gets aggregated to enable them to spend and maintain the house is a challenge for some of those organisations.

CHAIR: Whose job is it to maintain infrastructure? So the 15 (10:25:29) roads, it's the same at ...

Mr Ken DAVIES: The Housing Association would call in Yiyili, (Yili Rieng?) obviously know what's going on. We assist by providing, you know, we've given some of the money to one of the ... where there's a head ... some head works required. So we assist where we can, but at the end of the day, the Housing Association that has the lease is responsible for the housing and the footprint of the town camp, and then there's a provider that comes in and provides the services like Yiyili does.

Ms SCRYMGOUR: But the Housing Association, Ken, if you look at Darwin, the Housing Association, I mean, and you know which Housing Association I'm going to go to here, but when you look at places like One Mile Dam, Knuckey's Lagoon, those places, I mean, under the Associations Act, I mean, that Housing Association is in breach. Well, it has been in breach, so why does it continue to ...

Mr Ken DAVIES: So the question would be, you know, Could [Yili Rieng?], for instance, take tenure over those. I think that's a discussion, we took ...

CHAIR: We are going to trying and have that discussion, but, yeah.

Mr Ken DAVIES: ... took a huge effort in Tennant Creek but Julalikari came on board very quickly there and took a huge effort and some legal intervention in Alice Springs. So it's very challenging.

CHAIR: Well, I know that road infrastructure at Knuckey's Lagoon is very poor.

Mr Ken DAVIES: Yeah.

CHAIR: You only have to go to the back houses and you have to go through great potholes full of water, and it's very poor.

Mr Ken DAVIES: So there are special purpose leases and those leases sit with the Northern Territory and we would, you know, we're working with the Australian Government to see if we can get a similar investment to what's been put in Tennant Creek and Alice Springs in the longer term. And then we can start to talk to places like Yiyili about who's going to be the provider and so on of municipal and essential services and housing maintenance.

CHAIR: They seem to be in an area of sort of, like in a grey area when they were talking about this, you know, Aboriginal housing, it's the ones that are closest to it that seem sometimes in the most need, but they're not the ones that get the most publicity. I'm not saying other people don't need but not I'm not saying this is not important, but there's some, you know, you can go to these communities and if you just shut your eyes for a minute you might see ... feel that I could be way out in the middle of nowhere because some of the houses, say, the 15 mile, the older houses which are ... which I don't think should be pulled down, they should be I think refurbished ...

Mr Ken DAVIES: Yep.

CHAIR: ... they just sit there derelict, you know.

Mr Ken DAVIES: Yeah, yeah. So we're doing what we can with Yiyili and with the providers out there to make sure some investment is made in that housing when we have funds available, but in terms of a broader coordinated program, that's a discussion for the future too.

Ms SCRYMGOUR: Is part of that discussion, Ken, though, I mean, infrastructure and putting infrastructure in these places is one thing, but the broader land tenure reform that needs to happen across these areas is probably more imperative than anything else, because ...

Mr Ken DAVIES: Absolutely because ...

Ms SCRYMGOUR: ... unless you deal with that, you're not going to ...

Mr Ken DAVIES: ... that's right, that's correct. You're spot on. Yeah, MLA Scrymgour, if there's going to be new housing investment it will require that to be looked at, otherwise we're stuck without the (10:29:07).

Ms SCRYMGOUR: And that's going to need a brave government.

CHAIR: Yeah, and I was going to say, I mean, all I see at the moment with a lot of what's happening is that we have a real mish-mash of policy when it comes to leasing. We've got some communities that don't want township leasing, don't even want housing precincts. We've got ten year, five year, 40 year, 99 year leases, do you really think that if we ... if the government has a program which is based around growth towns being normal towns, which will develop industry, which allow easy access to, that the way we're going at the moment is not going down a path that will come up with that in the end?

Mr Ken DAVIES: Chair, the answer, well, frankly the answer, from my perspective is no. This is a journey and we are far, far, far advanced from where we

were four years, in leaps and bounds. So we've got agreements about paying lease payments now and securing broader government assets. We know that where we want to invest a lease is required. We know that public housing assets are being secured and the public housing model is being rolled out. We have a land tenure unit that has excellent relations now with the Central Land Council and the NLC. The EDTL overlay, we understand, we mightn't think it's perfect, but we understand that.

So I think we're trying, you know, we've talked about this before, but 30 years of pretty, you know, ad hoc policy we're bringing it into a space where at least we understand what isn't in the mix and what we need to deal with. But I'm confident that the money that's being invested through the Remote Housing Program is going to be secure so that taxpayers will be satisfied that the investment isn't wasted, and that's the main gate. And also the people on the ground understand their obligations but also understand their rights in a public housing model.

CHAIR: Could I just ask, and this is not policy of the CTC, so if I get criticised, from either side, but it is about leasing. Fundamentally the government has agreed that it will pay a lease for government facilities based on unimproved capital value.

Mr Ken DAVIES: Sure.

CHAIR: Now when it comes to public housing, you have an arrangement that you will pay peppercorn rental?

Mr Ken DAVIES: That's correct.

CHAIR: Why do you pay a peppercorn rental on government facilities, NT houses, and you've agreed to do something different for other government facilities?

Mr Ken DAVIES: Well, the housing footprint is about dealing with the broader community and providing accommodation for people in that particular community. So that's a ... right from the outset that was the principal that underpinned the investment, the \$1.7 billion investment through the NPARIH.

The issue of the Northern Territory Government and the Australian Government now move into a space where we're required to take leases on our assets in those communities. It's about two things, one, it's about paying rent, and the other is it's about securing the asset. The precedent was really set when Minister Brough agreed to the township leasing arrangements on the Tiwi Island and on Groote, and that set the precedent for the requirement of governments to pay lease payments for assets that they own on Aboriginal land.

CHAIR: Can I just get this clear in my head then? I thought, Marion will probably tell if I'm way off the mark, that money that was paid was for a township lease.

Mr Ken DAVIES: The money is paid ...

Ms SCRYMGOUR: No.

Mr Ken DAVIES: ... for a township lease, and then the EDTL then subleases ...

Ms SCRYMGOUR: Then subleases.

Mr Ken DAVIES: ... all of the assets in that community, and will secure rental payments as part of that process.

CHAIR: What says that he has to charge more than a peppercorn rental for government facilities?

Mr Ken DAVIES: That is the way the agreement is being paid out, and that's been ... that's the policy framework we're operating on.

CHAIR: Well, then why doesn't NT Housing paying unimproved capital value?

Mr Ken DAVIES: Because right at the outset of this NPARIH we went in and negotiated around peppercorn for public housing for the housing footprint.

CHAIR: To be honest, I see, for instance, now take the aged care facility at Nguiu, I will get used to the new name, but they pay, they will pay unimproved capital value based lease, which is housing really but for older people?

Ms SCRYMGOUR: Where's that at?

Mr Ken DAVIES: There's a traditional ...

CHAIR: Aged care.

Mr Ken DAVIES: ... sorry, made some big concessions there about the public housing footprint, but, you know, in terms of their view about the other assets built on their land, there is an expectation that payments would be made.

Ms SCRYMGOUR: That charge has been from the Executive Director of Township Leasing.

Mr Ken DAVIES: That's right.

Ms SCRYMGOUR: I mean, and that's the Shire's complaint, that's everybody's complaint was that.

Mr Ken DAVIES: So I mean, as an example, we're all, you know, I mean, the Shires clearly are going to have secure their assets and pay lease payments to outstation resource centres where they're based and big communities are going to have to do the same. There's an owner that we need to negotiate with.

CHAIR: But if I took local government and your Department as well, local government normally does not operate on private land ...

Mr Ken DAVIES: Mmm.

CHAIR: ... right, you just don't get it, operating on private land. So we have local government operating on private land. Now what to me the signal that's going out, well, we're quite happy for you to work on our land, and I'm not denigrating anybody ...

Mr Ken DAVIES: No.

CHAIR: ... I'm just talking the general term. We're quite happy for you to come in on our land to provide local government services which normally would not

be allowed on private land elsewhere, but now we're going to hit you for a payment for the facilities which are there, which there normally would be in other towns, which you're going to provide. Isn't there really some ... a philosophical issue or is, it's probably hard to ... I'm not allowed to ask your opinion here but maybe is this driven by the Commonwealth and just agreed to by the Territory, or is it something the Territory actually agrees to but it wouldn't matter whether the Commonwealth said to do it or not?

