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Official Committee Hansard

HOUSE OF REPRESENTATIVES

STANDING COMMITTEE ON ECONOMICS, FINANCE AND
PUBLIC ADMINISTRATION

Reference: Local government and cost shifting

MONDAY, 7 OCTOBER 2002

KATHERINE

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HOUSE OF REPRESENTATIVES
STANDING COMMITTEE ON ECONOMICS, FINANCE AND PUBLIC ADMINISTRATION
Monday, 7 October 2002

Members: Mr Hawker (*Chair*), Ms Burke (*Deputy Chair*), Mr Albanese, Ms Gambaro, Mr Griffin, Mr King, Mr Latham, Mr Nairn, Mr Somlyay and Dr Southcott

Members in attendance: Ms Burke, Mr Griffin, Mr Hawker, Mr Nairn and Mr Somlyay

Terms of reference for the inquiry:

To inquire into and report on:

Cost shifting onto local government by state governments and the financial position of local government. This will include an examination of:

1. Local government's current roles and responsibilities.
2. Current funding arrangements for local government, including allocation of funding from other levels of government and utilisation of alternative funding sources by local government.
3. The capacity of local government to meet existing obligations and to take on an enhanced role in developing opportunities at a regional level including opportunities for councils to work with other councils and pool funding to achieve regional outcomes.
4. Local government expenditure and the impact on local government's financial capacity as a result of changes in the powers, functions and responsibilities between state and local governments.
5. The scope for achieving a rationalisation of roles and responsibilities between the levels of government, better use of resources and better quality services to local communities.
6. The findings of the Commonwealth Grants Commission <http://www.cgc.gov.au/> Review of the Local Government (Financial Assistance) Act 1995 of June 2001, taking into account the views of interested parties as sought by the Committee. The inquiry is to be conducted on the basis that the outcomes will be budget neutral for the Commonwealth.

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Committee met at 9.30 a.m.

BUSS, Mr Terry, Chief Executive Officer, Katherine Town Council

FORSCUTT, Mr James Baden, Mayor, Katherine Town Council

CHAIR—Welcome to today's proceedings in Katherine to hear the views of local government representatives from this area of the Territory. We will also take evidence in Darwin tomorrow. In this inquiry we are aiming to achieve a rationalisation of roles and responsibilities between the levels of government, better use of resources and the delivery of better quality services to local communities.

I remind you that, although the committee does not require you to give evidence under oath, the hearings are legal proceedings of the parliament and warrant the same respect as proceedings of the House. Therefore, the giving of false or misleading evidence is a serious matter and may be regarded as a contempt of parliament. We have received your submission and I must commend you on the work that you have put into it; it is a very good submission. Would you like to make an opening statement before we proceed to questions?

Mr Forscutt—Only to the extent that we thank the government for the opportunity to sit before you and make this representation. It is the concerted view of the council that this inquiry has been a long time coming and we commend the government on taking the initiative. Over the years it has been shown that there are disability factors. We hope today to show you that regional centres such as Katherine and others have a large area to carry and are not always recognised—not just financially—by the state and federal governments. I hand over to my CEO, who will take you through our written submission. Thank you.

Mr Buss—You have indicated that you have received and read our submission, but I will just go through it and raise some of the pertinent points in it. As you know, the inquiry was set up to report upon cost shifting onto local government and the financial position of local government. Our submission mainly touches on that latter aspect of the inquiry, although we do talk about some cost shifting examples. In our opening statement in the submission we indicate that there are approximately 730 local government bodies in Australia. The diversity in size, population and budget of each of these local government bodies also reflects the diversity of the roles and responsibilities of local government in Australia. No doubt, with the number of submissions you have received, that would be a common message from local government bodies throughout Australia.

Katherine Town Council and local government generally in the Northern Territory play a lesser role in the provision of regulatory services due to the fact that land use planning and building controls rest with the Northern Territory government. Taking those issues aside, we still believe that we have a fairly major responsibility and provide a range of different services, and they are listed on pages 5 and 6 of our submission. We also indicate that the most likely cause of friction between the layers of government in Australia will be arguments over funding—I guess that is why we are here—and sometimes we appear before our own grants commission. I have indicated some extracts from research that I have done. A paper was put together in the United Kingdom, in which the authors said:

... for local government to be worth the name ... it must be an alternative focus of power ... with substantial autonomy, buttressed by an independent tax base sufficient to meet a large part of its spending needs.

That was from a 1994 paper by David Butler, Andrew Adonis and Tony Travers on the introduction of the poll tax in the UK. On the other side of the globe and 10 years later that statement is still pretty relevant to local government in Australia. In our submission we state that we believe that our local authority is failing in certain areas to provide the range and quality of service expected by local people because we do not really have the income to meet that expenditure requirement. We go on to state:

In Australia, local government expenditure outstrips local government revenue. In 2001 the National Office of Local Government reported that for the 1998-99 financial year total local government expenditure was in excess of \$13 billion whereas total local government revenue was in the order of \$10 billion.

This is no different in other parts of the developed world—for example, OECD countries. The report indicates that Finland is one of the most fiscally autonomous local government areas in the world but that local government in that neck of the woods levies a local income tax and a local property tax and takes a slice of the nationally levied income tax. We go on to say:

... the gap between local government revenue and expenditure means that locally elected councils have less and less power to effect change at the local level.

Without going through the full paper, on page 9 we state:

... the following reforms could be considered:

Local government should raise a far higher proportion of its costs through a direct share in income tax raised by the Federal Government.

That could also include GST. We also suggest:

A direct share in income tax raised supplemented by rates should assist councils to become self-financing. The national rate of income tax would remain unchanged, councils would only take a direct share based on taxable income within its area, leaving the overall tax burden unaltered by any changes.

The Federal Assistance Grants would remain in place ... However, the level of Federal Assistance Grants would be greatly reduced with a corresponding transfer of other tax revenues to local government.

Local government should deal direct with the Commonwealth Government on issues of funding allocations thus eliminating the 'middle man' to achieve greater efficiencies in the funding process.

On page 10 of our submission we give a breakdown of our income for the last financial year: 48 per cent was raised by rates, 32 per cent came from grants, 14 per cent came from fees and charges—basically user pays—and six per cent was from other investment income and so on. We also indicate:

The pattern of our expenditure—

and this is not particular to Katherine; it applies to local government generally—

has changed over the last 20 odd years with the emphasis moving away from transport and communication more toward 'people services' such as recreation and culture, environmental, art and culture and heritage.

... within the Northern Territory the situation is quite unique due to the large amounts of unincorporated land.

Only about one per cent of the Territory's landmass is incorporated. We continue:

KTC's closest municipal neighbor is about 300 km to the north or 700 km to the south making it difficult for Council to pursue opportunities to work with other council's of like interest and pool funding to achieve regional outcomes.

That is one of the points of the inquiry. Attached to the submission are some letters which we sent to our Minister for Local Government regarding council's general purpose grant for this year. I will not go through that generally, but we were a little displeased with that and we fail to see how the methodologies provide such inequities in funding across local government bodies in the Territory.

CHAIR—Has there been an update on that since you wrote the letter?

Mr Buss—We received a response from the chairman of the grants commission, which we indicated raised more questions for us than it answered. We have responded to the chairman of the grants commission, but we have not received a response to that.

Mr SOMLYAY—Could you elaborate on that issue a little to get it into the transcript? Where are the glaring anomalies?

Mr Buss—One of the main things we indicate is that about 80 per cent of the Territory's population lives in the six municipal councils and the remaining 20 per cent is in the 59 or 60 community government councils. The main thing we pointed out—and this is on page 22 of the submission—is that when you take the six municipal councils and look at their population and what they receive in the general purpose grant, excluding the roads grant, it works out to \$30.13 each in federal assistance for the 80 per cent of the population in the six municipal councils. The remaining 20 per cent in the Territory receive \$131 in federal assistance just through the general purpose grant. When we take into account that the community government councils receive other funding through the Northern Territory government and funding for the operation of dumps and airstrips and when we take into account the funding that they get through ATSIC, we think there is a bit of a disparity in the distribution of funding.

CHAIR—Have you anything else you want to address in your opening remarks before we go to questions?

Mr Buss—No.

Ms BURKE—One issue would have to be the community council's ability to raise revenue versus the other council's ability to raise revenue. This would have to be one of the underlying factors, though, wouldn't it?

Mr Buss—That is an underlying factor, I guess. I am not an expert in the way that community government councils operate, but they do not charge rates although they do charge rent for their properties. But people who live in the municipal councils also pay rent, pay a mortgage or own their own home as well as pay rates. That is an issue. One of the points we raised in our inquiry is the issue of disadvantaged local government bodies. When you look at it

on a state by state basis, especially in the Territory, Katherine is considered an advantaged council compared to the community government councils. But when you look at it nationally, we believe we are disadvantaged. We compare ourselves to other local government bodies that are similar in size and local government classification as a URS or urban regional small council. For example, Ararat receive about three times the general purpose grant that we receive because they are considered disadvantaged in their state. That is the issue.

CHAIR—Do the land council contribute to any of the services that you are providing, either separately or collectively?

Mr Buss—No, they do not at all.

CHAIR—You talked about funding shortfalls; do you run a balanced budget?

Mr Buss—Under the Local Government Act we are required to run a balanced budget. The only issue that we bring to account, of course, is depreciation, which is on the income and expenditure side. So if you take depreciation into account, we do not fund our depreciation but we do run a balanced budget.

Mr NAIRN—I want to ask about the state or territory government authorities and paying rates on land. Attached to your submission is a letter dated July to the Chief Minister in relation to this issue. In particular, you point out the PowerWater Authority and the inequity there, particularly taking into account national competition policy. Have you had a response to that? To what extent is this a problem? How many properties in your area, for instance, are occupied by the PAWA and similar bodies that do not pay rates?

Mr Buss—In answer to your first question, we have not had a response from the Chief Minister at this point. We did a list, which we would like to table, of basically non-rateable properties in the Katherine municipality that enjoy either Commonwealth or state exemption from paying rates. They are places of worship, churches and that sort of thing or government departments. That amounts to just under \$100,000 that we are unable to collect in rates.

Mr NAIRN—I can immediately see that the properties of organisations like the PowerWater authority which are effectively required to work like commercial operations under the competition policy are fairly reasonable. Do councils in the NT receive any part of the payments that are made by the Commonwealth to the Territory government under national competition policy?

Mr Buss—As far as I am aware we do not.

CHAIR—Your submission talks about the problem of the town council being left to face public pressure when programs or services for which seed funding—initial start-up funding and so on—is provided are discontinued. Can you elaborate on that? How often is this happening, what sort of time frame are we talking about and what is the council's response—how do you handle it?

Mr Forscutt—I have been the mayor for 14 years and have been in local government in the Northern Territory and in Katherine for over 20 years. What has happened repeatedly is that the

government, God bless them, will allocate some funding for a special project—let us say for a sport and rec officer—and the council in their wisdom say, ‘Yes, we think that is a good deal,’ but a period down the track, two years maybe, the money is taken away but there is an expectation in the community that this person will stay to assist. I could talk to you for another half an hour on the regional aspect and what it means to give those young people the opportunity to have somebody like that in place. At the moment this council does not employ one. We had problems with it before—the money was cut off and we had to give it up due to financial circumstances. That is just one example. It happens repeatedly in those community areas that keep coming up at the government’s will. They believe it is a good idea, they ask us to consider it and take it on board and then they leave us standing. I am sure that I would find a lot of other areas if I went back to the minutes.

CHAIR—Another area you talk about is dealing with antisocial behaviour and public safety. Is that some sort of local policing? Does the council undertake that? For how long have you been doing that and what sort of cost are we talking about?

Mr Forscutt—Again, this relates to the regional centre aspect which we will talk about further this morning. We have a lot of people coming in from a long way out—700 kilometres away—who use Katherine as their regional centre. There are people from the west and people from the east who, culturally, cannot live together—or they can, but they find it very hard—and Katherine is their place of abode for periods throughout the year. With that comes a lot of problems. There are areas out there that have dry area legislation. That means nobody can drink on the community land, so those people who want to drink come to places like Katherine and that, without a doubt, is where the antisocial behaviour starts—with the drinking problems. We finish up with all the issues of child abuse and all the other problems that the major cities harp on about but we get 10 times more of on the main streets of Katherine. The council has set up committees with the Northern Territory government and with Aboriginal communities and others to try to resolve it. We have been doing that, to my knowledge, for the last 12 or 15 years and it is a continuous problem.

Mr GRIFFIN—What resources are required from the council to deal with those issues?

Mr Forscutt—For a start, our personnel are out there assisting the police. One of the things that we and the police are able to do is tip out the alcohol—that is one of the issues at the moment. The statistics I have seen show that in the last three settings when the police and council personnel were working together there were 37 arrests, about 14 moved on and 50-odd litres of alcohol tipped out.

Mr GRIFFIN—When you say ‘council personnel’, are you talking about youth workers or what?

Mr Forscutt—No, we do not have them.

Mr GRIFFIN—That is what I am not clear about. I am not quite clear about which council personnel and how much of their time.

Mr Forscutt—It ranges.

Mr Buss—We have two rangers who are dedicated to local by-law issues such as parking, litter control, moving on campers who are illegally placed and that type of thing. We have control of the river corridor. The rangers spend a lot of time—around 50 per cent to 60 per cent of their time—controlling that aspect of it. Litter is a big issue in the main street and in the river corridor. We would spend at least \$50,000 a year on what we call ‘emu bob’ contracts, where people on a daily basis go along and pick up all the rubbish. We have tried to address issues at their source but it just does not work. There are litter bins provided throughout the city or the town and the river corridor, but people just will not walk 10 feet to place it in a bin; they just discard it where they are and move on.

Ms BURKE—Other aspects you talk about in your report are accountability to local government and the notion of local community expectations and managing those expectations. A constant we hear from all the local governments is that they see their issue as providing what the community wants, but there will never be enough money to provide everything that all our good citizens would want everywhere. So I suppose I am looking at what you see as your fundamental role as local government. How do you see that being addressed? Is it more resources? Is it a better mix from the state commissions? Is it direct funding? What is it? How do you manage those expectations or don’t you? Do you think it is an endless pit—that we should just keep giving the community everything they want? And if you decide, ‘This is what we want,’ how do you then go about resourcing it?

