



COMMONWEALTH OF AUSTRALIA

Official Committee Hansard

HOUSE OF REPRESENTATIVES

STANDING COMMITTEE ON ECONOMICS, FINANCE AND
PUBLIC ADMINISTRATION

Reference: Local government and cost shifting

TUESDAY, 8 OCTOBER 2002

DARWIN

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HOUSE OF REPRESENTATIVES
STANDING COMMITTEE ON ECONOMICS, FINANCE AND PUBLIC ADMINISTRATION
Tuesday, 8 October 2002

Members: Mr Hawker (*Chair*), Ms Burke (*Deputy Chair*), Mr Albanese, Ms Gambaro, Mr Griffin, Mr Peter 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 9.04 a.m.

COLES, Mr David Albert, Executive Director, Local Government and Regional Development, Northern Territory Department of Community Development, Sport and Cultural Affairs

DILLON, Mr Michael Campion, Chief Executive, Northern Territory Department of Community Development, Sport and Cultural Affairs

CHAIR—Welcome. With this inquiry we are aiming to achieve a rationalisation of roles and responsibilities between the levels of government, better uses of resources and better delivery of quality services to local communities. The issue of local government and cost shifting is clearly of great interest to local councils and communities in all parts of Australia. In fact, the committee have received around 300 submissions to the inquiry already. The submissions we have received so far have highlighted examples of cost shifting onto local government, the changing roles and responsibilities of local government, and the shortage of funding and resources of local government to meet community expectations. We are delighted to be here in Darwin today to hear the views of local government representatives from the Northern Territory. Yesterday, we took some very valuable evidence in Katherine.

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. The giving of false or misleading evidence is a serious matter and may be regarded as a contempt of parliament. Would you like to make a statement to the committee before we proceed to questioning?

Mr Dillon—Thank you. I would like to make three broad points. The first is an introductory comment relating to the terms of reference. In our view, the terms of reference could have been broader and could have taken on board the potential for cost shifting by the Commonwealth to local government. The second point—which I respectfully submit is the most fundamental point underlying this whole inquiry—concerns the system by which financial assistance grants are allocated. The current system of per capita allocation disadvantages the Northern Territory and small-population states. It takes no account of the normal fiscal or horizontal equalisation principles and consequently leaves local government in a precarious situation. We could expand on that if you would like us to.

The third point is that the local government system in the Northern Territory faces major challenges—very significant challenges—many of which pertain to the circumstances of the Northern Territory. Remoteness and Aboriginal communities are both key factors. Our municipal councils are relatively well established, serviced and managed, but we have significant challenges in our community councils. They relate to things such as governance, capacity, quality of staff, financial management skills, remoteness and the massive backlog of infrastructure provision that exists in the Northern Territory. I do not want to say much more. I could go on and on and cover a lot of ground, but I think this comes down to those two fundamental points: the needs of remote communities in the Territory are substantial and impact on the way local government funding is allocated, and the system of allocation by the Commonwealth is fundamentally flawed.

CHAIR—Thank you. Mr Coles, do you want to add anything?

Mr Coles—No.

CHAIR—Mr Dillon, I will start by making the observation that I do not think the terms of reference are all that restrictive. If you look at them I think you will be able to see that there is certainly scope to raise questions in respect of Commonwealth funding, so I hope you will not feel restricted. You talked about some of the problems in the Territory. Perhaps you could start by outlining a bit more about how remoteness and the presence of Aboriginal communities fit in with the problems of local government.

Mr Dillon—Mr Coles is an expert in this area, so I will call on him.

Mr Coles—The local government system in the Territory is basically in two parts. One part deals with the larger municipal areas—the urban areas and the areas around the major towns. The other part deals with remote Aboriginal communities. In the remote Aboriginal communities, local government tends to be the only available service delivery framework. It therefore tends to carry out a much wider range of functions, and is required to carry out a much wider range of functions, than almost any other local government in the country. You have local government councils routinely delivering services on behalf of Australia Post and Centrelink, and delivering housing services—all public housing, all housing construction and land development. They carry all sorts of responsibilities for Commonwealth and Territory government agencies in relation to social service delivery—for example, health services are delivered by a lot of councils. They are therefore quite different. The difficulties they face are ones of creating the basic administrative foundation for those services.

For instance, if you take a council of the size of the new Tiwi Island local government—I think they will appear before you at some stage—the total amount of revenue that flows through that council is substantial. It is a community of a little over 2,000 people. But given the amount of ATSIIC, CDEP and other funding that flows through that community, it is dramatically larger than, say, a council in another state of a similar size. The demands on administrators are therefore quite high and the difficulties that councils face in trying to attract and retain competent and ethical staff are dramatic. The problems, when they get less than competent or less than ethical staff—this happens far too regularly—are that we lose substantial amounts of money and services are badly affected. People are heavily shamed.

CHAIR—Could you expand on that last point on the difficulties of obtaining competent and ethical staff and what the actual cost of that is?

Mr Coles—To bring a CEO or a clerk into a council in a remote area with a population of, say, 800 people will cost the council a figure of, say, \$75,000 a year in salary. On top of that, you have got to find a house for the person. You have got to provide them with other inducements. You would normally have to find a job for the CEO's wife, or you would lose the person. You have got problems of schooling of that person's kids, whether that be in the local school or in another school in one of the major towns. Then you have got the problem of trying to retain that person and keep their professional interest while they are under the pump on a daily and nightly basis sorting out a whole raft of community difficulties. You can multiply that by every non-Aboriginal staff member that needs to be employed in a remote community.