Mr Ken DAVIES: Well, the framework is that we have agreed to work through this process, and we have agreed to pay lease payments for our assets. The only thing that sits outside of that is the peppercorn for public housing. So that's the framework we're operating with, Chair. And, you know, I, in terms of, you know, the Shires, they're clearly now going to be in that space and that's what we're doing in terms of doing business on Aboriginal land. So I'd be commenting by providing an opinion that no one else would.

CHAIR: That's okay. That's all right. Well, how much will it cost and how long does the lease last for?

Mr Ken DAVIES: We estimate to secure the Northern Territory Government assets in Territory growth towns that will cost about \$2.3 million a year in rent across all the Territory growth towns.

CHAIR: And how much do you expect that to go up by, or is that set in the formula?

Mr Ken DAVIES: Well, that will be adjusted by CPI and so on, but we'd be securing about 800 assets in that space, and then in the minor communities we expect a similar payment will be required and they will secure about another 800 to 900 assets.

To give you an idea of the Commonwealth government overload, Chair, they're probably going to have to secure about 80 assets.

CHAIR: So we're being forced to take on payments for far more than the Commonwealth is required, but it's the Commonwealth who has actually set this policy in place?

Mr Ken DAVIES: We're paying that as part of doing our business and, you know, on Aboriginal land, in the same way my agency would pay to rent the office infrastructure and that sort of thing that we've got, you know, in Darwin.

CHAIR: Yeah, but could I say that one is ... in the Northern Territory except for offices, generally speaking, all government facilities are normally on Crown land.

Mr Ken DAVIES: Mmm.

CHAIR: So you don't pay rent normally on the Police Station at Tennant Creek. You might have decided to put the Police Station in the Mitchell Centre - not you personally - when there's a perfectly good building sitting out at Berrimah which is Crown land, they're decisions government has made, but your schools are generally on public land, your health clinics are on public land. So all those facilities are provided for the benefit of the community. They're not rated by councils, and that's part of the philosophy, these are here for the benefit of the community. Now we've gone away from that and said, "Look, we thank you for the service but we're

going to charge you for the service”. Now won’t that mean that technically the government could lose, say, \$4 or \$5 million in rental payment, lease payments, that technically you could reduce the amount of money going into the services provided?

Mr Ken DAVIES: We would ... and one of the things that I know the Chief Minister’s written to Minister Macklin about and also talked to the Land Council about, is about ensuring that they’re working with the traditional owners on those communities to see to what extent that fund can be reinvested in those communities. We have to grow an economy out there. This isn’t Crown land, it’s Aboriginal land, and so I think that’s the difference. We’ve got an owner that we have to deal with, it’s not the government.

CHAIR: I agree, and I’m not saying there shouldn’t be leases ...

Mr Ken DAVIES: No.

CHAIR: ... I’m saying, and I think that is a very important statement to make, that you are recognising that these facilities are on Aboriginal land. At the same time, many of those facilities would not exist in other parts of Australia because the town would be so small, and I give you the example of, well, Kildirk, I’m just trying to think of the Aboriginal name for it.

Ms SCRYMGOUR: Amanbidji.

CHAIR: Amanbidji.

Mr Ken DAVIES: Okay.

CHAIR: Roughly 70 people. Go down there and look at the facilities.

Mr Ken DAVIES: Yeah.

CHAIR: There is no way in a little town over back in New South Wales you would provide those facilities, but I’m a great supporter of those facilities being there because they’re there to help to Aboriginal people. It seems that we have, or the Commonwealth has put us in a position where they’re arguing that it will help the economy. I think it’s helping the economy on a false premise, and it’s not an industry. You are, I think, perpetuating the money will come from ... someone will give you money instead of creating industries, which I thought growth towns were about.

Mr Ken DAVIES: Well, I think we’re making some assumptions there, Chair ...

Ms SCRYMGOUR: Yeah, but Kildirk and ...

Mr Ken DAVIES: ... that the traditional owners won’t want to reinvest it. Look, some of this discussion, I think we’re being ... if you’re meeting with the NLC later on ...

CHAIR: We are.

Mr Ken DAVIES: ... it will be really good to have a discussion with them about how they see this as working. But the issue there is could we have gone and talked about schools and health clinics being exempt and peppercorn being provided for those, that could have been one of the negotiation points but it wasn’t. We agreed,

well, Northern Territory Government assets, apart from public housing, to pay rent payments.

Ms SCRYMGOUR: And can I just say, with Amanbidji and Kildirk, or Kildirk and then Amanbidji ...

CHAIR: Sometimes, yeah.

Ms SCRYMGOUR: ... well, it's a legacy thing, I mean, it was an excision of a pastoral lease which then moved into a community living area, then became a small community established under ATSIC. All that infrastructure was established by ATSIC and the Commonwealth, inherited and transferred across. So it's all ... it was under a ... is it still under the resource agency at Timber Creek?

Mr Ken DAVIES: I think it is, I think it is.

Ms SCRYMGOUR: Yeah, so it's run by a resource agency.

Mr Ken DAVIES: I don't know that we'd be ... that these are public housing, I think it's an outstation.

Ms SCRYMGOUR: No, because it's outstation. I mean, it was CLA that then transferred to an outstation ...

CHAIR: Yeah, but we're talking about ...

Ms SCRYMGOUR: ... so we can't use that one as an example.

CHAIR: Well, I'm saying that there's Commonwealth. If the Territory Government has to pay leases on the health clinic, school, sewerage points ...

Mr Ken DAVIES: We won't be doing that on outstations.

Ms SCRYMGOUR: No.

CHAIR: Okay. All right.

Ms SCRYMGOUR: And Amanbidji would be one of them.

Mr Ken DAVIES: No, definitely not.

CHAIR: Well, what happens then with lease payments for resource centres, like Ngadunggay and Laynhapuy?

Mr Ken DAVIES: Well, it depends where they're based, Chair. Clearly they would not be required to pay lease payments by traditional owners on outstations, because that would require ... unless there was a lease negotiated, that would require them. But if they're based in a place like Yirrkala where they've got a big office complex, then clearly UCV would apply. I mean, they'd be negotiating with the Land Council around what they would need to pay there, and I'm getting into a space where perhaps this is a better question for the NLC.

Ms WALKER: That's a question for NLC, Gerry.

CHAIR: Yeah, that's right, yep.

Mr Ken DAVIES: But I think the expectation would be that they would pay rent.

CHAIR: Just a last question, how long do these lease agreements last for, when do they get renegotiated?

Mr Ken DAVIES: Can I take that on notice, Chair, I want to make sure I give you the right advice there?

CHAIR: Okay.

Mr Ken DAVIES: There is a, I think a review point at five or six years, I'll need to check that, but the leases themselves will be secured for the life of the asset, so it's at least 40 years.

CHAIR: All right, so a school would be leased ...

Mr Ken DAVIES: Yeah, I think it's a ... is it 40, Elizabeth, 40?

CHAIR: And is that arrangement set in concrete until the 40 year finishes, or is it going to be renegotiated as it goes along?

Mr Ken DAVIES: Well, they'll be CPI and ...

CHAIR: And UCV?

Mr Ken DAVIES: Well, the UCV will be set and then there'll be CPI.

CHAIR: But UCV can change.

Mr Ken DAVIES: It could change. It's possible that there could be a review process.

Ms WALKER: It is reviewed every five years.

Mr Ken DAVIES: Every five.

Ms SCRYMGOUR: And that's done by the Minister.

Mr Ken DAVIES: And the Valuer ... the NT Valuer General ...

Ms SCRYMGOUR: Yeah, the Valuer General and then it's ...

Mr Ken DAVIES: ... would do that.

Ms SCRYMGOUR: ... it's like pastoral lands.

Mr Ken DAVIES: So, you know, I think the point you're going to ...

Ms SCRYMGOUR: Pastoral lease lands.

Mr Ken DAVIES: ... is will there be escalation as we develop an economy in the town, and does the UCV change? If that was happening, that'd be fantastic. There'd be an impost on government but at least there'd be an economy growing.

CHAIR: Yeah, well, we might have an argument over whether that's a real economy or a false economy, but anyway.

Mr Ken DAVIES: I mean ...

Ms SCRYMGOUR: Where do you start?

Secretary Ms Helen CAMPBELL: Excuse me, did you want to take that as a question on notice (10:44:23) email, Ken?