Mr Buss—As indicated in our submission, over the last 20 years councils have moved away from those physical services—not moved away but the focus is more on the soft type services: libraries, community development type issues, and economic development, for example. At the same time, asset management and infrastructure renewal is still a big part of it and is a big cry from local government bodies. When you consider that local government in Australia provides about 80 per cent of the road network, that is a big investment that councils have to fund. So even though there is the perception that we are moving away, we still have that basic requirement, as well as waste management and all those issues. On the other hand, the community are expecting better services. They are expecting to be better informed.

There are no impositions but legislation that has been introduced where we have to consult with the community more—we have to put out our budgets, our community plans and that type of thing. They are all resource-intensive activities that we have to go through. I do not know the answer, to be honest. Councils raise the lion’s share of their income through rates and receive another reasonable share through the general purpose grants and the road grant. There is a shortfall in funding. As to how that is to be introduced to local government, we believe we should perhaps be dealing directly with the Commonwealth government. Local government, I believe, should be looked at on a national basis rather than on a state by state or territory basis. As I said, in the Territory we are considered an advantaged council, but when we look at ourselves and similar bodies—local government bodies nationally—we are well behind the eight ball.

CHAIR—You said in your submission that the Territory has just received a further \$73 million from the Commonwealth. Is any of that coming to local government?

Mr Buss—No, there has been nothing. We have actually raised that with the chief executive of the department, but his indication was that it comes to local government indirectly through

the services that the Territory government will provide. Of course, our response is, 'Yes, they are provided in areas where the Territory government will, I guess, get the greatest bang for their buck.' We would say, 'We would like some of that money so we could dedicate it to some of the services that our communities are asking for.'

Ms BURKE—You also said that you were sceptical about it. Do you have previous experience where you have seen money go straight to the state that has never filtered through? I suppose what I am asking is whether there is form here.

Mr Buss—I have only been with this council for 18 months. I would bow to His Worship, who has been here a long time and would have some examples of that. The other thing is that local government in the Territory is only young compared to local government in Victoria, New South Wales and South Australia, which are over 100 years old. This council is only 20-odd years old.

CHAIR—I want to go to some of the things you provide that you say that Territory government are expecting you to do but are not paying you for and what that is really costing. For example, you have regulations that you have to enforce such as planning and so on. What assistance, if any, do you get from the Territory government to do those sorts of things—like policing pool fences and so on?

Mr Buss—The pool legislation is a new issue—that is probably not a good example to draw on; it is currently being worked through at the moment with the Territory government, and local government has some reps on that committee. Libraries are an example. Although libraries have traditionally been undertaken by and seen as a role of local government, it is not written in the Local Government Act that libraries are our responsibility. For example, this year the gap between what we received from the Territory government and the operating costs for our library is about \$100,000—last year it was \$70,000. This year the operating expenses of the library have increased and our operating subsidy from the government decreased. That is one example. There are impending changes to the Local Government Act due to come into force in February next year. One of those specifically is devolving cemeteries to local government. Once again, there is no talk of funding in terms of shifting the operating of cemeteries from the Territory government to local government.

CHAIR—You would raise some money for services through user charges though, wouldn't you?

Mr Buss—We do raise some money through user charges.

CHAIR—Does it cover it all?

Mr Buss—No, it does not.

Mr NAIRN—Is there any restriction on you from the Territory government for increases in your rates? Have you ever had a rate pegging?

Mr Forscutt—No, we do not have rate pegging.

Mr NAIRN—On what basis do you make your decisions about rates for the next year—basically to keep the budget balanced?

Mr Buss—Generally, we try to keep any rate increases to CPI or thereabouts. Last year we were a couple of percentage points under the CPI. That had the GST spike in it, so the inflation rate was a little bit up; this year we are about a half a percentage point above. We generally work out what services we are going to provide each year, then we work out what our income will be across the board and we try to take into account what the community can afford.

Mr NAIRN—One of the things that you raised is that you look after the airport. That does not look after itself income wise and cost wise?

Mr Buss—The airport does actually generate an income surplus to operating expenses, which we reinvest into further improvements at the airport.

Mr GRIFFIN—You have in your submission:

Airport—a community lifeline and regional facility yet funded by KTC and user charges.

It sounds like you are saying it is being funded by user charges and you get revenue out of it.

CHAIR—Presumably, all the upkeep of the RAAF base—

Mr Buss—It is a joint facility, but there are two sides: the military side and the civil side. We have responsibility for the civil side—we have a lease with the Commonwealth on that facility. But since the council has had it, it has made major improvements over the last eight years. It is funded by user charges.

Mr GRIFFIN—You have spent X amount of bucks on it over that period. Have you recouped that in terms of the actual operation of the airport?

Mr Buss—Yes, we have.

Mr GRIFFIN—It is not really a financial burden then, is it?

Mr Buss—It is not a financial burden, but as a business venture it does not pay a dividend back to the ratepayers to supplement or offset—

Mr GRIFFIN—But it pays a dividend back to your operating costs, because you actually have the revenue there.

Mr Buss—It pays a dividend back to our operating costs, which we reinvest in developments at the airport.

Mr GRIFFIN—Frankly, I would not put it down as an additional financial burden then, as you have it on your submission.

Mr Forscutt—In relation to that, you could go back to the regional factor. A few years ago—God bless them—the government decided to cut out the two-airline policy, and that affected all of us in the bush. Katherine was one of those places that was copping little two- and three-seater aeroplanes. The Commonwealth again made those airport operations available, and this council at the time decided to take them over to try and improve the benefit for the community. That is all we have ever done: try to improve it. I think some of you came down on the plane this morning. Was it the Brasilia, as a matter of interest? Thank heavens. We have negotiated those sorts of deals to better improve the lot of the people in the rural areas of Australia. That is one of the reasons why we took over the airport.

Mr GRIFFIN—I am not questioning that. What I am getting at relates to the inquiry in this respect: there may well be activities that councils can take on—and currently some do and some do not—that actually could be a bonus in terms of the development of the community. It sounds as if, in your case, that is what the airport has been. There may be a range of circumstances as to why, but it sounds like that is the case.

Mr Forscutt—Most of us are interested in good order and good government.

Mr GRIFFIN—That is the idea.

CHAIR—I want to follow up on the question of Commonwealth direct funding of local government services. We have seen Roads to Recovery. Most councils seem to be rather pleased with that—not only with the money but with the system of direct funding. Do you think there would be merit in extending that into other areas of services, and, if so, where?

Mr Forscutt—Definitely the Grants Commission. Our council honestly believes that is the best way. The deputy chair asked a while ago about the possibilities of where we knew there were some moneys allocated. It is hard to prove, but we know that, out of our roads funding grants under the FAGs system, some major roads in the Top End of the Northern Territory were bitumenised. We were never able to get that actually identified, but it seems that we are always just those few dollars short of being allocated back from the money that comes out of the Commonwealth direct to us—it is in those sorts of areas. I am sure it is well identified that the minister for local government is talking about other areas of funding direct to local government. I do not know how many local governments have actually sat down and worked out whether that proposition is worth while. I am talking about the police and health and those sorts of areas, but I am sure that there are lots of local governments around Australia, particularly in some states that I am aware of, that look after a lot of those health problems—community health, those sorts of areas—on their own volition.

CHAIR—What about in Katherine?

Mr Forscutt—Katherine does not.

CHAIR—I suppose the other question is: would you support some form of accreditation to councils, if that were to be considered? If you could demonstrate your ability at a certain level to perform, then you would get the funding for particular programs. Would you support that?

Mr Forscutt—I would, definitely. Again, if you read through our submission you will see where we feel that, because we are being as efficient as we can possibly be under the circumstances, we are being penalised in other areas. We much prefer to deal directly, on the assumption that, being able to prove and to come out with some really good outcomes, it would be most beneficial to deal directly with the Commonwealth.

Mr GRIFFIN—For some of these tasks that have been mentioned—for example, policing or other activities like that that are currently conducted principally by the state—do you think it is feasible or desirable for, say, a council like Katherine's to have that option available to them to take them over?

Mr Forscutt—We would have to have a look at it. I think there are some good ideas in there. Having travelled to South-East Asia and seen what local government policing does over there, I would suggest that there are some benefits that could be brought to Australia, for sure.

Mr GRIFFIN—What sorts of benefits have you seen over there?

Mr Forscutt—Local policing on local roads—those sorts of issues. I do not know what happens in the rest of the states but, because of the vast distances we need to travel up here in the Northern Territory, there are many incidents. I am sure that local government—somebody with responsibility—could resolve some of the things that happen out there like bad vehicles and all those sorts of things. It would take some of the pressure off and let us look after our own roads.

Mr GRIFFIN—Do you see it more as a supplement rather than an actual taking over of the core task?

Mr Forscutt—Yes.

Mr SOMLYAY—I would like to ask the mayor about natural disasters going back to 1998. For how much are the ratepayers in Katherine out of pocket as a consequence of the floods?

Mr Forscutt—We took out a loan for half a million dollars. I think we still paying that off. That was the council's part of the direct cost of what the flood did to us. Of course, I think we are still paying for the actual personal cost within the community, with respect. It was a devastating thing. Katherine is not the only place that has had these floods. Alex, as you are aware, your state of Queensland has also had them. But it was quite devastating. It partly comes back to the question of what infrastructure we should put in place for the community, such as in sport and recreational areas, when we have all of these other major costs sitting out there, through no fault of our own as a council. That is where it hurts at the moment.

Last year Kalkaringi and Lajamanu had major floods out there. As a regional centre, Katherine was used as the relief area. They came and used our showgrounds, and everybody was housed, fed and looked after there. I suppose a major part of our submission is the fact that, as a regional centre, we play a major role in all the flood relief, even at Barunga and other Aboriginal communities. Daly River was another classic example. All of that relief emanated out of Katherine, to a degree, as a part of our region.

Mr SOMLYAY—How long will you be paying off that loan?

Mr Buss—The loan is over 15 years, so we have about 11 or 12 years to run. It is funded by the revenue we raise and is paid off each year. I will quickly add one of the other aspects of disaster relief. We were reimbursed in that particular instance, but one of the issues is that we have to actually spend our own money first and then claim it back, which sometimes places restrictions on our operations throughout the year.

Mr NAIRN—As a follow-up to something that Jim just said about Katherine being a regional centre for a lot of these communities, you mentioned in your submission that the nearest municipal councils are 300 kilometres to the north and 700 to the south so it is difficult to have any sort of cooperation. But there are a number of community councils close by in the region. I wonder whether there are opportunities for Katherine and those communities to work collaboratively. There must be equipment that you have that would be difficult for some of the smaller communities to buy. Some of them have possibly bought equipment over the years but it is not really an efficient way to own major equipment.

Mr Forscutt—Just before the flood, that sort of discussion was well in hand. I do not want to use it as an excuse, but it did not become a priority for us after the flood, because a lot of the smaller communities around Katherine want to retain their own identity, and rightly so—for instance, Mataranka, Timber Creek to the west and places like that. In the throes of it, we were discussing the possibility of using our staff here on a part-time basis to pay the wages, to look after some of their banking areas and to assist them, if that was required at the time.

I believe that some of those projects are still emanating from eastern Arnhem Land and such areas. I think they are great little programs, particularly as Katherine is the regional centre—again I come back to this. But those small communities are vehemently opposed to being the ward of Katherine west or Katherine east—and I can appreciate that—because they want their own identity. We have looked at it, Gary, but we never transposed it or took it any further than it was at that time. But it is being looked at. They are only small communities.

Mr NAIRN—Perhaps it could be done in such a way that they still have their own identity, but we have to get some efficiencies in certain circumstances.

Mr Forscutt—I remind the committee that, as the CEO said, 95 per cent or 96 per cent of the Northern Territory is unincorporated in local government. That lends itself again to major problems. If that came into force, maybe other programs could be put into place. But what about the land in between? We have all those sorts of problems, as you personally can appreciate, having lived up here before.

Mr NAIRN—Do you do any contracts or things like that on behalf of Transport and Works and other departments?

Mr Buss—Last year and in previous years we did undertake some contracts for the Department of Transport and Works—the Department of Infrastructure, Planning and Environment, as they are called now—but this year we did not win that contract, so at the moment we are not undertaking any.

Ms BURKE—In your submission you refer to FAGs not being on an annual basis and that you would like them on a longer lead time.

Mr Forscutt—Please.

Ms BURKE—That is an argument that people have put forward but other people have countered it by saying, ‘You know what you are getting each year; at least you know it is coming.’ From your perspective, would you rather have a four- or five-year cycle of funding?

Mr Buss—We point to Roads to Recovery, which is a four-year program. Councils know what they are going to receive—even though there was a bit of a glitch this year with the clawing back of \$100 million and it being spread over five years instead of four years—and at least there is some certainty in funding. We also point out that with the budget time frames—the Commonwealth budget comes out in May, council budgets are due in June and the Territory budget comes out in August—it is very hard to strategically budget and financially plan.

CHAIR—What you are saying is that probably the Territory government is giving you more uncertainty than the Commonwealth. The formula is there, based on the population and the CPI. On the surface, that is fairly predictable.

Mr Buss—I think that is true and that is why we indicated that we prefer to deal directly with the Commonwealth and cut out the middleman. There have to be some efficiencies.

CHAIR—Hear, hear! Thank you both very much for coming along today. Thank you also for the opportunity to use the Civic Centre; we certainly appreciate it.

Resolved (on motion by **Mr Nairn**, seconded by **Mr Griffin**):

That the committee receive the list of non-rateable properties as evidence to the local government and cost shifting inquiry.

[10.14 a.m.]

WOOLDRIDGE, Mr Raymond Stanley, President, Pine Creek Community Government Council

CHAIR—Welcome. Thank you for your submission. As I said before, although the committee does not require you to give evidence under oath, the hearings are legal proceedings of the parliament and warrant the same respect as the proceedings of the House and so the giving of false or misleading evidence is a serious matter. Would you like to make a statement before we proceed to questions?

