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15TH ASSEMBLY

PUBLIC ACCOUNTS COMMITTEE

Public Hearing Transcript

Inquiry into the Indigenous Employment Provisional Sum

9.00 am – 10.00 am, Thursday, 25 September 2025

Litchfield Room, Level 3, Parliament House

Members: Mrs Laurie Zio MLA, Deputy Chair, Member for Fannie Bay
Justine Davis MLA, Member for Johnston
Mr Brian O’Gallagher MLA, Member for Karama

Witnesses: *Department of Logistics and Infrastructure*
Adam Walding: Deputy Chief Executive Officer
Fotis Papadakis: Acting Chief Operating Officer

INQUIRY INTO THE INDIGENOUS EMPLOYMENT PROVISIONAL SUM

DEPARTMENT OF LOGISTICS AND INFRASTRUCTURE

Madam ACTING CHAIR: Good morning. Welcome. Our normal Chair, Clinton Howe, is ill this morning so he will not be here today. I will be acting as Chair for this hearing.

On behalf of the committee, I welcome everyone to this public hearing into the Indigenous Employment Provisional Sum (IEPS). I welcome to the table to give evidence to the committee from the Department of Logistics and Infrastructure Adam Walding, Deputy Chief Executive Officer, who is joining us online; and Fotis Papadakis, Acting Chief Operating Officer.

Thank you for coming before the committee. We appreciate you taking the time to speak to the committee and look forward to hearing from you today.

This is a formal proceeding of the committee and the protection of parliamentary privilege and the obligation not to mislead the committee apply. This is a public hearing which is being webcast through the Assembly's website. A transcript will be made for the use of the committee and may be put on the committee's website.

If, at any time during the hearing, you are concerned that what you will say should not be made public you may ask the committee to go into a closed session and take your evidence in private.

Could you please each state your name and the capacity in which you are appearing.

Mr WALDING: Adam Walding, Deputy Chief Executive, Department of Logistics and Infrastructure. In the room you have Fotis Papadakis, Chief Operating Officer for the Department of Logistics and Infrastructure.

Madam ACTING CHAIR: Mr Walding, would you like to make an opening statement.

Mr WALDING: No, thanks, Madam Chair.

Madam ACTING CHAIR: If there is no opening statement we will go straight to questions.

J DAVIS: Thank you for coming today and answering questions in preparation for today as well.

I will ask a broad question first. The reason for this inquiry is because there has been public concern, as you know, that amounts paid through the IEPS was spent inappropriately. Can you outline the processes you use to determine whether claims were legitimate, unsubstantiated or fraudulent? In particular how did you verify that companies incentivised to employ Aboriginal staff were actually employing Aboriginal people and that the hours claimed were actually worked?

Mr WALDING: The intent of the program was to increase Aboriginal employment within the contracts. As I am aware—obviously this happened a while ago—when the claims and the fraud arose, there was \$122m available within the IEPS scheme that the contractors could claim under the project. That was in the term of a provisional sum.

Out of that \$122m, \$61.2m was not paid. In other words, the contractors did not claim that under the contracts where they could have. The intent for the claiming under the provisional sum project was employees of Aboriginal or Torres Strait Islander people to be paid, in addition to the normal contract amount or the tender that was put in place. That was to increase employment in that area.

Out of that \$60.8m that was paid, there was \$1.4m that was not able to be substantiated and warranted further investigation. Out of that \$1.4m, \$0.9m was recovered and \$0.5m remains with liquidators for contractors who have gone into administration.

How did we get to that point to be able to make those decisions is the question. As we went through the process, my understanding is they set an IEPS task force in place, which is per the documentation. We set up a team inside of DIPL at the time to do the initial investigation and cross-checks. That team went through the contracts and each the claims in the provision and did an internal review, worked with the contractors and project managers. Then, from there, anything that was deemed to be fraudulent or they had concerns with was transferred to the task force and from there it was referred to police for further investigation.