CHAIR: Take the question on notice, yes please. Could Mr Davies please provide us with details in relation to the terms of the leases on government assets in relation to when those terms are renewed, or reviewed?

Secretary Ms Helen CAMPBELL: Thanks.

CHAIR: Have you any other questions?

Ms SCRYMGOUR: Yeah, Ken, I think it was a couple of ... some time, I'm not sure what report, but it was in one of our reports which went to the heart of the leasing, and we're only touching on leasing and I think we need to ... with the Land Council we also need to discuss licences, because whilst we ... because they're actually another thing that come into play here and no one ever discusses it, but they're a cost impost. The CTC had recommended that the Northern Territory Government move towards establishing its own township leasing or office of leasing.

Mr Ken DAVIES: Yep.

Ms SCRYMGOUR: Is there any ...

Mr Ken DAVIES: So anyway, MLA Scrymgour, I think with the establishment of the Remote Infrastructure Program Office with Elizabeth and her team coming out of the Service Delivery Coordination Unit and now sitting with Mike Chiodo in this Infrastructure Program Office, we've modelled it on a Queensland office where they've got ... we've been over and visited in Cairns where it's a one-stop-shop for securing leases, getting the cadastral surveys done, doing the work in communities in a very, very consultative way around growing the communities. Securing tenure, getting the right leases in place to allow economic development, we've actually got the shape of an office now evolving. So ...

Ms SCRYMGOUR: So the land ... so that office, so Mike, you'll move down the land tenure reform stuff, because I mean, if you talk about Queensland, that's the (doggert?) communities and it's completely different from what we have here.

Mr CHIODO: You are right, Ms Scrymgour, that it is distinctly different, however, what we've looked at is because their office has been in situ for a period of over two years, it's given us a number of lessons that we can learn by in the establishment of our own office. And in answer to your direct question, that would be the outcome or the end game that we'd be ...

Ms SCRYMGOUR: Right, to do the ...

Mr CHIODO: ... trying to achieve, not only from a leasing point of view, but from a prioritisation for the delivery of infrastructures. So there's a sequential process right from the outset of establishing operational requirements ...

Ms SCRYMGOUR: Yeah.

Mr CHIODO: Through the appropriate process of ensuring that we have land surveys in place that we then do the subdivisions based on allocated lots, and then we can go into the essential services component, and then the final step is actually building the infrastructure that needs to be built there. So the long term outcome is exactly that, but it's not only the leasing component that we're looking at, it's the infrastructure delivery component and ensuring that it all comes out of one office as a whole of government exercise.

Mr Ken DAVIES: So in other words ...

Ms SCRYMGOUR: Oh, good, so ...

Ms WALKER: What's the name of this new office, sorry, Ken?

Mr Ken DAVIES: The Remote Infrastructure Program Office, and it's ... Elizabeth's team is a group of seven, is it seven, Elizabeth?

Ms SCRYMGOUR: Don't put two ... don't put two Fs on the end of there.
[Laughs]

Mr Ken DAVIES: No.

Mr CHIODO: I knew someone would think of that.

Mr Ken DAVIES: But there's ... so, anyway MLA Scrymgour, Elizabeth's team is made up of lawyers, a solicitor for the NT, there's seven people.

Ms SCRYMGOUR: Oh, good.

Mr Ken DAVIES: And we think we've got the shape of a very, very good land tenure area that is going to provide the science, the numbers of sorts of questions that the Chair's asked we'll hopefully have answers for, but there are those little policy conundrums, like, you know, the (10:48:40) and those that sit on the outside of this, but we're getting a very good picture of what's required.

Ms SCRYMGOUR: Yeah, because, I mean, when Gerry, the growth towns come in, and if I could look at Maningrida and Gunbalanya, I mean, if we want to grow the economies between two of these growth towns, the biggest reform that needs to happen is what happens to that road corridor between two of these growth towns.

Mr Ken DAVIES: Yep, for sure, yep.

CHAIR: I put that down there.

Ms SCRYMGOUR: Hey?

CHAIR: That's one of the questions there.

Mr Ken DAVIES: Yeah.

Ms SCRYMGOUR: Yeah. So that'd be good to ...

Mr Ken DAVIES: Barge landings, aerodromes ...

CHAIR: And permits.

Mr Ken DAVIES: Yep.

CHAIR: Are you looking at all those as well? I mean, are we looking at normalising roads, that is gazetted roads that councils can get gravel from without having to be charged excessive ...

Mr Ken DAVIES: Wherever we go, yeah ...

Ms SCRYMGOUR: That's another issue, and I think you should talk to the Land Council first. [Laughs]

CHAIR: I talk to the local government people and they get very annoyed. But those sort of things, like getting roads that are open public roads part of the agenda, and also looking at the permit system, how that would work in a growth town?

Mr CHIODO: To answer your question, Mr Chair, one of the good things about the establishment of this office is that it was signed off across all government agencies, line agencies and service agencies, and there's a recognition that it's virtually a central agency function that has been placed, for all the obvious reasons, within the Department of Housing Local Government and Regional Services. So, yes, all those factors will be considered as part of the Program Office.

It is the intent of the Program Office and, you know, you notice I keep avoiding RIPO, just the Program Office will suffice. But the beauty of the Program Office is that it will become a second ... a repository of that information so that we can work with DLP, for example, Department of Land and Planning, who will have a Department Liaison Officer that will sit within our office and work in conjunction with them to ensure that the transport ... overall transport plan and road networks are part of the consideration when we plan for the delivery of infrastructure in any community.

Ms WALKER: So when you say any community - this is a self-interested question as the Member for Nhulunbuy - the 42 year lease was renewed last year; is this part of your brief that your team will be working on opening up land and additional infrastructure in the township of Nhulunbuy on a special purpose lease?

Mr Ken DAVIES: Not at this stage.

Mr CHIODO: Not at this stage.

Mr Ken DAVIES: The Nhulunbuy and the ...

Ms SCRYMGOUR: I was going to ask about Jabiru, too. [Laughs]

Ms WALKER: Self-interests.

Mr CHIODO: But, yeah, that's sitting with the Department of Chief Minister.

Ms WALKER: Right, okay.

Ms SCRYMGOUR: So how do we get that though into ... I mean, if we're talking about land tenure reform and for places like Nhulunbuy, Jabiru, Groote, which are important in terms of the economy of those regions, if you look at the regions in which these towns feed, I mean, surely it must come into part of this consideration, because ... yeah.

Mr Ken DAVIES: Sure, it will.

Mr CHIODO: Although they are currently being managed by the Department of Chief Minister, we will be working closely with DCM to ensure that there's a consistency of process across those. Further, and it's not an opinion, the conversations that have happened with Chief Executives is that over a period of time as the Program Office that is currently charged with looking at RSD in growth town sites and then extending beyond that will develop that level of credibility not only across agencies but within communities and the opportunity then exists to extend the program to site such as the ones you've identified.

Mr Ken DAVIES: We just want to have a one-stop-shop, MLA Scrymgour, where, you know, can you direct these questions, we've got a place where there's a data repository where we know where all the leases are held, we know what the capital infrastructure program is out remote, we can link in Andrew, we can make sure we're connecting with DCI to drive fixed price delivery where we might want to do some new housing or refurbishments. So using DCI as the program manager rather than the Alliance. So it's about pulling all of our remote effort together into one place, one coordination point, and a critical part of that, going back to your points this morning, is about the whole land tenure issue and getting the right policy framework in place.

Ms SCRYMGOUR: I think it's a good idea.

Ms WALKER: What's the life of this unit that Mike's heading up?

Mr Ken DAVIES: It's established, it's being set up of a subcommittee of Coord by Chief Executives. I've negotiated with the Chief Executive of DCI for Mike to transfer across into our agency into this new position to establish the office.

One of the other things that we're wanting to do here, MLA Walker is to make sure that we're really, really well organised when we're dealing with the Australian government. So at the moment we've got bits of infrastructure that get provided in via agencies. So early childhood centre might come in through DET or a trade training centre. Some agreement made about where it's going to be built but not a reference back to recurrent maintenance, who's going to own the asset and what is the impact on the infrastructure. So we have to have, when agencies are coming from the Commonwealth, a single point where they can go to get the information they need to make sure that the Northern Territory Government knows what's going on, and that any liabilities that might come forward ...

Ms SCRYMGOUR: That's a good idea, mmm.

Ms DAVIES: ... are dealt with, including if you build something, how are you going to staff it and is there enough GEH?