Mr Wooldridge—This is the first hearing that I have attended, and I might start off by telling you a little bit about our town, its history and what we do. Pine Creek is one of the oldest towns in the Territory. It started off as a mining centre. Gold was discovered when the overland telegraph was being put in. At one stage it was the biggest town in the Northern Territory. It had a very high Chinese population. In fact at one stage it had a population of over 2,000 Chinese and 13 or 14 Europeans. So it has a great Chinese history. It has been a very strong mining centre over the years. The population base is currently about 650. We have one producing mine in the district—it is due to close in about 18 months—and there is pretty good potential for a second mine to come in. That is happening now. The joint venture has been agreed on and some active exploration has started again. So the future is looking fairly good. At the moment we have a big ADrail camp in town with about 195 people in it. Overall it is looking fairly good.

An agricultural industry has started in town, utilising waters from the old mine. Since the mango plantation has been cropping it has sold premium fruit at the Sydney auctions for the last five years. The crop comes in ahead of schedule, always two or three weeks before the rest of the crop around Australia, with particularly high-quality fruit. We think there is potential to develop an agricultural industry based on the water from the old mine. There are about eight million tonnes of high-quality water in the mine. We have started utilising that in the orchard and for putting a green belt through the centre of town.

CHAIR—Can you clarify the point about the water?

Mr Wooldridge—When the mine was closed down—it was an open-cut mine—a diversion was cut from Pine Creek to the mine. The idea was to fill the mine and try to stop the sulphides from oxidising. It was supposed to take three years to fill, but there was a record wet and the pit filled in one year. The water is almost of a quality where it could be pumped into the town water supply. It is just over the World Health limits for manganese. There are actually two mines. The water in the second mine is of very high quality, and that could be pumped into the town supply. It is a development that we think has some potential.

We also have what at one stage was the terminal of the northern Australian railway line. We have one of the original locos. It has been refurbished and the plan is to build a tourist industry, utilising the town as a working steam museum. We will be using a steam stamp battery, a traction engine and the steam train. We think the town's potential lies in the continuation of

mining and the mining services that the town provides, the development of the agricultural industry and a growing tourism market.

CHAIR—What contribution does the mine make to the council's finances?

Mr Wooldridge—It is not big. The mine employs about 100 people. They are fairly good contributors in that they will make equipment available, particularly in this close-down phase. They have donated pipe work for the green belt that we are trying to put in. They pay their rates. We have a dump levy and we charge businesses substantially more than the residential section. One of our problems is that, from 1994-95 to 2001-02, our funding has dropped in real terms by \$85,000 a year. That is a drop in our operational subsidy and in our FAGs funding. We received rubbish dump funding but our library funding is down. Even though our library funding is small and the reduction has only been \$2,000, it compounds. It is down by \$500 in the first year and \$1,000 in the second year. It means that at the end of 10 years you are looking at a shortfall of \$11,000 or \$12,000. It is the same with all the FAGs. We have just received news that our operational subsidy has been cut by 20 per cent. We were advised of this last week. That is another \$45,000 out of our budget.

That is hard to understand when Pine Creek has had local government for about 15 years and we are continually mentioned as being a good example of what community government should be about. We always have a balanced budget and we show good fiscal responsibility. There is never any hint of financial problems, the assets of the towns are building, each council has built on what the previous council has done and the reward is that you get your funding cut. I am negotiating with them at the moment but I cannot understand the concept.

Mr GRIFFIN—Are they are saying that the cut has occurred because you are more efficient or is it for other reasons?

Mr Wooldridge—One of the reasons is that the Northern Territory government—I understand that the current government is following on with the policy of the previous government—is trying to force the amalgamation or rationalisation of councils. Pine Creek is involved with the Top End triangle, which is a loose amalgamation of Pine Creek, Coomalie, Jabiru and Gunbalanya Oenpelli. Waruwu and Minjilang, another two Aboriginal communities, have joined the group.

We hold bimonthly meetings and we look at ways of getting better utilisation of our funding. We now go to audit as a common entity—the tender goes up as one tender—rather than as four individual councils. We have a standardised asset register and we are looking at standardised accounting. Each council operates different accounting packages and we are looking at how we can standardise them so that there is interchangeability of staff and an understanding of procedures between councils. We all worked on the development of animal control legislation and so on. We work together on that basis. You can maintain your autonomy yet still have the benefits of the councils working together.

Ms BURKE—As a group you would be opposed to amalgamation, though?

Mr Wooldridge—Personally, I am. I do not want to see the autonomy of Pine Creek go. We are long way apart and that is one of the issues. One thing that I do want to see is an extension

of the boundaries, and the four councils have been working on that. I cannot understand why all the stations are not included within our scheme areas. They use our roads, libraries and facilities but they pay no rates. I cannot see why the Sultan of Brunei pays no money in the Northern Territory.

Ms BURKE—So they fall between the gaps and they do not pay anything to anyone?

Mr Wooldridge—They are not within scheme areas and they do not get covered.

Ms BURKE—But the staff on the station are coming into town and, as you say, using your facilities?

Mr Wooldridge—Yes.

CHAIR—Getting back to these financial assistance grants, you have said that they have dropped quite a bit.

Mr Wooldridge—Operational subsidy is the big one. The FAGs have reduced by about \$12,000 over the 1994-95 period. Our operational subsidy has gone down \$53,000 and then another \$47,000 on top of that, as we were notified last week. The problem is that we do all our budgeting, we set everything in place, we set our business plan in place and then we cop a cut like that.

CHAIR—The general purpose grant went up from \$27,300 to \$38,487. When was that?

Mr Wooldridge—There was an \$11,000 increase there and a \$47,000 decrease in the operational subsidy.

CHAIR—Is this because of population variations?

Mr Wooldridge—I have been talking to David Coles, the director of local government, and arguing our case. They are reviewing it at the moment. The claim is that our revenue base has gone down. That is not the case at all. We have increased our dump levy and our rates are up. But in the discussion it appears that our rate base is not included in the calculation for our operational subsidy, whereas for councils that have non-rateable land, like the Aboriginal councils, which basically impose a poll tax, the poll tax is counted in the calculation. It seems to me that there is too much of an inequity. You cannot say that the poll tax is acceptable but that rates are not.

CHAIR—Do you charge a poll tax as well?

Mr Wooldridge—No, we do not. Most of our revenue is based on rateable land and our dump levy. Our dump levy varies from \$100 to \$1,500, depending on the volume. In my business, the rates are \$440 a year for the dump levy.

Mr NAIRN—Can I clarify what all these are. The financial assistance grants are from the Commonwealth; then there is the general purpose grant, which comes from the Territory government?

Mr Wooldridge—Yes; the operational subsidy comes from the Territory government.

Mr NAIRN—So that we get it on the record, what is the difference between the two, effectively? Are they just traditionally different buckets?

Mr Wooldridge—Sorry, do you mean the difference between the two subsidies?

Mr NAIRN—Between your operational subsidy and your general purpose grant.

Mr Wooldridge—They are historically two different buckets. As I understand it, there is input from other departments in the general purpose subsidy.

Mr NAIRN—It is just that there have been some dramatic changes, in that Pine Creek has gone up by 41 per cent—which is wonderful for you, except that your other subsidy has gone down—but then the general purpose grant for Katherine, which we just heard from, has actually gone down by five per cent. A lot have gone down by about five per cent, but some have gone up even as high as 90 per cent. I was trying to get a handle on the rationale for such dramatic changes from one year to the next.

Mr Wooldridge—I do not think any of us understand it. There seem to be some massive changes and you have to get in there and argue the case. The operational subsidy is based on revenue-raising and on population. Our population has not changed all that much. With the mine closing, we thought we were going to lose overall about 40 or 50 people, but with ADrail coming through there has been a substantial change. We anticipated there would be 120 people in the camp—this is the information they gave us. Now Pine Creek has turned out to be a larger staging area. They have a 200-man camp there and it is going to be running at those levels.

Mr NAIRN—The current mining is at Union Reef, is it? Is that Acacia Resources?

Mr Wooldridge—No, it is AngloGold.

Mr NAIRN—Which bought Acacia.

Mr Wooldridge—It was Acacia, yes. For the first time in the history of mining in the Northern Territory there has been a joint venture signed between Harmony Gold of South Africa—their operating company here is Hill 50—and Northern Gold. Northern Gold is a small company that has operated in the Adelaide River. They have done the Burnside joint venture. Basically, it now controls all the leases from Maud Creek south of Katherine to Bridge Creek and Chinese Howly up through to Adelaide River. They bought the Brocks Creek Mill and they have the Zapopan underground mine, so there is a large area and some fairly prospective ground all owned by the one joint venture. There is a good deal of blue sky at the moment.

Mr SOMLYAY—Let us just go back to the FAGs funding. The amount received by the Northern Territory has gone up by 5.2 per cent, so the NT is getting a bigger share of the FAGs funding relative to the other states because of population growth. Other areas are growing more quickly than Pine Creek so, although your population is not decreasing, your relative position is worsening. Is that why your FAGs funding is reducing when the Territory funding has actually increased by 5.2 per cent?

Mr Wooldridge—The calculation for our FAGs funding this year was based on anticipation of a reduction in population, and that has not happened.

Mr SOMLYAY—You get adjusted next year for that?

Mr NAIRN—Yes, you get it back.

Mr Wooldridge—Yes, but we had anticipated—we had to submit our numbers for this year last year—a population reduction. The other thing is that we do not have a large Aboriginal base, which affects that number. The Aboriginal population in Pine Creek is around 150 and there are about 500 non-Aboriginal people. The Aboriginals are mostly based at Kybrook, which is a farm on the outskirts of town. It falls within our scheme area. We are responsible for looking after the road and so on. Some of the funding for Kybrook comes through ATSIC. They run a CDEP program out at Kybrook.

Mr SOMLYAY—It seems unfair to me. If the NT funding is growing so quickly—by 5.2 per cent—but yours is falling, then there is something wrong in the system of allocation.

Mr Wooldridge—Yes, I know. There is.

Mr SOMLYAY—Well, what is the answer to that?

Mr Wooldridge—The answer is that the government are keen on forcing amalgamations, so there are incentives given to councils that are prepared to amalgamate. We can use the example of the Tiwi Islands. Their funding increased substantially because three councils and an association amalgamated. They had a massive jump in funding. The barrel is only a certain size and if there is a big jump in funding in one place, then cuts have to come from somewhere.

Our council was very keen on the Roads to Recovery program. It was direct funding from the Commonwealth government into our council. We are only small; our allocation over the four years was \$224,000. We got that in one sitting. We have identified a project. The town has been bypassed by the Stuart Highway and the moment that happened we lost all passing trade. There was a study done on the development of tourism within the town and the district. One of the things that was identified in that was that if we could get the entry to Umbrawarra Gorge through Pine Creek then it would bring in something like 10 to 15,000 visitors a year. The road out to Umbrawarra Gorge is only three kilometres south of town. First of all, I said it was not possible but, looking back on the old highway construction, I see it is really possible. We did some numbers and our work supervisors have done drawings. We need to get final engineering approval, but our estimates say we are going to do that job for about \$200,000. This application of our Roads to Recovery funding solves a lot of problems. There is no access from Kybrook Farm, the Aboriginal community, into Pine Creek without going on to the Stuart Highway. If we

put this redirection through, then the people from Kybrook have direct access to the town without having to go on to the highway.

There are no safety turning lanes on the Umbrawarra Gorge road. You have 300 metres of vision in a 100-kilometre speed zone. The Territory government will not fund turning lanes for us—they say that there are no funds to do it. We have been at them for years. Yet, Transport and Works will not allow us to put the road in and their sole reason is that operators from Katherine will have to drive three kilometres further into Pine Creek to access Umbrawarra Gorge. We countered that operators from Darwin drive three kilometres less and that most of the operators come from either Darwin or Kakadu, but that did not seem to go far. The argument coming from Transport and Works was that Pine Creek council should not be using Roads to Recovery funding to do those sorts of projects. We are the elected representatives in the area, it is our money and we will spend how we want to.

Ms BURKE—On that basis, then, would you see a system of accreditation for local government, where you demonstrate that you have done X, Y and Z and spent money, to be something that you would be—

Mr Wooldridge—That is excellent. We would support that totally. I go back to point that all the way along the line, Pine Creek has always been quoted by the Northern Territory Department of Local Government as being a responsible council and one that should be taken as an example. We do everything that we are supposed to do. Yet we cannot seem to get the support of the funding.

Ms BURKE—Do any of the mines that have been in the area support the road network, seeing that they put a heavy use on them?

Mr Wooldridge—When Goldfields were operating in the district, they were very good supporters of the town. They provided a lot of infrastructure, put money into the town and provided trucks for clean-ups. AngloGold initially did not provide a lot of support, but certainly in the last two years there has been a substantial change and they do commit quite a lot. They do not give us so much in cash, but they certainly give us things like equipment, which is worth big dollars to us in real terms.

Mr GRIFFIN—I am conscious of the time, but I have a quick question. Are there any particular activities that are currently done by the Territory government or the Commonwealth that you believe your council could take over and do more effectively?

Mr Wooldridge—I have quite often thought about health. We have a good clinic at Pine Creek. We are talking about a population base of 650 to 1,000 people per doctor. I do not see why Adelaide River, Batchelor and Pine Creek could not support a doctor and a proper health centre. I have not spoken to the other councils about this, but certainly I would like to see and work towards things like that.

Mr NAIRN—Coming back to the road to Umbrawarra Gorge, is that issue resolved now?

Mr Wooldridge—No, it is not.

Mr NAIRN—It just dawned on me that you are coming off the Stuart Highway. Stuart Highway is a national highway, paid for by federal government. It might be theoretically owned by Transport and Works as far as looking after things goes, but it is funded by the federal government. Roads to Recovery is a federal government program to the councils for the councils to use in the way they want to, within certain guidelines. Clearly, what you want to do would be within those guidelines. So I would have thought that you have a pretty strong argument to go back to Transport and Works or whatever they are called these days and tell them where to go, basically.