The team of four staff—per the question—went through each of those claims in fine detail. Once the task force was put in place, the IEPS team that was doing the reviews continued to look at claims that were coming forward, once it was identified. Through that process, they identified there was another \$1.9m worth of claims that did not meet the contract and were ineligible. That \$1.9m was not paid through normal contract management with the improvements we put into the process since it was claimed. Does that make sense?

J DAVIS: Yes, thank you. That is similar to what was outlined in your answers to the questions. There are still questions in the public space about how those determinations were made and what happened within those investigations. You may not be able to comment on that—you may be able to. I will pause first to see whether you can.

Mr WALDING: No, not really. Knowing the team, it would have done a pretty in-depth forensic review. The contractors had to provide evidence that the people who were employed were of Aboriginal descent and work through that process, which you would expect when we are talking about that amount of money on the way through. It would have been in detail. Fotis, would you like to add anything on that one?

Mr PAPADAKIS: Yes. From my understanding, when there were Indigenous employees claims, they had to fill out a stat dec to prove their Indigeneity. That was also part of the focus for the investigation team.

J DAVIS: Is that standard process for the department in terms of identifying or confirming? If contractors have to provide confirmation of Aboriginality in relation to their employees, what normally happens?

Mr WALDING: For contracts, are you referring to?

J DAVIS: Yes.

Mr WALDING: At the moment, if we have a contract—obviously the systems have changed now. We now have the Aboriginal procurement policy and framework that the NTG abides by. Through that process and tenders, we assess local value-for-Territory components, which include Aboriginal employment as one of the subcomponents. Any contract above \$500,000 must put in an IPP unless, for whatever reason, it is delegated that they do not. There is an authority and delegation process to not do that.

However, the majority of the projects—I say in the high 90%—are required to put the IPP in place—that being the Indigenous Participation Plan. That Indigenous Participation Plan is then tied into the contract. Post the IEPS we have what we call the Contractor Compliance Unit, which goes out and audits the site at different points in time and audits contractors.

One of the components is compliance with Indigenous Participation Plan. That is to make sure that they have the process and systems in place to comply with what they said they would do on other contracts and review the components of the IPP. There is a process and methodology on how the contractor defines employees as Aboriginal.

J DAVIS: One more question and then I will hand over to someone else. Actually, I will hand over to someone else now because I am going on to a different topic.

Mr O'GALLAGHER: Thank you, Mr Walding and Mr Papadakis. I will go back to your submission. You said of the \$122m available, \$61.2m was not paid and this amount was given back to the infrastructure program. That is fine.

The balance of the \$60.8m was claimed and paid against the scheme to 146 contractors against 453 contracts. Of the \$60.8m paid, \$48.8m was paid prior to the suspension of the scheme. How many contractors and contracts were associated with that \$48.8m? This is what we paid prior to the suspension.

Mr WALDING: I think I will have to take that—do you have it there, Fotis?

Mr PAPADAKIS: No, we will have to take that on notice.

Mr O'GALLAGHER: Are you happy to take that question? Do you want me to repeat it?

Madam ACTING CHAIR: Yes.

Mr O'GALLAGHER: Could you elaborate on how many contractors and contracts were involved in the \$48.8m that was paid prior to the suspension of the scheme?

That got me thinking I also saw that when you did the review there were 21 contractors referred for suspected fraud to the police. Is that correct?

Mr WALDING: I will confirm—do you have it there, Fotis?

Mr PAPADAKIS: Yes, that is correct.

Mr O’GALLAGHER: Of that, I think there were four put forward and three were convicted. I am assuming the other one was found innocent, were they? What happened to the other 17? They then got their payments, or for some reason they did not?

Mr WALDING: You go, Fotis.

Mr PAPADAKIS: That will be a question for NT Police; it was their investigation. From DLI’s point of view, we hand the files over to police.

Mr O’GALLAGHER: Is the police investigation still ongoing?