Ms SCRYMGOUR: So when you get, I mean, once you bed down the remote and you look at the regions, or cases like, I mean, Timber Creek, Mataranka, I mean, those towns where native title is still an outstanding issue, that will come into that Mike or Ken, but ...

Mr Ken DAVIES: Yeah, anyway, MLA Scrymgour, I think we need, and part of what we're doing here is we want to link with another area in our agency which is the regional development area around regional plans. So we're doing some work with DBE at the moment about reinvigorating that, and we've got a coordination mechanism in Katherine where, as an example, the Executive Director in Katherine, John De Koning is the Chair of Coord. So it's about lining it all up, and of course, part of his footprint is the Timber Creek side of it, so, yeah.

Ms SCRYMGOUR: Okay.

Mr Ken DAVIES: It's early days but we think we've got the makings of a really innovative and good change.

Ms SCRYMGOUR: Oh, it sounds good.

Mr Ken DAVIES: Yep.

Ms SCRYMGOUR: I think it's probably time that, mmm.

CHAIR: If you look on a map you have to wonder why Timber Creek wasn't a future growth town, but ...

Mr Ken DAVIES: I've heard you say that before, Chair, and, yeah.

CHAIR: Just on a question about the Central Arnhem Road, is negotiations finished or soon to be finished on Central Arnhem Road?

Ms WALKER: On what?

CHAIR: They were negotiating a lease over the, well, I gather that ...

Ms WALKER: The corridor?

CHAIR: ... the corridor, yeah, what stage is that up to? The negotiations regarding the Central Arnhem Road, I gather it's been going on quite a while. Do you know what ... is it DLP, it's not your ...

Mr Ken DAVIES: Yeah, John Tatum in Department of Lands and Planning.

CHAIR: So it doesn't come through at all, local government?

Mr Ken DAVIES: Not at this point, did you, Mike, did you want ...

Mr CHIODO: But if you wanted us to take that on notice as part of the role of moving forward for the RIPO, I'm comfortable in establishing that contact with DLP and getting a response for you on that.

Ms SCRYMGOUR: That'd be good, because it's part of that road ... sorry, Lynne, the corridor stuff that's got to be resolved.

Ms WALKER: And to my understanding is that those discussions are sort of a precursory nature with TOs about the appetite to actually move down that road.

CHAIR: Yeah, yeah.

Ms WALKER: First and foremost we've got significant Federal money to upgrade three crossings, one of which is done, the second one should be soon.

CHAIR: Yeah, all right.

Ms SCRYMGOUR: I need to do that for the (10:57:29).

CHAIR: Just I've got a question here on LIPs you might be able to answer fairly quickly because we're going to wind up at 11, but in relation to Ntaria, all the strategies have been reviewed regarding the LIPS. How successful has that been?

Mr Ken DAVIES: Chair, I'll go to Michelle Brown who can answer that for you, yep.

Ms BROWN: We're currently in the process of taking back to the local reference group at Ntaria the first round of feedback from government agencies and other agencies around the LIP actions. So it's still in the process, Chair, of taking that back to community and seeking community input into those changes to the existing LIP. So there's ... we could take on notice and give a detailed response around current actions and (10:58:21) ...

CHAIR: Yep.

Ms BROWN: ... but we are in ...

Mr Ken DAVIES: Definitely we could provide that ...

CHAIR: Okay.

Mr Ken DAVIES: So what's been completed by what timeframe, what had been committed to, what hasn't been met. That's part of the report back that we're doing with each community. The challenge is then going to the next phase around the renewal process, around then meeting additional commitments the community might want to put into future LIPS given the budget constraints. So making sure we don't over-commit and then not deliver is a critical part of the challenge, yeah.

CHAIR: So you'll be able to give us those details?

Mr Ken DAVIES: Definitely. Would you like that just for Ntaria, Chair?

Ms SCRYMGOUR: No, can you please extend that for what communities you have signed the LIPS for, which ones haven't been signed and why they haven't been signed.

CHAIR: Is that okay, Helen?

Secretary Ms Helen CAMPBELL: Yep.

Mr Ken DAVIES: We can do that very quickly.

CHAIR: All right. Okay, well, we didn't even give you a break but you should be used to us by now. Well, look, thank you very much all for coming today. There's been a lot of information. Obviously CTC will probably have to wind down now that we're in an election year and whether we continue will be up to whoever makes that decision later on in the year.

So we thank you for all your work that you've done and the time you've taken out to put up with us. But we do, I think that the information that's provided today is not only useful for us as Members of Parliament, but I think good that it gets out to the public, and we have media that attends most of our meetings, so I think it's important. So thank you very much for coming.

Mr Ken DAVIES: Thank you, Chair. Do you anticipate we'll have a further meeting ... do you see this one as a completing meeting?

CHAIR: I ... we ...

Ms SCRYMGOUR: One thing we didn't touch on, because I think we get caught up with SIHIP, is the issue of the shires and local government and their sustainability. I think it's probably an important thing.

Mr Ken DAVIES: We'd be quite happy to come back if ...

Ms SCRYMGOUR: Chair, I was just wondering whether we could have a quick break, or Lynne, did you have something to do?

Ms WALKER: No, well, no.

Ms SCRYMGOUR: Well, before our next ... I was just going to say, because this is the last opportunity we do get with our favourite people, with Ken and Andrew and the team.

CHAIR: As you say, yeah, what's happened is the Commonwealth, what's he called?

Secretary Ms Helen CAMPBELL: Executive Director Township Leasing, Mr Greg Roche.

CHAIR: Thank you, Helen. I knew there was a name and I couldn't remember - he's not able to attend. So we were going to have a break between now and 12 o'clock. I don't know whether that ... Marion's asking ... Marion's asking ...

Ms WALKER: If we could perhaps grab a cup of tea or coffee ...

Ms SCRYMGOUR: And then, if you don't mind if you don't mind, if we can just go through some of the local government stuff.

Mr Ken DAVIES: Okay.

CHAIR: Is that okay?

Mr Ken DAVIES: That'd be fine. And I get John and Gee up and our other people can go, if that's okay?

Ms SCRYMGOUR: Yeah.

CHAIR: Well, yeah, yeah, okay, and we'll have a 15 minute break because I think we need a bit of a break.

Mr Ken DAVIES: All right.

Ms SCRYMGOUR: Yeah, yeah.

CHAIR: If that's okay by you?

Mr Ken DAVIES: Absolutely.

CHAIR: All right. Thank you.

Ms SCRYMGOUR: Thank you, Ken.

Mr Ken DAVIES: Thank you. Okay. Good, thank you.

CHAIR: I won't go and re-read all the previous materials, I think everyone was here when we did that. So we're just going to spend a little of time talking about local government reform, so I might hand that over to Marion to start us and see where we go from there.

Ms SCRYMGOUR: Yeah. And thank you Ken and Gee and John for staying back to just have a quick chat, and we won't keep you because I know that Lynne ... I just wanted, Ken, to ask a couple of questions. One, where are we with the financial sustainability review of shires?

Mr Ken DAVIES: Okay. Thanks, MLA Scrymgour. The answer is that we are working with the consultants. We've got about 90 percent of all the information that we need off our shires now. That's being aggregated into a report. We'll have a draft copy of the report by the end of next week, and there's clearly ... the shire, the panel that's been sitting on it, or at least the steering committee that's involved, both G and John and Rob Kendrick are still meeting with LGANT, so we've got this overarching group of people that are working with the consultants. We'll have a report by mid March and then we'll be discussing the next steps with Minister and the findings, yeah.

Ms SCRYMGOUR: Who's the steering ... or what's ...

Secretary Ms Helen CAMPBELL: Who's the representatives?

Ms SCRYMGOUR: Yeah, what representatives are on it, sorry, Ken.

Mr Ken DAVIES: Do you want to explain this one?

Ms Giovina D'ALESSANDRO: Giovina D'Alessandro, Director of Local Government. The steering committee consists of ... we went through LGANT to get to the nominations. There's Ray Wooldridge, he's a counsellor and is also the Vice President of LGANT for the shires.

Ms SCRYMGOUR: Yep.

Ms Giovina D’ALESSANDRO: He’s there representing LGANT. And we have David Shoebridge, he’s the CEO of Barkly, but he was nominated but Local Government Managers of Australia, the NT Branch.

Ms SCRYMGOUR: Yep.