Mr Wooldridge—We have been arguing the case very strongly to them at the department level. At the last council meeting we made the decision to take the political route and go directly to the minister and argue the case.

Mr NAIRN—You should probably get support from the federal department of transport. They are the relevant funding bodies in both instances, and so I would have thought that you should be able to get that support.

Mr SOMLYAY—Yes; take that to the federal members and senators.

CHAIR—We are very close to time—

Mr Wooldridge—Can I just raise a couple of issues. There are things that we provide in our community. We had to dip into the barrel to get commercial television into the town. We paid half of our funding to get SBS. We raised the money to put in a commercial radio station. We only had the ABC, and that is fine for most of the people of my age bracket, but the young kids do not want to listen to the ABC and they want to have options. So we have to pay to put all of those services in that are taken for granted in the capital cities and larger regional cities. There are things in the transport and works area, such as Crown land within the town that needs to be maintained, particularly in the wet season. It needs to be slashed. The open unlined drains need to be maintained. Quite often the funding is not available. The council does not have any option but to get rid of a fire hazard or a health problem, and so we need to spend money on it. None of that is reimbursed—it comes out of our funding.

We should not be putting our operational subsidy and so on towards community assets to improve the quality of life, but we do not have any option. A lot of that money was raised out of the business community and out of the town itself, but there are still the ongoing contributions that we make. For aged care, we had a grant for a bus to transport our people for doctors visits and those sorts of things, but there is the ongoing cost of maintaining that bus, paying the driver's wages and so on. Again, they are costs that we get imposed on us that you do not necessarily get when you are in the bigger centres or capital cities.

CHAIR—As there are no further questions, Mr Wooldridge, we thank you very much for that contribution. We appreciate the time and trouble that you have put into giving us a submission and coming along to talk about it today. It certainly will help us with our work.

[10.43 a.m.]

WORMALD, Mr David Keith, Town Clerk, Barunga Manyallaluk Community Government Council

CHAIR—Welcome. Although the committee does not require you to give evidence under oath, the hearings are legal proceedings of the parliament that warrant the same respect as proceedings of the House. The giving of false or misleading evidence is therefore considered a serious matter. Would you like to now give us an overview of the submission that you have put before the committee?

Mr Wormald—Thank you. I will try and overview it. Firstly, I make this submission with a background of 42 years experience working at senior management level in municipal councils, and five years working as a consultant, including doing relieving work in Aboriginal communities in the Territory and in the Kimberley Region of Western Australia. The things I would like to talk about are underresourcing, fiscal equalisation, accountability, service contracts and insurance premiums. I have not been at Barunga Manyallaluk very long, and so I might find it a bit hard to answer a lot of individual questions particularly about that council. Up in the Top End, town and council clerks leave in a hurry and, because I am on the relieving list, people ring me up and say, ‘Will you come up and help us out for a few months?’ I am staying here a little longer because of something I will tell you about when I get to it.

I made the point in the paper that Aboriginal community councils are grossly underresourced to carry out their responsibilities properly. I have also made the point that they have a number of administrative responsibilities that are far greater than municipal councils’. Those responsibilities are listed on page 2. The underresourcing really does lead to problems, because people find it difficult to employ enough staff and staff of the qualifications needed to do the job. That results in communities quite often becoming dysfunctional, overexpending and not complying with accountability requirements. Somehow, most communities I come to seem to be in that category.

I believe the bottom line is that communities need more funding to be able to attract competent, qualified staff to do the job properly. I have made the point in the paper that most grants in remote community councils are tied. At Barunga Manyallaluk during the last financial year, 77.5 per cent of funding was received from grants and 22.5 per cent was other income, about half of which was rent. The rent money is tied in a way, because you really need to spend that on housing maintenance. Basically, more than 80 per cent of funds come from grants.

I want to tell you a little about what is happening the Katherine East region. We are fairly well on the way to forming what we call the Nyirranggulung Mudrulk Ngadberre Regional Authority which will provide a central financial administration, shared use of resources and greater purchasing powers, whilst each community will still be responsible for its day-to-day administration and service provision. The communities involved in these negotiations are Barunga, Manyallaluk, Wugularr, Weemol, Jodetluk and the Jawoyn Association. One of the reasons I have decided to stay on a bit longer is to try and see them through to that. I have quite great hopes that it will make a difference. In terms of resource sharing, you could let a big

contract for road works, for example, in all of the communities at once. There are a lot of advantages in doing that and I am hopeful that that might make a difference. Having said that, it will still cost to set it up, and I suspect there will still be some underresourcing. But time will tell with that.

I want to say something about surveys. In communities they take an enormous amount of our time. We seem to have people coming in all the time doing surveys and talking to people. It is almost like an open house. It probably means that governments and government instrumentalities have mountains of information on which to base their Aboriginal community policies. In the seven months I have been helping out at Barunga we have responded to some 18 surveys. Now some of those surveys take about a week, because they come into the office and talk to you on a number of occasions, ask a lot of questions and then employ a local person to talk to households in the community. I could almost say that they run you ragged. A lot of them come at short notice. With short staff and not a lot of people to do the work, it takes a lot of our time. I thought that was something that ought to be mentioned.

Ms BURKE—Who is actually conducting them? Are various government departments doing them?

Mr Wormald—Yes. ABS is one of the favourites. They are pretty big with it.

Ms BURKE—So they often come up?

Mr Wormald—I did not make a list of them but I had a look through. I do a monthly report to council and I went through it and had a look and there were 18. On Thursday I got notification of another one that is coming up next week. It is more or less ongoing; there is virtually a survey of one kind or another going on the whole time.

Mr NAIRN—Do you find there is duplication in those surveys? Is a lot of the same information being looked for, as part of the surveys?

Mr Wormald—The only surveys that I could say were duplicated in the past few months since I have been there were about insurance and I want to say something about that later.

Mr NAIRN—Sorry to interrupt.

Mr Wormald—It is all right; by all means interrupt. I think what I am saying is that there needs to be more funds allocated for expenditure in communities in the short term—and I know it is not easy—in order to achieve long-term gains. Education and training, local council services, health care, housing, employment, child care, assisting and developing economic ventures, and sporting and recreation activities to help people feel good about themselves are all important.

If ‘location, location and location’ are the keys to proper property investment, which we are told they are, then ‘education, education and education’ are the keys to achieving self-sufficiency in Aboriginal communities. However, education will not happen on its own unless general living conditions can be improved to create the right atmosphere for learning. I could elaborate, but that is probably enough to say about it. I have given a lot of thought to this and I

do not know what the answers are exactly, but education with the young is probably the answer for self-sufficiency and improving things. There will have to be more resources put in, so that the atmosphere can be created so that that can happen. As you are probably aware, a lot of children are not attending school, and so on. The school teachers and the people at the school tend to blame the community people for it, and the community people blame the school. When people are living in substandard conditions and are getting only a couple of hundred dollars a week on CDEP or Centrelink payments, it really is not very easy for them. It is really quite difficult.

I want to talk quickly, if I can, about fiscal equalisation. You are probably all well aware that, back in the late 1970s when the federal government decided to have revenue sharing grants with local government, it was done on a fiscal equalisation basis. Of course, what happened was that the capital cities and a few others that were fairly rich did not get any grants. They formed a lobby group and the government, of course, weakened and changed the rules so that a percentage of these funds were based on population growth. The net result of that was, of course, that the rich councils got richer and the poor councils got poorer. I thought the idea was that when these grants were first given out they were to have an even spread so that all councils had a fair share of available resources and could operate on a reasonable level, as compared with other councils. Once population growth came into it, that did not happen. I appreciate that with the voting strength in the populated areas it is probably not going to change but I have to submit, on behalf of the community, that fiscal equalisation would be the proper way to handle it if we were really trying to be equitable.

With regard to accountability, in municipal councils where property rates and various service charges form the majority of revenue and there is very little reliance on tied grants, accountability is fairly easy. The auditors more or less do it in an annual report and it gets done. But in Aboriginal communities, which rely very heavily on tied grants, accountability can, quite frankly, become a nightmare. I am fairly experienced in what I do. I have been doing it for nearly 50 years. Even though I am getting older I reckon I am probably still doing my work as quickly as I ever did, if not more quickly, because I am a bit more experienced than I used to be. Accountability, quite frankly, is a problem for me. Many of the funding bodies insist that money be kept in separate bank accounts, rather than just in a ledger with different ledger accounts. Bookkeeping and reconciling all these accounts takes a lot of time. I know of one council at one stage that had 15 separate bank accounts, 15 separate chequebooks, 15 separate pay-in books and 15 separate sets of records. It really is not easy. A lot of it has to do with the way the authorities deal with their accountability.

CHAIR—Is this both Commonwealth and Territory?

Mr Wormald—Mainly Commonwealth, but partly Territory. ATSIIC are probably the biggest offenders—and I will come to that in a second. Accountability arrangements often require councils to submit copies of payment vouchers as well as print-outs of the various ledgers, written reports on what has been achieved, and audited financial statements. To give you some idea of what happens, I have cited an example in the submission about a little problem we have got at Barunga with the HACC program. Under the HACC program, our ladies in the women's centre feed about 16 old people. Every three months, they have got to fill out a 19-question form on each of these people, and they have to keep statistics on all the meals that are issued, in order to be able to do this. Most of the women in our women's centre are grandmothers. They

have only had limited education, and keeping statistics and filling out forms is pretty difficult for them. I do not know how you would get on if you were very remote, say out at Daguragu or somewhere like Larjamanu.

We are a bit lucky because we have got a very cooperative field officer who comes out from Katherine every three months, after I have made a phone call, and helps the ladies fill out the forms. Because of traditional arrangements, I feel obliged not to go to the women's centre; that is women's business and I do not feel it is my place to go in there, and so we get somebody out to do it. When I checked about these forms recently, I was told that they were very important and were sent to Canberra every three months and read and checked in Canberra. That might be the case, but the reality is that in communities where people doing this work have got limited education that requirement does make life difficult.

One other thing I wanted to briefly talk about—and this is not in the submission—is ATSIIC. I got a letter from ATSIIC last Thursday. I was not very happy about it and I rang and told them so. It says:

According to our records, your audit has not been received by ATSIIC. This means that you are now in breach of section 26 of the terms and conditions of your grant. Please refer to your letter of offer.

No further releases will be processed until your audit is received.

I try very hard, day and night, to keep the council running properly and to comply with everything I should and keep it right up to date. The fact is that it is impossible to get an auditor to come out and get these books of account and these audit things done in three months. It is just impossible, because there are only about four major audit firms which operate in the Territory. Their priorities are probably their big corporate clients and their bigger councils in the cities, and so why would they want to come out to a community and live in fairly ordinary conditions for a week to do an audit when they have got corporate clients to do in Darwin?

The fact is that our auditor is supposed be coming out today. They could not come out any earlier. Yet ATSIIC are telling me that they will not give us any more of the grants that we have got due to come—and I might add that our ATSIIC grants this year are a bit over \$200,000—until we complete the audit.. Surely ATSIIC must understand, after all the years they have been doing it, that in remote communities it would be more reasonable to allow people four months—an extra month's grace—to do it. But, no, they allow three months. The Territory government, in their wisdom, allow four months—because they are realistic and they understand that we cannot get it done any earlier. Some of the authorities need to get a bit real, because it really is accountability gone mad.

Ms BURKE—Do you also think there needs to be better coordination? Why audit twice, if you going to demonstrate to two different authorities? If you are doing it four monthly, you can do your ATSIIC one and your state one together.

Mr Wormald—I am probably a bit emotional about this and I should not be, but I was upset about it because I am really trying not be in breach of anything. I was really very cross when I got this letter. By the way, I suspect that probably almost every council in the Territory is in breach, because I doubt very much whether very many people would have been able to get their auditors here to finish their audit by the end of—

Mr SOMLYAY—Have you taken this up with ATSIC?

Mr Wormald—I sure have. I am probably not very popular with them. I rang them straight away, as soon as I got it, and had some words to say about it.

Mr SOMLYAY—What was their reaction?

Mr Wormald—I have the feeling that the person I spoke to thought that we should do it. I tried to explain to them, and they said, ‘Oh well, if you’ve got cash flow problems, then set it all out in a detailed letter to us and we will consider giving you an advancement.’ I said, ‘That really shouldn’t be necessary. You should know.’ In fact, it is a standard letter. I suspect nearly every Aboriginal community in the Territory has got it. Anyway, that is that. Funding bodies really need to conduct a serious review of their accountability requirements. With modern information technology there has got to be a better way of doing it.

I want to briefly talk about service contracts. Most Aboriginal communities have service contracts or agreements with government instrumentalities to assist in providing such services as power, water, sewerage, Centrelink, post, airport maintenance, policing and so on. Most authorities require councils to sign a detailed legal contract, placing considerable responsibility on them so that if something goes wrong the council can be held accountable. Yet the staff administering these contracts generally have limited education, and councils receive only a bare minimum of fees to provide the services. I have quoted the example where Centrelink pay us for 15 hours for an officer who works 20 hours and sometimes longer to be able to provide a proper service.

When the Centrelink contract came around a few weeks ago, I found some 21 clauses in it that I believe are unfair to council. When I tried to negotiate alterations I was told that the contract could not be altered and we had no choice but to accept it otherwise our people would not get a day-to-day service. So we signed it. I must say, though, that their PR was very good. They were very polite and they took note of all the points I raised and said that they would feed them to head office for consideration when the contracts were revised.

I can understand the various instrumentalities being miserly to protect the public purse but I think some of them overdo it and do not fully take into account the additional difficulties in providing services in remote areas. I have no doubt, in my experience over the last five years, that many local communities subsidise some government services. I am saying that there should be a revision of the wording of some of these contracts in association with the relevant local government associations.

I was not going to talk about insurance premiums but I thought I should in the end. You are probably sick of it because the whole world is talking about it. I will be brief. The outrageous increase in insurance premiums in recent times is a particular problem with Aboriginal communities. Firstly, we rely on grants, which do not have incremental increases; and, secondly, we have quite serious revenue-raising disabilities. In my own community the only real revenue that we can raise is rent and a small service charge. With people on Centrelink and minimal wages under CDP how can you increase it?