Mr PAPADAKIS: I am not able to comment; I am not aware.

Mr O’GALLAGHER: There were 21 referred; four were charged and three were convicted. That is the facts I get out of the document.

Going back to the Member for Johnston, I am trying to understand that we had the IEPS, which was deliberately set up to improve Indigenous employment in our contracts and so on—that was the purpose. The scheme no longer operates—is that correct?

Mr PAPADAKIS: Correct.

Mr WALDING: Correct.

Mr O’GALLAGHER: We now go back to where we have Indigenous Participation Plans built into a contract going through normal contract procurement—correct?

Mr WALDING: Correct.

Mr O’GALLAGHER: Is there a difference in the results of the purpose of the original Indigenous Employment Provisional Sum scheme and what we are achieving now under this standard approach? The goal is still the same. Are we getting the same or not? I do not know, you tell me.

Mr WALDING: It is a difficult question to answer on the basis that the IEPS scheme was set out with a different methodology. The Aboriginal contracting framework now defines different ways of doing business as we engage with Aboriginal companies. The definition of an ABE now, for example, is 51% owned compared to back in the day where the IEPS was 50%.

The intent is to maximise, through the policy framework, Aboriginal employees and ABEs to get work and jobs within the Territory, so from that aspect, yes.

Mr O’GALLAGHER: In terms of Aboriginal employment, given that this is the focus of all this, there were suggestions that maybe even under the current one of people with their Indigenous Participation Plans, does that apply to bringing Indigenous people from interstate onto contracts here, or do they have to be local Indigenous people?

Mr WALDING: Under the framework it is Indigenous people to do the work. I will need to take some of that on notice, Member for Karama. Yes, I will not trip up. It is just to make sure that the information is accurate.

Mr O’GALLAGHER: The question is also about the subcontractors. Are they locally registered subcontractors employing, or interstate contractors who say they have Indigenous employees that goes towards it? I am trying to understand that balance between truly local and possibly interstate.

Mr WALDING: With the current system we have, under the framework we record the ABE percentages, as to how many contracts that are under the policy. It is 5% in contracts given and 5% in contract value. We do not actually record individual Aboriginal people working on contracts for NTG works. However, underneath

the Commonwealth projects there is a requirement under the Federal Funding Agreements to record percentages of Aboriginal employees.

For example, for the housing program for the capital works component, we have a processing system to record how many Aboriginal people are physically working on those contracts. We already record the Aboriginal-owned or endorsed companies that are endorse through ICN and those types of people.

It is the same with the civil contracts. We look at Aboriginal people. Again, they are under federal contracts, not the NTG contracts. They are our current framework and policy.

Mr O'GALLAGHER: In terms of verification, you talk about ICN—Industry Capability Network, Northern Territory. What are the other ones? Is it Supply Nation? Who do you use as a verification of Indigenous business?

Mr WALDING: Indigenous businesses get a certificate. The other two, there is Supply Nation and another one. I will have to take that on notice. I do not have the company names.

Mr O'GALLAGHER: You can give me that information as well.

Mr WALDING: Yes.

Madam ACTING CHAIR: I have a quick question. In 2018 DIPL advised that it was working with the Department of Corporate and Information Services to develop a technology-based solution to support the timely and accurate assessment of reporting a contract performance. Can you please clarify what the contractor performance scorecard is and how it fits into the contract performance reporting system and whether it is still in use today?

Mr WALDING: I will start with yes, it is still in use today. The contract performance reporting and scorecard is a critical part of our contract performance side of the business.

At set times throughout the contract and at the end of the contract, it is expected that a contract performance scorecard of report is completed for each of those projects. Within that, it talks about compliance with plans that they submitted, contractor performance—there are 10 subheadings. I am happy to provide a copy of what that scorecard is, post this.

There are different versions of them with how we use it. Obviously, a consultant will have a slightly different version to a civil contractor for building infrastructure. We will go through those.