Ms Giovina D’ALESSANDRO: Miss Cathryn Hutton, she’s the Director of Corporate Services for Central Desert. She is representing the Southern Shire Councils. We have Mr Greg Arnett, who’s the Director of Community and Corporate Services for the Vic Daly Shire representing the Northern Shire Councils. Miss Fran Kilgariff, who’s the Senior Executive Director with the Department. Mr Rob Kendrick, who’s the Senior Executive Director for Local Government Regional Community Services with the Department. Miss Meeta Ramkumsar who’s our Director of Financial Management and Compliance with the Department. And Mr Sean O’Brien, who’s the Director of Corporate Accounting with the Department of Education and Training who also has a significant background in council finance.

Mr Ken DAVIES: So the report’s being put together at the moment and compiled and we’ll have a draft copy by the end of next week, Marion, and then from there we’ll be going into discussions with obviously our Minister about how to progress it from there.

Ms SCRYMGOUR: Who are the consultants appointed, Ken, to do it?

Ms Giovina D’ALESSANDRO: Deloitte.

Ms SCRYMGOUR: Deloitte, okay. And ...

Mr Ken DAVIES: They’ve visited all the shires, they’ve been out in offices, they’ve been very, very comprehensive.

Ms SCRYMGOUR: Okay, so there’s been quite extensive travel across to ...

Ms Giovina D’ALESSANDRO: Yes.

CHAIR: Does that include municipalities?

Mr Ken DAVIES: No, not municipalities. We’re ...

CHAIR: Litchfield?

Mr Ken DAVIES: Certainly ... no ...

Ms Giovina D’ALESSANDRO: No, it’s just the shire councils including the smaller shire councils of Coomalie and Wagait.

CHAIR: Well, the reason I asked that is just for that very reason because you have the unincorporated land which surrounds Litchfield and Coomalie, so I didn’t know whether Deloitte would be looking at that as well.

Mr Ken DAVIES: No, we wanted to keep it in scope, and really the main thrust was around the big eight shires, and we’ve expanded it to pick up the Coomalies as well to just get a point in time test. I mean, without seeing the findings yet, I don’t know whether we need to expand it further or not, Chair, but we’ll see where it gets us to. It’s very important this. We’ve got ... Treasury are working closely with us

around it, we've, you know, one of the things that I was very keen for the report to do as well as give us some feedback around shire sustainability was what system improvements the Department needed to do to support the shires, and also to get a very clear view from Deloitte about the sort of work that they thought the shires needed to do to make sure that they had good asset management in place, good budget control and so on. So we'll all have some work to do in this space, I suspect.

Ms SCRYMGOUR: Yeah. As part of that ongoing sustainability, I mean, that's right, finances is one thing but there are other things like the governance and, you know, the workability of those regions. Was there any discussion with the consultants to have discussions with the shires about boundaries, whether boundaries should change or whether, you know, an existing boundary of a shire should be, you know, divided to make it more workable to ...

Ms Giovina D'ALESSANDRO: Just on that, shire councils under the Local Government Act are required to have a look at their constitutional make up, so their ward boundaries and the like, and they've just recently done that and some changes have been made in time for these elections. So the Local Government Act already provides for shire councils to have a look at ward boundaries, members, see if changes need to be made and put those requested changes or recommended changes through to us through the NTEC for comment as well. And that's reported through shire councils' annual reports when they do that. So that information has definitely been available to Deloitte as a consultant.

CHAIR: But that's only internal boundaries.

Ms SCRYMGOUR: Yeah, I'm ... you know where I'm ...

CHAIR: Yeah, yeah.

Ms SCRYMGOUR: I'm not talking about the ward boundaries, I'm talking about the, yeah, the ...

Mr Ken DAVIES: So, no, the answer was we kept it to shire office for sustainability and kept it tighter and ...

CHAIR: Well, wouldn't boundaries be part of any discussion over sustainability?

Mr Ken DAVIES: It could well. Depending on the recommendations and what they're providing, it could well go into that space. We just didn't want to go in and make it so expansive that it started to lose track. We want a really focused effort, Chair. So if there is a broader discussion needed around boundaries, that could well be an outcome of the work that's required post the review.

Ms SCRYMGOUR: Because I look at ... I suppose I look at shires like West Arnhem, where a community like Maningrida has a population which should sustain itself, you know, Jabiru, Kakadu and then you've got Gunbalanya. And in that region, people often go back onto the Wikara model or the West Arnhem regional council model. So there'd be no consideration to look at moving towards that, Ken, or ...

Mr Ken DAVIES: Well, the main issue was, are these shires in their current form going to be sustainable organisations going forward? Clearly their boundary mix is part of that, but in terms of doing the analysis around the scope of the shire's

footprint, that won't be done as part of this review. It doesn't mean that it couldn't be an outcome post the report.

Ms SCRYMGOUR: So hypothetical, and you ...

Mr Ken DAVIES: We want to ...

Ms SCRYMGOUR: ... don't have to answer it if you don't want to. If the consultant or the report comes back to the steering committee and to the Department and says, look, it's unsustainable, you know, both financially and in a governance model, this is just not going to work and it's just going to cost more in the long term to keep ... keeping in place, you know, this boundary. Would ... so would the Department just persist on going there or ...

Mr Ken DAVIES: Well, that would be a decision, MLA Scrymgour, for government. So we would have to look at what the report says then there'd be ...

Ms SCRYMGOUR: And then you'd put that to the ...

Mr Ken DAVIES: That's right, there'd be proposals put and government would make a decision about that.

CHAIR: Could I ... so who wrote up the ...

Mr Ken DAVIES: Terms of reference, yeah.

CHAIR: Terms of reference for it?

Mr Ken DAVIES: The Department, we did along with LGANT, we worked through that process, and they took quite a bit of time because of that, but we wanted to get it right and then make sure there was appropriate buy in from the stakeholder.

CHAIR: Because the reason I asked that, I'm surprised that boundaries/population were not part of the terms of reference, because one of the arguments for the amalgamations of councils was to make them sustainable, and that was based on, I must admit, except for the Tiwi Islands, they were based on a population, and the boundary then fitted all those people within that boundary.

Mr Ken DAVIES: Sure.

CHAIR: So, and that was, you know, the excuse was to make these councils sustainable, we need to make them bigger to have a bigger population. So I just worry that to have this report on sustainability that that hasn't been a key part of it.

Mr Ken DAVIES: Well, again, we will go back and we'll, you know, I mean, the steering committee's been auspicing this, but they're not ... the boundary considerations are not a specific part of the terms of reference. That ... I mean, I understand that it overlays into shire council financial sustainability, but agreeing to and/or ... or contract ...

CHAIR: Contract.

Mr Ken DAVIES: ... shire boundaries is a different discussion to just the straight financial sustainability issue, I think. And it may have taken a review into a space where we got advice that had a whole lot of opinions in there. I think what we

need to do is to have a look at are these organisations sustainable. That's what the intent of the review is, and then out of that, if there are issues with sustainability based on rateability and population mix and so on, then that's an outcome going forward that then has to be negotiated with the shires.

CHAIR: How could you actually do a proper sustainability evaluation if, for instance, the agreement about what roads are local government and what roads are Northern Territory Government, has not been finalised?

Mr Ken DAVIES: Well, the roads issue is something that's been flagged in the sustainability review. There are some things that clearly have to be ... have to be addressed going forward - roads is one of those. So that'll be picked up as part of the recommendations of the review.

CHAIR: Will they be looking at - I'll put it in my terms - the failure of the Northern Territory Government to obtain road funding that it said it would obtain using the model that was used for Pititinjara lands in South Australia?

Mr Ken DAVIES: They will be looking at the road ... the taking on of the roads and the impact on the Shire's capacity to manage and maintain those assets. I don't know that they would be going to talk about what the Northern Territory Government was successful or not successful.

CHAIR: The part of the viability of some of those councils was that, and it was one of the reasons to get people to support the amalgamations, was that there would be funding for roads that we normally can't get using the model that was used in South Australia. That does not appear to have happened.

Mr Ken DAVIES: No, it hasn't happened to date. Did you have a comment, John?

Mr John TOBIN: Well, the support for a ... we have had a look at the South Australian models, John Tobin, sorry. The argument that South Australia's put up we couldn't sustain in terms of ... South Australia's clearly the lowest per capita recipient of Commonwealth assistance for roads, and they were clearly the lowest funded per kilometre for roads. We're not in the same category, and we didn't have that sort of an argument. But the issue we've got with our shire councils is that we've got a different local government model. The rate base is not the predominant generator of income.