Our insurance premiums this year went up 32 per cent or \$17,000, which might not seem very much but it is a lot in a small community budget. They have said no, they will not insure the airport any longer and they may no longer insure the Barunga Cultural and Sporting Festival, which is an important Aboriginal festival. It may be covered—we are waiting for advice on that—but the airport is not. I have had to ring everybody who uses the airport to tell them that they are not allowed to use it because it is not insured. I am waiting on finalising some maps of the airport, which I had to go down and measure up and draw up, to get the insurance company to give us a quotation on what it is going to cost.

Power and Water and other people fly into to pick up water samples. The airport, I believe, is relatively safe. As far as I know, we have never had a claim on the airport or on the Barunga Festival, yet we have to pay all this extra money to get them insured. I believe that the Barunga Festival, at best, has to be in doubt and I am almost certain that the airport will be closed. Once the quote comes in, it will be too dear and we will not be able to afford it so we will have to close the airport. I know that governments are doing a good job and doing their best to deal with this crisis but I make the point that for Aboriginal communities with such a high reliance on grants this is a problem. We have applied to the Territory government for a special purpose grant—I am not really confident that it will come through—to help us with the \$17,000. The risk is that we could well not be insured for the last three months of the year.

That virtually completes what I want to say. However, I need to say that, despite the lack of resources and substandard living conditions, there are many great people in communities who work very hard, quite often beyond the call of normal duty, and with very little pay to maintain their communities as best they can. Barunga Manyallaluk is no exception to that. But more help is needed if living conditions are to be improved and self-sufficiency is ever going to be achieved, which, one would hope, is what we are working towards.

I ask your committee to give serious consideration to recommending the provision of more resources to Aboriginal communities to improve living conditions and to work towards self-sufficiency; the reintroduction of fiscal equalisation as the basis for distribution of federal assistance grants to local and community governments; a review by funding bodies to simplify grant accountability requirements; a review by government service authorities of the requirements of government service contracts with communities; a realistic increase in government service contract fees to communities; and special consideration by the relevant funding authorities to assist communities to cope with the dramatic increase in insurance premiums.

CHAIR—Thank you, Mr Wormald. We certainly appreciate the detail you have put in.

Resolved (on motion by **Mr Somlyay**, seconded by **Ms Burke**):

That the submission by the Barunga Manyallaluk Community Government Council be accepted as evidence and authorised for publication as part of the inquiry into local government and cost shifting.

CHAIR—On the question of form filling, accountability and so on, do you see some scope for moving towards a form of accreditation for the councils?

Mr Wormald—Yes, I think that would be a good idea.

CHAIR—Would it be a workable alternative?

Mr Wormald—I have always felt that accreditation is important. I would have to qualify it, though, by saying that if governments wanted to do it seriously in remote communities, we would have to up the ante a bit with qualified people, otherwise it could become fairly difficult, I suggest.

Mr GRIFFIN—It could mean a few more forms, too.

Mr Wormald—Yes, but as a general principle I am in favour of accreditation of companies and individuals. I belong to a couple of professional organisations and, even though I am getting on a bit in years, I still do my share of learning and that sort of thing to try to keep up with it all. So I think yes, but it would need to be done fairly carefully, and communities would need a few more resources before you could seriously take it on in remote communities.

Ms BURKE—You say that one of the reasons you are sticking around is to see a good working relationship with a few of the other councils or community councils coming together. Is there an abhorrence of the notion of amalgamation, as well, in your neck of the woods, or do you see some economies of scale coming through having either amalgamations or some form of regulated sharing of resources and things?

Mr Wormald—I have great hope for that. In fact, I came up here on a six months contract to help out, and then I was to appoint someone else and go back. When I was invited to stay on, one of the reasons I agreed was to try to see the council through to this, which we call Nyirranggulung, but it has some other names in it. What we hope will happen is that they will actually be formed into only one council—there will be only one council, which will be the regional authority. Each council will have virtually a community board which will run things locally, and each board will have representatives on the main council. So it will be only one council.

From what I can gather, negotiations about this have been going on for two or three years, and it is only really in the last few months that we have really got down seriously to getting closer to it happening. A number of studies are going on and the Territory government, of course, is heavily involved in helping us put the thing together. So the short answer is yes, and I think it will make a big difference. There has to be a lot of useful resource sharing. I think what will probably be the biggest winner is the central accounting function, because remote communities find it quite difficult to get qualified people—bookkeepers and so on—to come and do the accounting in a community. If we have a CPA, say, in Katherine looking after the accounts for all the councils, I think it will make a big difference. As far as I am concerned, that is on, and I am hoping it will happen before I leave.

Ms BURKE—The majority of your funding is Commonwealth, though, isn't it? Do you get much—

Mr Wormald—Yes, probably on balance it is.

Ms BURKE—Do you get a FAGs operational—

Mr Wormald—Yes, we get ops sub money from the Territory government. It is probably mostly federal—and through ATSIC, of course.

Mr NAIRN—I notice that the general purpose grant has basically stayed about the same for you—a very small decrease—as opposed to some of the other councils we talked about before, some with very large increases and some with quite substantial cuts. What happened to your operational subsidy?

Mr Wormald—I think it stayed about the same.

Mr NAIRN—The general purpose grant was down about \$500, but we heard from Pine Creek that their general purpose grant went up by 40 per cent but their operational subsidy was cut. They had just learnt that it was cut, essentially.

Mr Wormald—I think ours might have been cut a little, but I do not think it was by very much. It might have been about \$5,000.

Mr NAIRN—It is not really amalgamation that you are doing, because a number of these organisations are not currently community governments. You are really forming an authority to share services and things like that, rather than an actual amalgamation.

Mr Wormald—It is true that some are not community governments, but I have just assumed that they will be when this is put in place. The local government people have come down from Darwin and are looking at putting together what we call a constitution, but it is really a local government scheme. That is being worked on now. I presume that once that scheme is put into place they will become local community government councils.

Mr NAIRN—They will be individual community government councils working in a cooperative sense under some sort of regional authority rather than one big community council, will they?

Mr Wormald—I think it will be the other way about. As I understand I, the regional authority will be the council and then each community will operate as a community. That is what we are working towards, anyway.

Mr SOMLYAY—Going back to the surveys that you have been forced to participate in—at a cost—did you ever see the results? Is there any benefit to you?

Mr Wormald—Occasionally. That is the best I can say. Sometimes we never hear any results at all. ABS generally send you a summary afterwards. I must admit they are pretty competent: they send you a nice coloured brochure and at least a summary of what has happened. But no, quite often you do not see the results. I am probably getting a bit cynical in my old age, but it upsets me that we spend so much time on these surveys and nothing much seems to change.

Ms BURKE—What is the benefit of doing them? If they are gathering information, isn't it toward some end? Are you seeing any end from the information they are gathering?

Mr SOMLYAY—That was my question.

Mr GRIFFIN—Surely part of it is the fact that there is so much public criticism—sometimes accurate, often ill-informed—about what goes on in Aboriginal communities that departments find themselves in a situation where they are almost forced to gather more and more information to show that they are in fact doing the right thing. That is partly because of the nature of the way some of this stuff is reported.

Mr Wormald—I can fully understand how it happens. I sometimes think the only real way to find out what goes on is to go out and live there for a while. You really find out then. Even going in and out for a day or two is not enough. I have lived in this community for seven months now, and in others where I have worked. When I do consultancy work I will not do it from home. I like to actually live in the community while I am doing it. It is the only way to really get a handle on it and you really find out what things are like.

Mr GRIFFIN—How do you attract good staff to conditions such as those? What is the key to that—remuneration?

Mr Wormald—I wish I knew the answer. Remuneration must play a part. I am doing a short consultancy and getting less than the previous council clerk, but then I am well past retiring age and I am happy to contribute and work for a reasonable fee. But when I was in the full-time work force there was no way I would have come to a community because I could get double the money somewhere else. So money has something to do with it.

Mr GRIFFIN—But there is no career structure.

Mr Wormald—There are probably other things. I make the observation that in every community I have worked in—and that is quite a number now—if there is a town not too far away the teachers and most of the white staff leave town. You never see them. Out at Barunga I do not see many white people around on the weekend at all. They just leave town. One assumes that a lot of people do not like living in a remote place. Yet there is a river there, you can fish, there are plenty of places to go for a walk, and I find it quite enjoyable, but I am probably the odd person out. Money should have something to do with it, but I think there are other factors. People probably do not like uprooting their families and coming to a remote place.

Ms BURKE—Does it also go back to your other point about educating the locals so that they are the ones taking on the roles—people who like living in those places and in those communities?

Mr Wormald—Having lived in all those places, I happen to think that if you can get the social living structures right so that people have things to do and they feel good about themselves then education has some hope of succeeding. But at the moment, when they are under-resourced and people are not getting enough money to properly feed their children and all those sorts of things are happening, education is going to be difficult.

Proceedings suspended from 11.15 a.m. to 11.30 a.m.

PAILTHORPE, Mr Terence John, Chief Executive Officer, Coomalie Community Government Council

CHAIR—Welcome. I remind you that, although the committee does not require you to give evidence under oath, the hearings are legal proceedings of the parliament and warrant the same respect as proceedings of the House. Therefore, the giving of false or misleading evidence is a serious matter. Thank you for your submission. Would you like to make an opening statement before we proceed to questions?

Mr Pailthorpe—I would like to give you some examples of the effect of cost shifting on Coomalie council, and particularly to give you an indication of the range and subtlety with which these things happen. I would like to categorise them as ‘sleepers, creepers and stingers’. Sleepers occur when a tier of government starts an activity or makes a decision which does not directly impinge on local government in the short term, but later on does so. When it devolves to local government later, the opportunity to object has passed us by. A good example is swimming pool fence legislation, which is just coming in. I have Clare Martin’s press release. It talks about how the government is going to do all this, but on page 2 it says:

However, the legislation will allow for powers over pool fencing regulation to be delegated to other bodies in the future.

We all know who all those other bodies are. We all know that in a remote area like Coomalie it is very expensive to have a qualified inspector come down to look at a pool fence, and the revenue would not cover it.

A second example is the regulation made at federal level regarding the weight of trucks. Over the last 15 years the legal maximum weight of trucks has increased significantly, and yet local government is still building bridges based on the current loading of trucks. I have spoken to people in Canberra about this and they say, ‘Your grants reflect the extra cost that you have to incur for your roads and bridges.’ I do not believe that the increase in road funding in any way compensates for the increased requirements for road standards. There was an inquiry into timber bridges a couple of years ago, and that is a good example.

Another example for Batchelor would be the dump. Our dump sits over a dolomite layer—which, as you know, is a porous rock—and that rock layer extends all the way to the Darwin River dam, which is Darwin’s water supply. There is a possibility that leachate from that dump could get into that porous rock layer and get down to the water supply and pollute Darwin’s water. It is an extremely remote possibility, but pressure is being put on council to relocate its dump and to monitor the old dump. At this stage the onus has been put on the council to find a site and to do the environmental studies. Considering that the dump has been there for 60 years and that Coomalie council has been there only for 10 years, we feel that the Territory government should take on a bigger involvement and recognise its obligations.

My second category is creepers. These are where a matter is introduced that is so small it is hardly worth arguing about but, as the years go by, these matters mount up. For example, the police asked the council to hold wrecks from highway car accidents at its works depot. This we did, in a spirit of cooperation. When the time came to dispose of the wrecks—and just recently

there have been six of them at any one time—the police said that we had to dispose of them at our cost and that they were not empowered to contribute to the cost of disposing of wrecks from highway accidents.

The new rail line which goes through Adelaide River goes over a bridge, and the construction authority have agreed to revegetate under the bridge, but they will not mow or water it. We have pointed out to them that it is in the rail corridor and therefore is their responsibility. They say suddenly, ‘No; our rail corridor is up there and the ground is down there—so you mow it!’

The Territory government provides much information about the Territory on the Internet. However, to access their sites you have to pay Octa4 a fee of \$55 per month. I believe this is because Octa4 handle the virus protection. If you take \$55 per month for every council in the Territory, this is a lot of money. The government should install its own virus protection and not pass the cost on to councils.

The third category I want to talk about is the blatant ones: the stingers. Most of them are covered in the LGANT submission which you will be looking at tomorrow. I am particularly referring to the Aboriginal Community Police Officer Program. I will summarise what happened in Coomalie. It was the local police who approached council saying, ‘Will you support the application for an Aboriginal police officer?’ When we did, we were told we had to provide suitable office facilities and a vehicle, and we had to meet the ongoing vehicle operating and replacement cost and provide housing. The government were going to provide uniforms—good on them!

To save costs during the dry season, the Department of Infrastructure, Planning and Environment reduced the frequency of mowing of vacant crown land. This had two results: one, there was a poor visual appearance, which reduced the amenity of the towns; and, two, there was a potential bushfire hazard. Council complained about these problems. In Adelaide River the department promptly handed over several kilometres of river foreshore and said, ‘They are now yours; you mow them!’ There is nothing you can do with these pieces of land, because they are flood prone and they are along the river. They are used as open space. This is a good example of how an authority have just divested themselves of a responsibility. In the LGANT submission there is also a section on the cost of providing media, and how councils in the Territory are asked to subsidise commercial channels, ABC, FM radio and various other communication devices. As a council, we are not getting fair compensation for that.

A major factor facing councils—and it has been mentioned this morning—is expansion into unincorporated areas. Coomalie Community Government Council was set up about 10 years ago. At the time of setting up, it requested the government to bring the roads up to an acceptable standard. An engineer was engaged and he estimated the cost to bring them up to an acceptable standard to be \$10 million. That is hearsay information that has been given to me. The government offered the council \$1 million. The result was that we got the roads but not the money, and so we did not really get anything. My council is still fuming over that. When we hear talk about moves for more unincorporated areas to come into the council’s responsibility we are, as you can understand, very apprehensive about whether promises of bringing the roads up to a reasonable standard will ever be honoured.