Those scores are entered into ASNEX, which is then used, as we do, for past performance. It is preferred that we use those when we do tender assessments on past performance of the contractors.

If contractors comply well, we get a higher score. If they do not comply or if they need more involvement from the department, they will get a lower score.

We have been targeting our teams to ensure there is compliance. Contractors are aware that we do these contractor performance scorecards and we are getting more engagement with the contractors as we push that forward because they realise that is the importance about winning the next job.

That is part of the process we put in place. We talk with industry about those. Contractors are looking for those to come back because they see the importance of them as well.

Madam ACTING CHAIR: I would appreciate seeing the version of that scorecard. Are we also able to get a copy of the department's contractor performance policy on that?

Mr WALDING: Yes.

Madam ACTING CHAIR: That would be great. One more question. What is ASNEX?

Mr WALDING: ASNEX is the asset—Fotis, you have the terminology on that one.

Mr PAPADAKIS: It is basically the old asset information system that now has other modules as part of them. It is the asset system that we use to manage all our contracts—the capital works, all maintenance and minor works, as well as our budget against those projects. It is all managed in that program.

Madam ACTING CHAIR: Also in your submission you noted that, in response to concerns raised by the Auditor-General, in June 2019 departmental staff were provided training in management plan requirements, risk management and fraud awareness. How often is this type of training provided to departmental staff? What qualifications are staff required to have to be involved in contract management?

Mr WALDING: Can I take that one on notice? I will not have the level of detail, Madam Chair, for that. However, more broadly with the risk framework, we are currently reviewing that with the recent department reshuffle with the MoG changes. The department is going through the risk framework again now and revitalising it.

There are regular risk frameworks in process put in place throughout the department, as you would expect, as part of normal business process. One of the key components is contract management and this aspect of the business.

For that detail you are after I will take on notice, if that is all right, Madam Chair.

Madam ACTING CHAIR: I will repeat it so we have it on record.

In relation to training in management plan requirements, risk management and fraud awareness, how often is this type of training provided to departmental staff and what qualifications or skills are required of staff involved in contract management?

J DAVIS: In your submission you note that for finalised contracts, obtaining documentation or seeking recovery of overpayments was reliant on the contractors' cooperation and willingness. How many finalised contracts were there and what was the total value of them?

Mr WALDING: Repeat the question, sorry.

J DAVIS: How many finalised contracts were there and what was the total value of them?

Mr WALDING: The contracts that were referred to police through the task force were 21. We have \$500,000 which is contractors that are in liquidation. I do not have the number of those contracts at hand to split it up for that level.

The remainder of the contracts was the money that was reimbursed or received back from unsubstantiated claims was for the full amount we mentioned earlier. You ...

J DAVIS: Is that—sorry, go on.

Mr WALDING: I was just going to say, Fotis, do you have anything else you can add to that?

Mr PAPADAKIS: We do not have a breakdown on the ones that were already closed off. Obviously, there was legal advice. Also, there are the time constraints of when you can go back to a contract. When we started investigating, we prioritised all the contracts before expiry of legal convention so that we could investigate them. My understanding is that all contracts were investigated.

J DAVIS: Including finalised contracts?

Mr PAPADAKIS: Including finalised contracts.

J DAVIS: Given that there are no contractual right to require a contractor to provide further documentation once the contract is finalised. If contractors were not required to provide that documentation, how did you determine overpayments?

Mr PAPADAKIS: That would be a question that we can discuss *in-camera*.

J DAVIS: I have another couple of questions you might want to do *in-camera*. We will see. You explained that the Audit Investigation Unit assessed the claim's compliance to the conditions of contract. How did you determine whether claims did not conform with those conditions of contract?

Mr PAPADAKIS: That would also be *in-camera*.

J DAVIS: My other one is probably *in-camera* too, so if there are not more questions, I am happy to go *in-camera*.

Madam ACTING CHAIR: No further questions in session? We will move to a private hearing and go *in-camera*. We will take a few seconds to get that set up.