And the Commonwealth, if you have a look at Australia wide including all the municipals in Sydney and Melbourne and everywhere else, they make a contribution to local roads - don't quote me on the number - but it's in the order of 20 to 30 percent. And so in terms of distribution between States, we sort of end up with a bit of contribution, but the problem for our Shire councils is that they don't have the revenue capacity such as a municipal council, to fill in the other 70 percent gap.

So, yes, roads and the standard of the infrastructure is one of the issues that's in the sustainability and functionality too because it's also about how the councils operate and what level of service they require. But the roads argument we're trying to address, you know, with different mechanisms rather than just trying to go back to the Commonwealth in terms of FAGS road pool, because the funding pool has been looked at by a range of people including the Commonwealth Grants Commission, and some of the models that they've come back with would have actually given us less money. So we're trying to find other mechanisms to address that.

Ms SCRYMGOUR: Because that's part of the issue of arguing about unincorporated and corporated roads, isn't it? Is that part of it, is that the majority of the road network is on areas unincorporated because it's on Aboriginal land, and it's ...

Mr John TOBIN: Yeah, that's an issue that's on the side. There's a large kilometreage of roads, maybe 10,000 maybe 14,000 kilometres of roads and it's still maintained by the Northern Territory Government which we've got parked into an area where we need to work through with LGANT as to how that would be sustained and into the future.

Ms SCRYMGOUR: And does that come out of FAGS, John, or ...

Mr John TOBIN: No, it doesn't, it's ...

Ms SCRYMGOUR: That's NT Government funded?

Mr John TOBIN: Yes, yeah.

Ms SCRYMGOUR: Okay. And does that include also like roads on pastoral properties and, or roads going ... okay.

Mr John TOBIN: Yes, it's what they call single user roads.

CHAIR: But the government made a decision in the last budget there'd be no more funding for single user roads, I should put that on there, sorry. The government I believe made a decision that there would be no more money for single user roads on pastoral properties and I'm fairly sure was in the last budget, there was about one road left, and after that, that was finished.

Mr John TOBIN: I'm not clear on that, sorry, it's ...

CHAIR: Yeah, because I remember this discussion with ...

Mr John TOBIN: ... it's an DLPELP issue, but your understanding of it is different to mine.

CHAIR: Yeah, it's my understanding that that program is finished. It ran out last year, I think it was, and that's it.

Mr Ken DAVIES: So, Chair, is that in relation to upgrades or is that in relation to ongoing maintenance?

CHAIR: I think just they are single user roads which are generally pastoral property roads anyway, I think we're going to be made ...

Mr Ken DAVIES: Yeah, we about we ... (11:20:33) be good to clarify that.

Ms SCRYMGOUR: We should take that on notice and get the right information so that, yeah.

Mr Ken DAVIES: And we could ask Mike to do that.

Mr CHIODO: Yeah.

Ms SCRYMGOUR: Yeah, so if we could get that.

CHAIR: I mean, we can get into the politics of roads on Aboriginal land - do they receive funds to maintain those roads through the Federal system grants or not? I'd heard word recently that that'd been knocked back in some places, I might be wrong there. But that's a whole area that needs to be looked at because it's not local government's job to maintain a private road.

Mr Ken DAVIES: Yeah.

CHAIR: But again you're getting into some policy issues here that I think needs to be sorted out as part of the growth towns and local government reform.

Mr Ken DAVIES: Yep.

CHAIR: Yeah.

Mr John TOBIN: Chair, the Commonwealth money that comes to us from roads, we do identify quite a network of roads that traverse Aboriginal land, but they are identified as being a local government responsibility. We take them into account in terms of distributing the Commonwealth money that comes to us.

Mr Ken DAVIES: That's right.

Mr John TOBIN: But the distribution of the Commonwealth money to the States and Territories, in fact when the Commonwealth Grants Commission looked at it they said it's shrouded in mystery, they're not sure what the formula is for that distribution.

CHAIR: But see the question is, why do you take roads that are private and require permit into the formula? It's my understanding that you can't do a pastoral property road anymore as you shouldn't be doing a private road. It's not council's job to maintain private roads. So how are private roads attracting Commonwealth funds for maintenance? Surely that road has to be then, if you want to have that road looked after using Commonwealth funds under the local government sort of normal rules, then that road has to become a publically gazetted road, or at least leased to a local government body for a period of time.

Mr John TOBIN: Yep. I think it's beyond, you know, Mike could absolutely answer the question, but the most money ... the road links that the distribution is determined on are internal local roads for townships like Maningrida and ... but the ... the interconnect roads are still maintained by the Northern Territory Government and ...

CHAIR: But there are all those issues, for instance, you've said before ...

Mr John TOBIN: There are, there are.

CHAIR: ... Maningrida is not going to have a township lease, therefore who owns the road? Technically who owns the road? And I think they're some of the fundamental issues I think that have got to be sorted when we're going forward, otherwise we're going to have all these little bits and pieces hanging off technicalities, but they're really important technicalities.

Mr Ken DAVIES: Well, in terms of the transport hub, who owns the barge landing?

CHAIR: Absolutely.

Mr Ken DAVIES: You know, so I think the aerodrome, you've got CASA overlay in there, there's a lot to be sorted out, Chair, yep.

CHAIR: I think the Member next to me here said something about, well, we need some strong leadership because otherwise you'll have 150 different agreements over 150 different places which will just create bureaucracy in itself.

Ms SCRYMGOUR: So it's the road corridor and the land tenure reform that needs to happen but ...

CHAIR: That's right.

Mr Ken DAVIES: Yeah.

CHAIR: But even roads within ... I mean, you argued before, I'm not putting that in a bad way, Ken ...

Mr Ken DAVIES: No.

CHAIR: ... that we didn't have any systems set up for when ... over the last 30 years when schools and roads and things were put in. But and we've dealt with, for instance, government facilities, whether I agree or not, it doesn't matter, but roads. And so sewerage easements and power line easements, so where do all they fit into the ... into the ...

Mr Ken DAVIES: And that's going to be part of this Remote Infrastructure Program Office's job to pull this together. DLP clearly have a role to play, so we're negotiating with CASA around aerodromes and the sort of expectations that CASA has in terms of who owns an airstrip, who manages and maintains it, what requirements they have. So, you know, it's ...

CHAIR: The councils under the new amalgamation process were required to look after airstrips, is that correct?

Ms Giovina D'ALESSANDRO: No.

Ms SCRYMGOUR: No, a lot of them have ...

CHAIR: And barge landings?

Mr Ken DAVIES: No.

Ms Giovina D'ALESSANDRO: No.

CHAIR: So what happened to them in the process then? Because they used to look after airstrips.

Mr John TOBIN: Chair, I think we might be talking about two things there. The land title is an issue, but the maintenance, the Northern Territory used to contract Councils, and still does, to undertake maintenance, and in some cases to

provide the function of what they call the 'Operator'. So making sure there's no animals, or anthills, cutting the grass, making sure the windsock's in, and doing the daily advice to airmen. Those sort of functions are contracted through the Northern Territory Government to a Council to provide, and they still do that.

CHAIR: And barge landings?

Mr John TOBIN: Barge landings I think are still sitting in, I'd defer, that I still think that they're sitting in a grey area, because it's still, the title again is undecided, but there's been an investment in the piece there, and there's no clear delineation of who the controller is.

Ms SCRYMGOUR: Well, it's the Commonwealth. All right? Up to August, if you look at the legislation, the compulsory lease is to the low watermark. So it's the Commonwealth that has to provide the sublease again, and that's how it is until August.

Mr John TOBIN: That's right.

CHAIR: The other big question you raise, it has to be rates. I mean, most councils in Australia require a fairly substantial amount of their income from rates. So we know that on Aboriginal land rating, except for, say, NT Housing, doesn't exist, because under the Aboriginal Land Trust requirements, so is there a move, for instance, either to get the law changed so it can be rated, or go down the path that Marion here has been pushing for a long, long time, which is actually a recommendation of the CTC, that basically we charge ... what's do we call it?

Ms SCRYMGOUR: A [11.26.51] service fee charge. I keep harping on about it.

CHAIR: So would that have been looked at in this Deloitte review?

Mr Ken DAVIES: Well, I think if you can, John, and the service fee issue. We have got some advice about the service fee issue ...