I know this inquiry is about cost shifting, but in this particular case there is also the problem of public relations shifting. At the moment, the unincorporated areas do not pay rates. When they come into a council's area they will suddenly have to pay rates. The council will, of course, be the bad boys and the government will, of course, say, 'We don't charge the rates.' If they were fair dinkum they would start to charge an equivalent rate now and wear the public relations fallout that will arise from that.

CHAIR—Thank you. The committee is rather taken with your interesting description. We might borrow that. Are you sure you do not have a copyright on it?

Mr Pailthorpe—No.

CHAIR—Going back to the question of access to government information over the Internet, is that for councils only or for anyone who wants to access the Northern Territory government?

Mr Pailthorpe—I think it is for those on the .NT.gov address. I have not been able to find out what a member of the public would pay, but I am sure they do not have to pay that. But it is a flat charge and you cannot get around it.

CHAIR—That is very interesting. You talked about the community police officers. Have you quantified how much that move has cost you?

Mr Pailthorpe—Council decided not to proceed with that, so it has not cost us anything. But the running costs of a vehicle would have to be 10 grand a year: you buy it, depreciate it, put a radio in it and maintain it. In Coomalie's particular case, we do not have a house for an officer.

CHAIR—Has the Territory government now provided additional resources to help keep good community order in your area?

Mr Pailthorpe—We have our standard, normal police. We do not have any Aboriginal officers who can attend to those particular cultural problems.

CHAIR—If you had such officers, would the community benefit measurably?

Mr Pailthorpe—Yes, it would. We have a severe problem with drinking in open areas. Our Aboriginal population would be around 27 per cent, which is not as great as a lot of community organisations but, because we have the Batchelor Institute of Indigenous Tertiary Education in our area and it is a dry campus, a lot of people will come out of the campus area, go to the pub or the club, get takeaways, sit in public areas and consume those supplies.

CHAIR—Has the Territory council been approached to try and find additional resources to cover this?

Mr Pailthorpe—We simply did not have the money.

CHAIR—But has the Territory government?

Mr Pailthorpe—I have spoken to the police and they said, ‘No. Those are the rules.’

Ms BURKE—A case of ‘If you want this facility, then you pick up the tab’?

Mr Pailthorpe—Yes; you would have to pick up the tab for that.

Ms BURKE—‘We will pay the bloke, but all the other equipment and resources must be met by the local community’?

Mr Pailthorpe—That is right.

Ms BURKE—We have heard a consistent theme today about the way that the FAGs are distributed by the state government here, by the state’s commission. Are you having the same sort of problem with both the level and the application of how the funding is worked out by the state government?

Mr Pailthorpe—I would have to say no. I think that we got inflation last year. The only way that we can see to get more money is to fiddle the rules.

CHAIR—Would you like to expand on that statement?

Mr Pailthorpe—I have been told by other CEOs that, if you go to an unsealed road, run down it with a bitumen truck and spray bitumen without rock, it is then classified as a bitumen road, and it affects your grant. We do not believe that that is the right thing to do.

CHAIR—Is that being done? I am not suggesting that you would do it, but are others doing it?

Mr Pailthorpe—People have said that the way to get money is to re-examine every road in your area. Coomalie has gone through and made sure that every road that it has that fits the classification is put on as a road, and we have our road register up to date. That is probably why we held our ground last year. But we have not done any fiddles like that.

CHAIR—I was not suggesting that you had.

Mr Pailthorpe—But that is what it is open to. Perhaps you need more elements to the methodology. In other states, the formula for it is very long. The various parameters of input in the Territory are shorter than in other states. Perhaps you need random inspections to keep everybody honest—because, as was pointed out earlier, it is all coming out of the one bucket, and so, if someone gets more, someone else gets less.

Ms BURKE—So you would be in favour of some notion of accreditation, such that there be standards set and that each local area—

Mr Pailthorpe—Yes, there should be standards set. I am not saying that educational constraints should be put on staff, because staff are hard to get. But certainly if your staff were better educated there would be more responsibility to the ethics of the profession. I was very

concerned recently to see an article in the *Northern Territory News* which said that the Northern Territory University was going to cut its bachelor of business degree, which produces a lot of CEOs. At the same time one of my staff who is doing the certificate 4 in remote area local government will be the last person to do that, because they have stopped that course. So where are we going to get the accredited people who have a semblance of ethics? Certainly interchangeability also produces a more common standard. So, yes, I would be quite happy to see some rules for accreditation.

CHAIR—I think the deputy chair was also raising the question of accreditation for local government to take on other responsibilities—for example, a community policing program. Do you see that as a way in which local government taking on those additional responsibilities would be accounted for?

Mr Pailthorpe—I think the proposed change in the accounting code and accounting systems for the Territory will open up the possibility of that happening. At the moment we fill in a monthly form which goes off to the department, and I doubt if they really have time to examine that. They are now looking at a quarterly form which will be submitted electronically so that they will be able to set benchmarks and ratios. They are particularly looking at cash flow so that they can work out your quick ratio and your working capital ratio very soon after the end of the quarter. That should show trends in how your cash is going, which is where a couple of councils have run aground recently. Electronic submission—modern technology—will help with accreditation, and the new accounting system will mean that the add-ons that will be needed will not be very expensive at all.

Mr NAIRN—What drastic thing happened in Coomalie over the last 12 months that meant you ended up with a 65 per cent increase in your general purpose grant while Katherine, for instance, got a five per cent cut?

Mr Pailthorpe—We put in for a cemetery.

Mr NAIRN—So you went from \$81,000 to \$134,000?

Mr Pailthorpe—I have only been here for 12 months. We could have had a drop a couple of years ago and only be picking up now. That is probably more to the point, but I was not here then. I know that this year we took on some new responsibilities, particularly with the cemetery, and our thoughts got through to the decision makers.

Mr NAIRN—In your submission you talk about the Rural Transaction Centre program. Is there an RTC established or being established in Batchelor?

Mr Pailthorpe—We researched it. We had a business plan meeting—it is now compulsory under Territory legislation to have a business plan meeting and invite the public—and at that discussion not a lot of interest was expressed in a rural transaction centre, because we already have Centrelink, a post office and two ATMs in Batchelor, and they are the basic functions that start up a transaction centre.

Mr NAIRN—Have you a Medicare easy claim facility in Batchelor?

Mr Pailthorpe—Yes. That is at the supermarket as well. Keep in mind that we are only an hour from Darwin. Assuming you are fit enough to have a licence—and not everyone in the community is—and you have a car, the various services in Darwin are quite accessible. The free legal service comes to Batchelor too. A lot of the things that a rural transaction centre would do for the town are already there. There is a rule that the thing should be self-funding but there is also a rule that you cannot take on a business that anyone is already doing in the town. So, given that these services were already being done by someone else there, the amount that we could bring new to the town was quite small.

Mr NAIRN—Is there a Centrelink office in Batchelor, or is it an agency?

Mr Pailthorpe—It is an agency.

Mr NAIRN—You are not doing too badly for 1,500 people, in that sense.

Mr Pailthorpe—Maybe Coomalie is a little different from some places.

Mr GRIFFIN—Following on from the point in your submission regarding the rural transaction centres, it seems you are saying that from both a local government point of view and a federal government point of view there are a range of examples of where cost shifting is, in effect, occurring. One of the things we have been asked to look at is the question of whether in fact some services currently being done by others might better be done by local government.

Mr Pailthorpe—Are you talking about creepers?

Mr GRIFFIN—Creepers that may have started off as sleepers and could end up stinging! In that context, what is your view on the likelihood of arrangements being made with state or federal government to provide an exchange or an adding of responsibilities, if you like, to local government that could be done in a situation where the funding was proper and effective?

Mr Pailthorpe—If there were a proper funding base, and if the community wanted it, I could see advantages in the council taking over other functions. At the moment we only have nine employees, five of whom are part-time librarians, and so we have a very small staff, and staff absences are severe. If we had a bigger base from which to work, we would have more employees and then one absence would not matter. Perhaps we could offer a few more traineeships—we only offer one at the moment—or we could offer an outdoor traineeship. I can see a lot of benefits from cooperation with the government in offering services—but, again, given that we have such a low rate base, we would have to look at reasonable subsidies to provide those services.

Ms BURKE—Do you work in cooperation with any of the other community councils around you? Are you doing any of the things that others have been citing today about working with the other communities around you?

Mr Pailthorpe—We are part of the Top End Triangle and we have looked very much at the joint use of things. We are sharing the auditor, and we have looked very hard at setting up a fringe library system. We were interested in that but it turned out it was not good for Coomalie, because we are on the highway and we can do our book exchanges, so we felt that yes, it was a

good idea, but it did not particularly suit us. We are joining investigations into reducing the number of software packages—not everyone using the same software package, but at least a few groups getting down to only three or four instead of about 12 different types. At present we have a GIS PC set up, which is available for use by other councils, but at the moment it is on Windows 98 and we have to put it on Windows 2000, and so it is not quite functional yet. But, yes, we have looked at those sorts of things.

We have managed the grant for the Vernon Region Fire and Weed Project, which not only covered a few councils around here but virtually the Top End—they were setting up a weeds management strategy—and we did that in a spirit of cooperation with the general people in the Top End. There is a lot of participation that can be had there, but keep in mind that at the moment we contract all our heavy earth moving, toilet cleaning, dump maintenance and garbage services—we only have one small truck and a tractor—and our mowing is contracted out. If you asked if we do work for Transport and Works, the answer would be no, because we do not have that facility. We feel it is better to have minimal equipment so that when the wet season comes, you say to your contractor, ‘See you later’. We have no standing costs, and that is working well for us.

Ms BURKE—You do not have any massive overheads with infrastructure with machines sitting idle half the time. Does your neck of the woods have a view on amalgamations?

Mr Pailthorpe—We just believe they are going to happen. We do not have a yea or nay view—we just believe they are going to happen. We accept that our boundary will come down about halfway with Pine Creek and will go up to about halfway with Litchfield. We have a map with all those boundaries on it that all the councils have looked at. Our argument, as I mentioned earlier, is that we are not going to take over a run-down area and then expect that the rates are ever going to get those roads up to a reasonable standard. At the moment they are only farmers’ roads but as soon as people start paying rates they are going to complain and say, ‘We want the road as good as that fellow’s ones, because we are paying the same rates.’ That is what we would see. We think that it is inevitable. We are not objecting to it; we just want to make sure it is done properly and not like last time when we got caught.

Mr NAIRN—Planning is the responsibility of the Territory government’s planning authority. How is Coomalie involved in that planning process these days? If a development is put forward for your region, you presumably get to comment on it.

Mr Pailthorpe—Yes, we get the chance to object. Luckily, at the moment two of our councillors are members of the planning commission. They are mostly concerned with the urban areas: the planning is perhaps more detailed in the urban areas and not a lot goes on, other than subdivisions, in the rural areas. We have the opportunity to put our comments in. In the last couple of ones, the letter from the council has been fairly standard, which is, ‘We object to this proposal; however, we would remove our objection if this, this and this were done.’ Then I get called to the local hearing, which is held in Batchelor, and they say, ‘How can we get around these objections?’ Normally we have been able to do so. Either they have made it a condition of the development consent, or we have talked about it and said, ‘Maybe that’s not quite so relevant.’

Mr NAIRN—I guess my question was whether you find that you can get conditions in those developments such that, as a council, you do not end up out of pocket, so to speak? If there are new subdivisions et cetera, you do not end up with having to wear some of the infrastructure costs, and you get the things you would like to see done as part of the impact of that development being carried out by the actual developer rather than by the council?

Mr Pailthorpe—So far we have been able to achieve what we want. The only problem is where we want, especially with rural subdivision, proven water on site but they are accepting an expert's piece of paper which says that there 'should' be water on site. We believe there is quite a difference between a proven bore and the likelihood there will be a bore. We had one the other day where the proven rate was half a litre to one litre a second. You cannot live on that, let alone do any agriculture.

CHAIR—Thank you. We have no further questions. We certainly appreciate your submission and your taking the time to come along today. It will all help with the preparation of our report.

Proceedings suspended from 11.58 a.m. to 2.15 p.m.

MAISEY, Mr Graham Donald, Chief Executive Officer, Numbalwar Numburindi Community Government Council

CHAIR—Welcome. The session this afternoon is going to be a little less formal, but we will go through the formal part first.

Mr Maisey—Rose River Mission is the largest and most remote Aboriginal community in Australia. I have been the CEO out there for five months, after the council fell into some mismanagement situations, and I am trying to wrest it back. My interest in this inquiry is academic only at this stage.

CHAIR—I remind you and everyone else that, while we do not require people to give evidence under oath, the hearings are legal proceedings of the parliament and warrant the same respect as proceedings of the House. Giving false or misleading evidence is a serious matter. Mr Maisey, perhaps you would like to make a short statement, before we proceed to questions, about some of the issues you see in this inquiry.

Mr Maisey—Numbalwar is one of three community government councils that are incorporated under the Local Government Act in the Northern Territory. There are issues that I see as relevant to this committee, and the committee may wish to investigate further. I take the comments from the Katherine shire that in order to use the word ‘government’ in your title you ought to be able to govern. One of the principal questions that I pose to this inquiry is whether or not community government councils do in fact have any authority to govern at all. Under the Native Title Act, the authority that would normally fall to these councils is transferred to the various councils, in this case the Northern Land Council, the Central Land Council and other councils.

So the issue really is whether or not the cost shifting to councils in fact has any significant meaning to community government councils. If you want to follow that particular case a bit further, the question that I would pose to you under the public moneys requirements is whether or not monies can be spent in areas that are dominated by the Northern Land Council where the TOs treat the council areas pretty much as their own domains.

CHAIR—Would you like to expand on that a bit?

Mr Maisey—Yes. Community government councils have what are called schemes, and there are 20 or 22 points in those schemes that transfer some of the governing authorities under the Local Government Act to the councils. But, in effect, the real issues—like changing the structure of, for example, the town council—are limited by virtue of what is permitted under the Northern Land Council and the traditional owners’ rights of, if you like, eminent domain.

Ms BURKE—So if you are dealing with an issue, who then has the ultimate say over what happens? For example, with a typical thing that councils do like sealing a road, do you have conflicts about who gets to say when and how the money is spent?