Ms SCRYMGOUR: Don't tell me it's a poll tax, Ken. [Laughs]

Mr Ken DAVIES: We think that that's something that could be managed. So these are things that will come out as a consequence of the followings of the review.

CHAIR: And the other option is can rating be possibly expanded onto Aboriginal land, or is that just in the too hard basket?

Mr John TOBIN: I think some of the processes, Chair, that are going on through the requirement to have leases now, in fact in the communities, and the growth hub towns, will provide some clarity in some areas. There's possibly some assets out there that are not being rated at the moment that probably should be. But in terms of Schedule One, or Schedule Two Land, whatever Land Schedule to the Aboriginal Land Rights Act, I think you're right, it's beyond our policy scope at this stage.

CHAIR: Well, I might go back just a little, one step back. The Commonwealth's agreed, and you've agreed that you should pay a lease arrangement to the TOs then, if I was local government, why can't I come up ... the

argue that you should be paying me, as local government, for your school, hospital, on land that I have to look after as well.

Mr Ken DAVIES: Let me just put it this way. The shires will be required to secure their assets under a leasing arrangement. Whether they go ahead, and secure all the parks, and that sort of thing, it will be a question that they'll have to answer. So they'll secure the assets they need to operate out of.

At the moment, under the Act, schools, and health clinics are excluded from being rateable. That might be an outcome again of the shire sustainability work. We might have to expand that footprint. That might be part of the answer around sustainability. So that's something that could be considered.

I just don't think that, going back to John's point, about eight percent of their income, between five and eight percent, of the shires income is generated through rates, in a normalised place, it's 60 to 70% so there are, again, ongoing issues in this space while the shires can't rate to the level that would generate the sort of viabilities that municipalities have. So there's always ... there's going to be supplementation needed, and the Northern Territory Government currently contributes substantial money to that. Whether there's more required, or whether we need expanded boundaries, or improved efficiencies, that will be something that will come out of the report process.

CHAIR: So I'm not advocating, by the way, rating schools, and that, because I think you'd open up a big can of worms, but I'm saying the whole philosophy is skewed. It's okay not to rate. Local government can't rate, but now you've said TOs can charge a lease for the same services, and to me we seem to be adding costs that we really shouldn't be adding for the provision of services, and that's what I'm getting at. I'm not saying we shouldn't provide the services, but I am concerned that local government will go broke, and the word I got from a friend of mine, in Vic Daly, is that these lease payments will cause, by Vic Daly, to go broke.

Mr Ken DAVIES: Well, that's again, one of the things that we are doing some work around, Chair, because we've got to work out, and Vic Daly's talked a lot about this issue, but whether it's millions, or whether it's a 100,000, 300,000 per annum, we don't know yet, and we're wanting to go in and do some specific work on a couple of big communities to find out just exactly how much it would be, as I was saying, 1,000 ... 800 assets in remote communities at UCV for the Northern Territory Government is \$2 million, two point three. So I don't know whether the shires have got 800 assets out there, but there's eight of them at least, and when you start to break it down, whether it's going to be millions, or whether it's going to be hundreds of thousands, is still to be decided. It won't be millions.

CHAIR: That's right, but when you consider the councils are getting between two and five percent in rates, you can nearly take out their rates just by a charge that is now required by the Commonwealth for services to that very community, so you'd be charging a rent on the footy oval at Nguui, which they all use, and it's for the benefit of that community. It seems to me that we've got our world upside down, and the dollar is the main thing that runs it, rather than what we are doing, in that we are providing a service; that's the council.

Mr John TOBIN: Just in relation to the footy oval, you spoke before, because it is an issue for the councils, the shire councils, and the traditional owners councils to negotiate over that, but one of the models that they would be looking at would be spaces like that, being through a licence, and I think Member for Arafura was

referring to before as an alternative to leasing, say. They're various models so open spaces, or community ablution blocks, for instance, cemeteries, waste dumps, etcetera, there may be a different arrangement that would fit into the model with low charge.

CHAIR: But a council isn't a commercial business. That's the problem I have. These are facilities that you expect in a township that you wouldn't expect to get, you know.

Ms SCRYMGOUR: Well, that's technically not true. I mean, you've got shires that operate small shops and other things.

CHAIR: All right, I'll go back one step.

Ms SCRYMGOUR: Let's get a bit of a reality check here, that ...

CHAIR: Well, take them out of it.

Ms SCRYMGOUR: There are many shires who are operating shops, and making huge profits, Gerry, out in some of these communities, and they do need ...

CHAIR: Well, rate the shops.

Ms SCRYMGOUR: What, they rate their shops.

CHAIR: No.

Ms SCRYMGOUR: I mean, that ...

CHAIR: That's what you're saying.

Ms SCRYMGOUR: No, no. You said that they don't get any revenue, well, in part they are getting revenue.

CHAIR: I said they're not commercial.

Ms SCRYMGOUR: Well, a shop is a commercial enterprise.

CHAIR: I'm talking about core local government functions. You ask me whether a council should run a store, and I'll tell you straight out, "No way." I don't agree with them much as amalgamations, but the core functions of a council is looking after the swimming pool, the footy ovals, to make the grass cut, pick up the litter. They shouldn't be ...

Ms SCRYMGOUR: None of us are arguing with you about that.

CHAIR: Well, it's not a commercial enterprise. Those other things are the commercial arm of a council, and if they need to be rated I'm sure we could discuss that.

Ms SCRYMGOUR: No. But the councils, some shires, are doing that. The thing is, Ken, I suppose, Ken, if you look at ... and the Tiwi Shire, and if I look at the Tiwi Shire. In the gazette, what's been gazetted, and their area of responsibility covers the two islands. All right? Now this always adds confusion to people, and it's the same with, if you look at West Arnhem, the gazetted area of their responsibility is

nearly the whole of Western Arnhem Land. But under the Act, if they were to generate any revenue, if you look at the area in which they're doing, the Act actually exempts the very people who own the land. So you see where I'm going?

Ms Giovina D'ALESSANDRO: I know Local Government Act stipulates that there's an exemption there that you can't rate Aboriginal Land unless there's a lease over the land in favour of someone else, but it's not Territory law. That's because of the ALRA which is a Commonwealth Act.. so I just want to make that point

CHAIR: We're not knocking you on that particular issue.

Ms SCRYMGOUR: No, no, no. But this is where, yeah, and so if we look at the sustainability of the shires, and then you look at boundaries, and the clashes that have been having, I mean, I think some of that needs to be looked at, because if we're looking at normalisation, if we're looking at trying to get, you know, good local government services into these areas, I think there's got to be some ...

Mr Ken DAVIES: And without seeing the details of the report yet, I mean, I'm not sure to what level it goes into these issues, but it will certainly, I think, the report will be the start of a whole lot of work. I think that's the fundamental.

Ms SCRYMGOUR: And then my learned friend here, he's going on about ... I mean, also under the Act it talked about ... and some of these shires doing some commercial activities, and some of those commercial activities is what drains their resources from doing local government services. So is there, or has there been, as part of these terms of reference, some consideration in terms of looking at ... look, just do, and get local government ...

CHAIR: Core functions

Ms SCRYMGOUR: Yeah. Your core functions right, and do that good, and leave these other things to other people.

CHAIR: You just did copyright on one of my favourite statements. To walk before you on take on the other issues that you've taken on.

Ms Giovina D'ALESSANDRO: And it's a mantra that I think we think in the Department as well. Get your core services right first, and then worry about other things.

CHAIR: It tends to have gone the other way.

Ms Giovina D'ALESSANDRO: Well, it tends to have gone the other way, but you know, the Sustainability Review is looking at splitting up, having a good hard look at core services, the cost to councils, how councils are delivering that, where efficiencies can be made, and where some councils have gone into commercial enterprises, it's having a look at that and the effect on core services, and also agency services. So where a council's delivering an aged-care service, on behalf of the Commonwealth, it's having a look at that.

Ms SCRYMGOUR: And postal services.

CHAIR: And will it look at the Local Government Act requirements, because I mean, it's gone from having basically a simple process to how having, I presume because people said councils were dysfunctional, and I've never agreed that all

councils were dysfunctional, but you've now got a fairly bureaucratic model that a council's got to adhere to with reports, you know, the five year reports, and the budgets, and all that. I'm not saying some of those aren't important, but have to do a lot more paperwork now than it used to, and I'm not sure that's all particularly necessary for a council that's got 6,000 people, which is a pimple really when it comes to, you know, population.