Mr Maisey—That is an interesting point. None of the roads are designated as having any significant meaning, except those areas that fall within the town council's boundaries. At this stage, I do not see any major problem with servicing the areas that are already used as public thoroughfares within the council area, but when you get to the main connecting roads the issue really comes down to whether or not federal moneys or any other moneys can be spent repairing those roads. There is really only one major road that runs through the 48,000 square kilometres that make up the Numbalwar community government council. That is the road from Nguka to Gove, up to where it connects to the eastern Arnhem Highway at Mount Eveola. Those roads are currently not recognised as either state or federal roads. To study its history, it looks as though it is an Aboriginal road which was revamped by the Army when it was wanting to carry out some exercises.

We get very little money to maintain those roads—in fact, about \$100,000 for what amounts to a road that is about 100 kilometres long. It is barely a road. It is a five-hour drive from Numbalwar into Katherine and more than a third of that is over deep sand, billabongs and impassable road. You need a four-wheel drive to even consider going along it. So there is no road access into Numbalwar. All of our goods are supplied by barge. We have a bitumen airstrip, which services the community from the point of view of medical services and communications, but Numbalwar does not really enjoy any of the facilities that are commonplace normalcies within these sorts of areas.

CHAIR—Where is that \$100,000 coming from?

Mr Maisey—That comes from the state government. That is a roads grant for us to keep the access open.

Mr SOMLYAY—What are the sources of your income?

Mr Maisey—We have a CDEP program out there. As I said, we are one of the largest Aboriginal communities in Australia and at the same time one of the most remote, so we operate a CDEP program, a Centrelink operation and a post office. The little bit of money we get from managing those things finds its way into the untied funding area.

Ms BURKE—What sorts of activities does your local council run? What are the main activities?

Mr Maisey—We look after the community. We have a fairly extensive NT Health service out there. We have three certificated nurses, and a doctor is funded by the Mjewatc community's management people. We operate a school out there, which has strong connections both to our Northern Territory University and the Batchelor. We have an RTC that is going to be opened in the next few days. So most of those facilities are incorporated into the town. The town's revenues are about \$7 million a year—that is from all sources—and it operates a fairly balanced budget, or will do from now on.

Ms BURKE—What is your population?

Mr Maisey—It was 1,205 at the last count. It is a bit hard to interpret that, because the statistics also showed that we had a 21.9 per cent population increase. That may in fact be

driven by what was on in that community on the day they did the last census, but 1,205 sounds like a pretty reasonable figure from my estimate. Some 105 people would live in the 10 out-stations that are operated from Numbalwar and the balance would live in the town.

Ms BURKE—What is the percentage of Aboriginal population?

Mr Maisey—The Aboriginal population would be 95 per cent.

Mr NAIRN—Does the council look after any aspects of the out-stations at all?

Mr Maisey—Yes, we have a homelands committee within the council that manages that. The council is made up of 10 different clans and they all have their own out-stations. It is a fairly large council administration. All of those bodies are represented by two people per clan.

Mr NAIRN—So effectively you are already operating some of the services that are being talked about in terms of whether local government would take on various services. You said you operate the health services. Is that under the auspices of the council on behalf of NT Health? Do you have a contract with NT Health? How does it actually work?

Mr Maisey—They actually carry out the day-to-day administration of it, but many of the services they offer are in fact handled by the community—like aged care, respite, family and youth affairs, alcohol abuse—

Mr NAIRN—So the people who are doing that are actually employed by the community?

Mr Maisey—Yes. We get a little bit of money from the Northern Territory government as well to allow us to top up the CDEP funding for services that we do operate but it is a fairly long bow. I take note of some of the comments of the previous speakers about whether or not we have the expertise to manage those affairs as well as they are required to be managed.

CHAIR—How would you suggest that should be handled? We are always conscious of the fact that taxpayers' money has to be accounted for or we get it in the neck.

Mr Maisey—The previous speaker raised the issue, fairly eloquently I thought, that maybe there should be more funding for better quality administration. I would encourage you to look at that particular aspect as carefully as you can because properly qualified people out there are pretty hard to find and they are very heavily stretched at the moment for the expertise that is required.

Ms BURKE—If you wanted to get something audited, what would you have to do?

Mr Maisey—We are audited by a firm that operates out of Gove. Our audits are up to date. At this stage the final auditor's report is in the process of being printed and then it will be signed off. I think that is more a reflection of where we have come from, which was a period of fairly extensive mismanagement. In fact, the Numbalwar community showed a loss of \$1.19 million last year and \$660,000 for the year before. They are fairly extensive losses by any measure. But the community has now turned around and the first month in the new financial

year showed a surplus of just under \$100,000. This was mostly from the change of management of the store, which is now officially operated. The non-tied financial areas for Numbalwar are the store, which is budgeted to produce about \$700,000 of untied funding for this year, and a workshop, which should in a normal year produce about \$300,000 to \$400,000 from fuel sales and maintenance. We think we will go fairly well now but, as the previous speaker said, getting quality administration is a difficult task. More money needs to be allocated to quality administration and needs to be necessarily related to performance on the ground.

CHAIR—What is the link with the land council in terms of funding?

Mr Maisey—There is no link—we get no money from the Northern Land Council. The only money that comes into Numbalwar is that which it generates from profits from efficient business administration within the community, from ATSIC through CDEP and the grants which it makes available via Mjewa, and from local government from its grant funding and, of course, the Roads to Recovery funding from the federal government.

Mr NAIRN—Is the land council a liability in some respects—just a name and that is it?

Mr Maisey—The problem with the land council is that under the Native Title Act a lot of the authorities which would normally be embraced by the Numbalwar Council are overruled by the Northern Land Council, which is the land council that operates in that particular area. If we wish to, for instance, start gathering gravel for road repairs or establish a market garden operation to show more independence within the community or develop a recreation area, we would have to firstly negotiate with members of the Northern Land Council, through the traditional owners, as to whether or not those activities could take place. It is very restrictive in terms of where the council can move.

Mr NAIRN—Are the losses in the last two years that you have talked about a debt somewhere and who is it to?

Mr Maisey—It is not technically a debt; it is funds that were expended without proper acquittal programs being put in place. So while the funding authority might recognise that we spent \$300,000 on sport and recreational services within the community, because of the unprofessionalism of the administration it could not be acquitted correctly. The funds were spent but the necessary acquittal processes were not properly followed, resulting in this \$1.1 million gap between the funds which were received into the committee and the acquittal terms which allow the funding authorities to be satisfied that the funds were appropriately spent. Hence the need for more professionalism at the administration level.

Ms BURKE—So you would see a system of accreditation for councils as being something that would be worth while introducing?

Mr Maisey—Very desirable. I am not quite sure how it would work, but if there were a method by which we could avoid some of the heavy procedural requirements that go with proper acquitting of funds, then yes.

Ms BURKE—And do you spend your life filling in surveys as well?

Mr Maisey—Pretty well—that is, not so much me, but the other two or three professional members of my staff do.

Ms BURKE—How many staff members do you have?

Mr Maisey—In a professional sense, three. There is an accountant and, if you like, a pseudo bookkeeper.

CHAIR—Thank you for that. That was very helpful.

[2.31 p.m.]

KRIVEN, Mr Franz, Acting Regional Manager, Aboriginal and Torres Strait Islander Commission

WATTS, Mr Sydney, Acting Executive Level Officer, Aboriginal and Torres Strait Islander Commission

CHAIR—Welcome. As I say to everyone, although the committee does not require you to give evidence under oath, the hearings are legal proceedings of the parliament and warrant the same respect as proceedings of the House. The giving of false or misleading evidence is a serious matter. Would you like to give the committee some of your thoughts on the issues that we have been discussing today?

Mr Kriven—I would like to make the point at the outset that a written submission is being made by the state office of ATSIC. They will be doing that tomorrow. I will not be speaking primarily to that; I will be speaking more to present the local views. In Katherine, there is an ATSIC region which has the Garrak-Jarru Regional Council. Unfortunately, the regional council chairperson is unable to be here today. He is based out at Robinson River, which is about 1,000 kilometres westward. The nearest town to that is Borroloola. But we felt it was important that, because our regional council is so strongly involved with all these issues, I take the opportunity to present some of the views that are regularly put at council meetings.

The first thing I would like to say is that regional councils have the responsibility of developing a regional plan for the improvement of the social, economic and cultural status of Indigenous residents. This is for all Aboriginal people that live in the region. The land councils have a responsibility to look after traditional owners, and not all Aboriginal people in the community are traditional owners. I think it is true to say that the residents are probably more dependent on ATSIC looking to their interests and being an advocate for them. The land councils, because it is their statute, principally look after the traditional owners. Sometimes there is a sense of the non traditional owners being left out. I think there are even difficulties in the way the Land Rights Act does not give equal influence to all the different cultural roles that are played or that people have. Not everybody is a traditional owner—some people are in charge of ceremony; some are in charge of disputes—and I think some of those people do not get as much of a say in things when everything is based just on traditional owners. The reason for saying that is that the council does look to the interests of all residents.

The other thing is that, even though they are required to develop a regional plan and their job is to encourage people to implement and look after that plan, the truth is that a lot of it is done in person and verbally. The written plan is not always so useful, yet the work the regional council do when people talk to them and get their input into planning is phenomenal—it is absolutely important. You should not assume that an ATSIC regional plan on its own is the key to getting the Indigenous perspective on what is happening in a region, because a lot of the knowledge is in the collective group. Most councillors, especially in this region, are pretty well connected. They know families in out-stations—they know the state of their sheds, the state of their car and the last time they had it serviced and the last time they ran out of petrol and had to

borrow money. They know each other very intimately. The input of the regional council is at its best when there is face-to-face dialogue, so communications with people making presentations to each other's councils would be a recommended way of tapping into that expertise and knowledge. The councils certainly have concerns about cost shifting. There is concern about cost shifting on to ATSIC to fund what should be funded by local government, state government, Commonwealth government and other bodies. I am sure you have heard this over and over again, but it is a very significant thing and something that is very strongly felt.

CHAIR—This is a new variation.

Mr Kriven—It is insidious. IHANT, the Indigenous Housing Authority of the Northern Territory, is a very important body which has pooled money from three sources—the Commonwealth housing department or something like that, the Northern Territory government and ATSIC—and set up a board to administer that and look after Indigenous housing in remote areas. Even there, at the last IHANT meeting, the commissioner proposed that 10 per cent of IHANT housing in very remote areas should be used for things like housing local teachers. There is a strong feeling that local people are disadvantaged in service provision. For example, if you are a police aide recruited locally you do not get a house but if you get somebody from outside the town they get a house. This is seen as an inequity and a devaluing of the locals. Our council would say, 'No, that's the wrong thing to do. You don't use IHANT money to pay for the education department to provide a school; the education department should provide that.' So too you do not use money intended for Indigenous residents to pay for the police department to provide the police aide with a house. This cost sharing does sneak in.

Of course it is very expensive in remote areas and the remote area organisations, which are very often non-government organisations like resource centres, are often called on to provide services—banking, courier services, messenger services, fax, telecommunications and a whole range of things. In the street here you would call at the local chemist and make a photocopy or go to the newsagent and send a fax. You have commercial suppliers for things like this, whereas these bodies are required to provide these services—very often out of resources which are given to them for a fairly limited range of activities, so they are providing extra services—because the extended infrastructure is not there. It is very expensive out there and our council is very concerned that we are subsidising in a huge way services that other people take for granted. Road building has been mentioned. Most of our aerodromes in remote areas are maintained by CDEP workers. That is double dipping. You have people on CDEP building something that you would expect—it is a lifeline, an absolutely essential thing to have in a remote community, because in the wet you cannot drive there and are just totally isolated, so if your airfield is not working—

CHAIR—Can you please explain why you say 'double dipping'?

Mr Kriven—The CDEP worker is working for the dole, and so you are getting his labour for a very small amount.

Mr NAIRN—What else should they be doing? Isn't the whole idea of CDEP that they do community projects? Isn't the airstrip a community project?

Mr Kriven—I would think it is an essential service.

Mr NAIRN—What should they be doing, then?

Mr Watts—The scheme should be topped up and they should be paid an appropriate wage to do the jobs that local government people are doing. That is what it basically comes down to. Who are you training to take over your jobs?

Ms BURKE—Your argument would be that in another local government area—say, in Katherine—they would have a contract, people would come in and you would pay them specific wages and they would do the work whereas in remote areas it is people on CDEP.

Mr Watts—In remote areas it is really left up to CDEP participants to do everything.

Mr Kriven—Yes. In a sense, I am trying to say that if they did not do it the service would be much poorer or much slower in happening, but it is cloaking the fact that they are not really being included in the full range of opportunities for living in Australia as others are.

Mr Watts—It gets to the point where you get tired of getting up and picking up rubbish, cleaning the airstrip, emptying bins. It is the same old mundane stuff or Work for the Dole.

Mr Kriven—One of the valuable things about people living in remote areas is that, if things went the way our council would like them to go, there would be a local legacy. We are aware of stories of fishermen coming into the areas along our coast in the Gulf of Carpentaria. They employ people from Asian areas who live on the boats, they buy their bait from somewhere else and they take the crabs and do their fishing. There is no legacy from that. They do not buy their stuff from the local shops, they do not buy their nets from the local dealers and they do not spend their money locally. There are a lot of activities where the locals are not involved. There is no ongoing legacy. Things are taken away and the economic value of the area is lessened.

That is true also in mining. There is some attempt to give work to locals, but the way it goes in many cases is that there is not a commensurate or proportionate legacy. Our council is very concerned that there should be a legacy for any economic activity that is local, and it should be left there. And if there is local development, the local people should be involved in it. It is a strong message that does not seem to be understood. One of the reasons is perhaps a different understanding of partnership: Indigenous people think of a partnership as each having their own role and doing it, not looking over their shoulder at the other person's patch. If the locals have a job to do, they do it. It is sort of a separate responsibility. There is a sense in which decisions are made elsewhere for the benefit of people elsewhere—rather than admitting that the locals should have some independent and genuine say in what is done.

Mr Watts—Especially on a per capita basis, if you are talking about the percentage of Aboriginal people in remote communities, the idea is that if I were to apply for a job in local council in town I would be paid award rates and my entitlements and rights and all that other stuff would be at an acceptable level. But if you go out into the community it is okay for a CDEP participant to complete the same tasks and requirements as the person in town. There is inequity not only between local government and communities but also between incorporated communities and non-incorporated communities. There are also inequities between individuals and groups in communities.

My biggest issue is that it is not about cost shifting. You could take the money and put it over here, but it is about what is not working—and what is not working is people management. The local government, ATSIC, Centrelink—whoever you wish to talk to—all need to sit down and take an holistic approach. They need to all understand that they are doing it for children. Out of all this, children get left out: money, legislature, admin requirements, financial responsibilities and all that get involved, and the child down the bottom is missing out. You are speaking about a level of income and then you are also speaking about a level of training and development and professionalism. I notice that in there it says ‘qualification accredited’.

If we continue to head down this road of saying, ‘How are we going to save money?’ we are not addressing the underlying social issues. All we are doing is saying, ‘Really, it is that organisation over there’s responsibility or that is Health’s or Education’s.’ If we are not going to sit down and look at it on an holistic basis, we are not going to address cost-shifting—because people are just going to be shifting it around as to who can do it, who can do it better, who wants to do it and who should do it.

Mr Kriven—Coming back to the business of services in remote areas, one of the things that came up again at an IHANT meeting was the great need for quality inspectors of work done in remote areas. Houses in the past have been put up very badly. Nowadays, that has been addressed fairly well with the IHANT program. But even there, the biggest difficulty they are facing is having qualified inspectors who can look at the various infrastructure and projects at different stages and certify that they are happy with them. In the past, local community government councils have been given the job of certifying that these things are okay, when they did not have a building inspector on hand and they did not have real knowledge.

I suspect that is still happening to some degree, but IHANT is onto it and our councils are onto it and we will certainly be saying to our regional staff not to say it is okay if they do not have the resources to say that it is okay, because then the indemnity is gone. If you say, ‘This is good enough’ and sign it and then a year later it is not good enough, you are liable. So we end up spending our money to correct work, and we have got millions of dollars worth of houses that we are bulldozing that were never done properly. It is so tragic that you spent money that really was enough to a decent job and you did not get a decent job and so now you have to spend more money that belongs to somewhere else.

Mr SOMLYAY—Where is that?

Mr Kriven—In remote areas, along the eastern side and up in Arnhem Land, over the top.

Mr NAIRN—With most councils these days, I think the onus is on the builder to provide the certification. So if you are letting contracts to building companies, surely the way around that is that the certification has to be provided by the builder, and so the builder has got to get the qualified person to do the certification. Local government has been doing that in most parts of Australia for at least a decade.

Mr Kriven—That is true. The trouble is that a lot of these builders just collapse, the moment you put the pressure on them to do the repair work. It would really be better to be pick them up earlier, in the inspection stages. Some of these functions are very expensive. I believe that the cost of building is increasing now—maybe it was the Olympics or whatever, and tradesmen left

the country to take the work and now they are not really coming back. Good builders now just say, 'We will do it when we can. We will tender if you ask us to, but we won't start for six months,' and that sort of thing.

Ms BURKE—I am getting a sense of a lot of duplication about who is responsible for a lot of these things. Is it the state government, ATSIC or local government? Coming from Victoria, I would have said housing is the prerogative of state government; but is that one of the big issues that we have here? Who at the end of the day is responsible? There is a fair degree of overlap. Are those sorts of things happening?

Mr Watts—I think you have internal and external factors there, concerning who is responsible. It comes down to who owns it. People are not going to go for local government if they do not feel a part of it and if they do not feel there is a certain ownership aspect there. Then there is having a knowledge about that organisation, and also respect. If you have not got all of that you are not get down the responsibility line because all you are going to get is finger pointing: 'It's not my job; I don't know how to do it; I shouldn't do it; I am not getting paid for it.'

Ms BURKE—'That is ATSICs responsibility, it is not the local community's responsibility': does a lot of that stuff go on?

Mr Watts—Everyone needs to sit down and say it is our responsibility. Until they do that, they are just going to be pointing the finger.

CHAIR—What is the hold-up from doing that now?

Mr Kriven—The difficulty is just that. Getting a map of who is responsible for what. There may be overlap, but we are not even sure if there is. It is a case of 'Who owns this bit?' A road is no longer under the care of the state government. So who owns it now? Is it the local government? Is it an unincorporated bit of road or is it a crown road or whatever? The bigger issue is knowing who is responsible. The overlap may not be so bad, but it seems that when we try to fix some of these things everybody goes, 'It is not me; it is not me,' and we just do not know.

Mr SOMLYAY—We seem to be going round in circles a bit. I am losing the thrust of this debate. As I understand it, cost shifting is where a state government puts demands on a local government to do things that cost them money. Ultimately the responsibility falls upon the ratepayers; whereas the general taxpayer who pays taxes to the state government should be the source of revenue for the state government to provide those services. The state government is passing that responsibility on to local government, and the burden is falling on the ratepayer. Mr Chairman, is that what we are looking at in this inquiry? When you said, at the outset, that there is cost shifting from local government to ATSIC, I do not understand that. Can you explain to me what the role of ATSIC is in this respect? How can the local government cost-shift to ATSIC?

Mr Kriven—ATSIC sees itself as not having a role in municipal services or in state services as a primary provider for funding. It is intended to use its funding strategically, in the sense of encouraging new initiatives and identifying things that are not being funded. For example,

initially there was not much funding for sport in Indigenous affairs, and ATSIC started a process and that encouraged others to see that this was a worthwhile thing to do and so then they became more involved in funding. I think that was the original intention of how it would go. ATSIC spends a lot of its money in—

Mr SOMLYAY—Can you explain to me how that works in a very remote community and here in Katherine?

Mr Kriven—It does not, because we are not able to stimulate enough interest. So if ATSIC does not it—

Mr SOMLYAY—Where?

Mr Kriven—In remote communities, in terms of providing municipal services and power. For example, we have many houses with no power; and ATSIC provides power, provides the fuel for diesel generators—actually people pay for that themselves, to be honest. The roads, the aerodromes and those sorts of facilities are not being provided at all—

Mr SOMLYAY—They are being funded by ATSIC?

Mr Kriven—and so ATSIC comes in and funds them. In some cases in the Territory there is an increasing participation by the Northern Territory government, and some of these joint funding schemes do come in. But there is still a lot of substandard situations, where it is just not happening. We have improved our rent collection phenomenally, for example. I am talking about ratepayers here. The closest thing is that ATSIC provides houses, and rent is collected; and that rent is used to help provide other things. To date it has been used only for houses, but I think they have just opened that up a little more to provide any community development. That is the analogy. But without those houses there would be no rent, and ATSIC provides those—or at least IHANT does, in conjunction now with the Commonwealth and with the Northern Territory government. It is also ATSIC money.

Mr SOMLYAY—If a council does not provide a service, there is no cost, and so it cannot shift the cost to you.

Mr Watts—I guess we are talking about shifting it back the other way. One day down the track, the money is going to stop—and then who is going to pay for the local government services that ATSIC is providing to communities?

Mr NAIRN—It seems to me that the crux of your problem is that there are huge grey areas. Mr Kriven gave the example of ATSIC looking at strategic things like getting a sport and rec thing happening. You could equally say that there is a need for sport and rec in a particular community, and so that is one of the roles of ATSIC. But surely you could argue that it is the local council's responsibility to provide sport and recreation. You used the aerodrome situation and said, 'We should not have to be doing that; it is a cost shift to us, because that is something the community should be providing.' But can't you use the same argument as you just used for providing some sport and recommendation? You could say, 'This community does not have the capacity to look after the airstrip properly,' and so that becomes a strategic thing for ATSIC to do. We could argue for ever and a day. No matter what it is, most of the services that ATSIC

provides are provided in some part of Australia by either federal, state or local government agencies.

Mr Kriven—Exactly.

Mr NAIRN—I think we might end up in a never ending circle on that. Somehow or another, from your point of view, those grey areas need to be darkened up a bit. Am I right on that?

Mr Kriven—I agree that there are obviously assumptions that the service ought to be provided—and then the expectation would be that it would not be by ATSIC, I suppose.

Mr SOMLYAY—Unless the federal government was funding ATSIC for the purpose of providing those facilities—because there is no local government with the capacity to provide them. Maybe that money is being provided through ATSIC specifically for that purpose. Am I right? I do not know.

Mr Watts—I think the idea was that ATSIC was a supplementary funding body to fund the gaps, if you like; and a lot of the gaps that were found were services which local government were not supplying due to the tyranny of distance and what have you in remote communities. We are not referring just to the Katherine region. This issue is obviously a higher issue, but this is an opportunity to raise it here.

Mr SOMLYAY—I am glad you are raising it, but this committee wants to make recommendations. If we have to make recommendations that ATSIC should be funded specifically to fill in local government gaps or the gaps that the state government does not fill, then we can do that. At this hearing we are trying to identify what those gaps are.

Mr Kriven—There are a lot of shortcomings. There is a huge backlog of services to be provided. That is the main message. I do not think ATSIC would be necessarily putting its hand up to make up the gap itself. I think it would be wanting to keep a role in monitoring the situation and ensuring local control of decision making—more of a policy role, I suppose. Perhaps you could ask the Northern Territory state policy manager that one.

CHAIR—I will. We have no further questions. It has been an interesting session. Thank you for that.

Mr Kriven—Can I leave a copy of the Kalkaringi statement with you? It is their view on local control.

CHAIR—The committee receives that as an exhibit. Thank you.

Mr SOMLYAY—Chair, perhaps we should now invite people who are here to speak if they have additional things to say to the committee after having heard other evidence.

CHAIR—We do have a few minutes, so if anyone would like to add something then please do so.

[3.01 p.m.]

BUSS, Mr Terry, Chief Executive Officer, Katherine Town Council

CHAIR—Welcome back.

Mr Buss—I want to reinforce some of the points we made this morning; there is nothing really additional. From council's point of view—and this becomes an argument we have with the Grants Commission—the Katherine Town Council does act as a regional centre. In our submission, we indicate—and the Northern Territory government recognises it—that we provide services far in excess of towns of a similar size elsewhere in Australia, because we basically serve a population about the size of the town itself again. In terms of Grants Commission funding and criteria and data that we supply to them, none of that information is taken on board. I do not know how you need to address that, but—

CHAIR—We would like to help on that, because I know that a lot of town councils feel that about surrounding areas right across Australia.

Mr Buss—This is not peculiar to Katherine. That is another point we wanted to reinforce. The other issue is the states' and territories' share of GST. We mentioned also that the Territory government was quick to announce in March this year an extra \$73-odd million that they received from the Commonwealth Grants Commission because of the particular hardships that the Territory faces. Local government directly will not receive any share of that extra GST money.

We also talked this morning about the issue of disadvantaged LGBs. I think that is a very important factor, especially when you look at it on a state-by-state basis. Council believes that it really should be looked at on a national basis because, as I said before, within the Territory we are considered to be a reasonably advantaged local government body but on a national basis I think we, with others, would fall down at the bottom of the heap.

The other thing was the certainty of funding. We believe that the current system of distribution of FAG and road grants through the local grants commissions is not an appropriate way to distribute money. There is no certainty in it, the timing is inappropriate for our council and for other councils in the Territory to strategically budget, and I think that is an issue that needs to be carefully considered.

Mr NAIRN—To fix up the timing aspect of the budgeting, the easiest thing would be for the Territory to bring its budget back in line, timing wise, with the federal government. Would that sort that out?

Mr Buss—It certainly would. As I said, currently the federal budget comes down in May, councils do theirs in June for 1 July yet the Territory hands its budget down in August. We get notification when basically one quarter of our financial year is gone, and basically about 30 per cent of our revenue income comes from those grant allocations.

Mr NAIRN—Once upon a time, the federal budget was in August as well, wasn't it? But gradually all the states are moving theirs back to May or June as well.

Ms BURKE—The only difficulty with the NT is that they would have to wait for the feds to come out, considering the proportion of their budget that comes from the federal sphere. You would have to wait for at least—

CHAIR—It would take eight weeks to adjust it.

Mr NAIRN—But it should be a lot simpler now with the new tax system and the GST. It is much more predictive for the states and territories than it was before, so that is something that—

Ms BURKE—In the future.

Mr NAIRN—should possibly be put to the Territory government.

Ms BURKE—Do you see council getting, say, a direct proportion of GST money, or do you have other ideas? Do you see it being tied funding like the Roads to Recovery program—‘We will give it to you but you have now got to take on aged care or policing’? Have you thought through those ramifications?

Mr Buss—Council has discussed it generally but not in any detail. We believe that if there were any additional funding it would be tied to delivering certain programs and services. I do not think that is unrealistic.

Ms BURKE—Council would not say, ‘It’s our business—you can’t tell us how our community needs to spend this money’?

Mr Buss—They may well do that. As I said, a certain amount of tied funding is fine but the councils need some autonomy to deliver a range of services or programs that the community is screaming out for.

Mr SOMLYAY—Terry, can you comment from your experience on Franz’s assertion that there is cost shifting by councils to ATSIC?

Mr Buss—My thought when I was listening to the previous conversation was that it is my understanding that the federal government provides ATSIC with funding to provide a whole range of services, including housing, health and education, to Aboriginal people in remote communities and the like. If that funding is being provided to provide those services and ATSIC believe that they are providing services that local governments should be providing, perhaps the Commonwealth should provide that money direct to the local government bodies rather than to ATSIC. If ATSIC are not providing the funding for the services that they are providing, what is the funding for? That is just a general comment.

CHAIR—Thank you again. We have had a very good day here in Katherine, and I thank everyone who has been involved.

Ms BURKE—Particularly the Katherine Town Council for hosting us.

Resolved (on motion by **Ms Burke**, seconded by **Mr Nairn**):

That this committee authorises publication, including publication on the parliamentary database, of the proof transcript of the evidence given before it at public hearing this day.

Committee adjourned at 3.07 p.m.