Mr Ken DAVIES: We think none of the compliance requirements are excessive. So some of the shires might, but some indications have come through to me in the review work that's being conducted, is that there's quite a bit of work that shires need to do around some of their systems, and we need a proper compliance regime in place that's going around, making sure that core services are being delivered.

CHAIR: Hasn't all that IT fixed that up? Because Megan's just got....

Mr Ken DAVIES: There's been a good start, and definitely, and we had some hiccups at the start, and the data that we've got now is a whole lot improved, as against a couple of years ago, so Deloitte's are using proper data that's been validated, it's come through the systems. So it was the time ...

Ms SCRYMGOUR: Because that was about seven million to fix up that system.

Mr Ken DAVIES: Was it seven? I don't know that it was seven million. I think it was slightly ...

Ms SCRYMGOUR: It was seven million when we had that briefing, when we got told in Katherine that time, and it's probably more.

Mr John TOBIN: It might be with the original costs

Ms SCRYMGOUR: So, John, or, G, maybe, with this review that's happened into the sustainability of the shires, did it look at ... I mean ... well, I think of West Arnhem Shire, Tiwi Shire, and I'm not sure what other shire, but they've based all of their services here in Darwin. Well, they've got their headquarters here in Darwin, as well as the small councils out in the communities.

CHAIR: That's right.

Ms SCRYMGOUR: Well, where's the cost efficiency? I remember when people were selling this as, we keep going back to this word, 'economies of scale', "If we do the amalgamations, we have it like this, we're going to get some great economies of scale." Well, that hasn't eventuated, but we still allow these shires to operate these places in Darwin. That building in Parap is just ... who funds that?

CHAIR: Now that's Local Government Association, isn't it?

Ms SCRYMGOUR: Well, it's not just Local Government Association, it's also the buy-in from the shires, and I'd like to know what revenue, or how do they pay it? I mean ...

Ms Giovina D'ALESSANDRO: I know East Arnhem's in there. They've got offices in there. They've also got, I think Councilbiz might have an office in there as well, which is a subsidiary of [11.40.14].

Mr John TOBIN: They're out. They've moved out.

Ms SCRYMGOUR: Okay.

Ms Giovina D'ALESSANDRO: Oh, Councilbiz has moved out. But just going back to, if the Shire Sustainability Review's looking at admin overheads, and that kind of thing? Yes, it is. It's having a good hard look at that.

Ms SCRYMGOUR: Okay.

Mr Ken DAVIES: Definitely. Going all the way to the packages that people are paid by.

Ms SCRYMGOUR: Yeah. Because a huge impost and ...

Mr Ken DAVIES: Definitely having a look.

Ms Giovina D'ALESSANDRO: And I think it's important to note that the shire council's been going for four years. It's a good opportunity to have a look, to see what efficiencies can be made. See what has worked. See what hasn't, and ...

CHAIR: I've always had, a sad thing for me, the reason for amalgamations is because there were statements made about councils being dysfunctional, and I have no doubt there were ... there were a lot of good.

Ms WALKER: And insolvent.

CHAIR: Insolvent. Yeah. But there were a lot of councils that weren't and they never got any sort of recognition of that in the end. It was like, the whole system's bad, so we'll just get rid of it. And I think that was sad, and part of what's gone on, of course then is ... and I don't know whether it would come out in this report, is the governance, and the ownership. That is the local ownership, because these are local councils really. You get a definition of 'local', and it won't say I'm one and half times bigger than Tasmania like the Barkley Shire is. So I don't know whether that ... there is a sustainability from a dollar point of view, but also it's a sustainability from a governance, and ownership point of view, and I don't know whether the Deloitte would look at that; they're accountants.

Mr Ken DAVIES: That's right. No, they won't be looking at that, Chair, but we certainly are working with our Minister around that.

CHAIR: Because I'd hate to see the economic rationalists win the argument all the time.

Mr Ken DAVIES: Sure. And this is one element of a broader look at where the Shire Reform is up to, not walking away from the commitment to the reform process, but as G says, four years, and it's timely to have a really, really, good look at it, and fundamentally we've got to have shires that are sustainable, going forward, as well as shires that have good local boards in place, where good local decisions are being made, and people feel like they're contributing, and some of the shires are doing an excellent job in that space. They're planning, and the Roper Gulf is one that is really an outstanding example.

CHAIR: Yeah. Been to some of their dos. Yeah, they're good. Well look, will that report be public?

Mr Ken DAVIES: That will be a decision for the Ministry, and for Government. Given the make-up of the steering committee, and given that Members will get to see the final report, then there is some logic in that being available to stakeholder groups like LGANT and so on, which by definition means that...

Ms SCRYMGOUR: It will be public.

Mr Ken DAVIES: ... it would be difficult to contain it, but at the end of the day the process we're doing ... and that, and whether or not the Ministry agrees to that is still to be worked through.

Ms SCRYMGOUR: Ken, just quickly before we ... the local government elections are happening on the 24th.

Mr Ken DAVIES: That's right.

Ms SCRYMGOUR: Are you able to provide us ... I mean, that did, what some of the numbers around the ... into the shires have been?

Mr Ken DAVIES: Sure, I'll go to G, she's got a brief on that in relation to it.

CHAIR: Is it on the website? Yeah. Couldn't get them on Friday.

Ms Giovina D'ALESSANDRO: All right. Well, I've got papers that I'm happy to submit to you about it.

Mr Ken DAVIES: Can you just quickly ... the numbers.

Ms SCRYMGOUR: I'll have to go ... is it on the ... Go on, G. Go on.

Ms Giovina D'ALESSANDRO: What numbers would you like? I can tell you that if it's between 2008 to 2012?

Ms SCRYMGOUR: Yeah. That will do.

Ms Giovina D'ALESSANDRO: Okay, in 2008, for the eight large shire councils, we had 177 nominations. In 2012 we had 137 with a difference of 40. So I can tell you that we had declared nominations for this election. We had two instances where no nominations were received. Two instances where the number of nominations did not fill all vacancies, so we had a partial failure. Eighteen instances where candidates were elected unopposed. So we had enough candidates to fill the [Woop?] positions, and we had 40 instances where elections are required. In the two instances where no nominations were received, I've got information ...

Mr Ken DAVIES: Please explain.

Ms Giovina D'ALESSANDRO: Information regards to the East Arnhem ward where there was a death in the community, and that person's death had a direct impact on no nominations being received for that ward. And we're hoping, we're pretty confident that we'll be able to generate some good candidates for that, for the supplementary election that will be held for that.

In Barkly, we had a failure in the new Upper Alpallururlam[11.56.04] Ward, and that was due to the person who nominated wasn't correctly enrolled.

Ms SCRYMGOUR: Okay.

Mr Ken DAVIES: So there'd be a summary.

CHAIR: And you've got figures from municipalities?

Ms Giovina D'ALESSANDRO: I do. In 2008 the number of candidates were 100, and 2012 it was 88, with a difference of 12, and also a summary for the small shire councils, so Walgett and Coomalie In 2008 it was 20, in 2012 it was 19, with a difference of one.

Mr Ken DAVIES: So we've seen very good buy-in across the board ...

Ms SCRYMGOUR: I was going to ask you a question.

Mr Ken DAVIES: ... Chair, and given that many of those people are recontesting we're quite pleased with the outcome. Very pleased.

CHAIR: All right. Is that ...

Mr John TOBIN: It's also, sorry, , just relevant to say in the context too that the eligibility of employees has changed between 2008 and this election just recently.

CHAIR: Good point.

Mr John TOBIN: But taking that into consideration, it's a pretty good turnout.

Ms SCRYMGOUR: But if you take that into consideration, John, and given that people often think the shires are on the nose, I mean, these numbers clearly show that people are ... the participation of communities is still ...

Mr John TOBIN: Yeah. It's strong.

Ms SCRYMGOUR: ... strong out there. Even though we know we've got some shires that have got problems, and I keep harping on about West Arnhem, but you know, it'll get there, it's a moving feast, and it'll get there.

Mr Ken DAVIES: Chair, the [11.57.42] one is a [11.57.44], and the Barkly Shire, Daly and and the current shire is disappointed about it, but it's just been a hiccup around the person not taking on the role.

CHAIR: These things happen. Well, thank you very much for coming back for a second dose. We appreciate you giving us that information. It's all important information as well. So once again, thanks very much, and appreciate all the work you've done over the life of the Council of Territory Co-operation. And we'll have a five-minute break.