CHAIR—You also made the point that, because of that difficulty of attracting the person, there have been some problems. Perhaps you could elaborate on the extent of that?

Mr Coles—The department run a fairly extensive monitoring and compliance system to try to ensure that we spot problems early and that we are able to deal with those problems before they become substantial. But in the past reasonably large amounts in terms of the amount of money that goes to local government councils have disappeared, been misapplied or been lost simply by bad decisions. The amounts vary. One council which has recently made some real progress has just paid off a \$1.4 million debt that it got into some years ago. So the amounts can be substantial in terms of the amount of money that goes to councils.

Mr Dillon—I think the key point to make is that it is the opportunity cost of things that do not happen because management is not up to scratch.

Ms BURKE—Is there an answer to attracting the staff or training locals to take on those roles and responsibilities and maintaining them in those areas? Have you explored this? We had this same sort of information provided to us in Katherine yesterday, so we have had various answers, but is there an answer?

Mr Dillon—I do not think there is one single answer. I think what is needed is a slow, steady attention to these fundamental issues and an expectation that you will not find instantaneous solutions, nevertheless an expectation that we must improve as we go. I think part of the problem is structural, to do with the size of the councils and the number of councils out there. Part of the problem is financial, the fact that \$75,000 is not a lot to pay a highly skilled manager under the sorts of pressures that these sorts of people are under. Part of the solution is improvements in basic government services—education, health—and improving capacity in the community so that the councils themselves begin to manage their staff in a way that leads to the best outcomes for their own communities.

Ms BURKE—Without sounding too radical, given that local government is only 20 years old in the Northern Territory, is there a reason to have local government in the Northern Territory?

Mr Coles—It is a bit older than that actually. The lord mayor will come through the back of the chair in a moment. The Darwin City Council was created, I think, in 1933; it may even have been earlier. You may well ask, and it is a reasonable point to put, whether there really needs to be a system of local government. We believe that there certainly needs to be a system of governance that allows people the capacity to make decisions in a local area about the priorities that guide service delivery. One of the key difficulties—this goes substantially wider than local government—in service delivery in remote areas is that sometimes decisions that are made in Canberra or Darwin by people who are setting up programs or running projects take little account of the reality on the ground, the fact that we are dealing in a cross-cultural environment. It makes it a lot more difficult where you are simply making decisions that sound good to your own political masters. It is much better—it makes more sense—to have those services directed by the people that are going to be in receipt of them. The difficulty we face is in getting those representative bodies operating at a level at which sensible decisions can be made. That really seems to us to be part of the answer here. The Katherine Health Board takes in relatively large areas and allows people to represent and to make decisions on fairly significant matters of health policy.

CHAIR—Who sets the salary?

Mr Coles—The councils themselves set the salary. It is a market—

CHAIR—Is there any reason why it couldn't be—

Mr Coles—The figure of \$75,000 or \$80,000 would probably be at the lower end of the scale. I would suggest to you that many of them are making substantially more than that.

Mr NAIRN—Yesterday in Katherine, ATSIC representatives complained to the committee that they in fact get cost shifting often from local government and the Territory government to them, which was another different dimension to this whole issue. But in the discussion it became apparent that there is a huge amount of grey area. ATSIC is funded to go out and fill certain gaps in communities. They were saying, 'We shouldn't be funding upgrading airstrips and things like that. That is the role of local government or the Territory government.' Then in the same breath they said, 'We do things like funding sport and recreation that is not funded by somebody else.' We said, 'Who decides what is the responsibility of local government or Territory government and ATSIC?' There was seemingly no answer. As a department, is there any sitting down with ATSIC and making some decisions along these lines as to who might be responsible for what in certain communities? Has anybody looked at a similar situation that exists in Tasmania where the Tasmanian government actually have an MOU with local councils and local governments about who is providing what and where? From your departmental point of view, is there any of that?

Mr Dillon—I might get David to talk in a second about partnerships and the Tasmanian type approach. In relation to housing in the Northern Territory, we have a quite innovative and unique partnership where we jointly pool our remote housing funds into the Indigenous Housing Authority of the Northern Territory and then disburse them as a single pool. We are looking to broaden that pool to include remote infrastructure. That is something to be negotiated with ATSIC over the coming year. Having said that, I think it is clear in both the housing and the infrastructure areas that combining the existing pools of ATSIC and NT funds will not be enough to meet the needs that are out there. The demographics of remote communities means that those needs are essentially increasing, not decreasing, and we are barely covering recurrent costs. I will get David to talk about partnerships.

Mr Coles—We believe that it makes more sense for us all here to try to sort out what it is that needs to be achieved in a community, to negotiate that between the various parties—the Territory government, the Commonwealth, ATSIC, the community—and to negotiate what really needs to be done, and then to work out how to achieve that by setting up the sort of partnership arrangement, but possibly more broadly, that exists in Tasmania. We have not got any of these partnerships to show you, although we have signed a protocol agreement with Palmerston council. At Port Keats, however, the new local government that is forming will be moving towards a very extensive partnership agreement with the Territory and, we hope, the Commonwealth in the reasonably near future. That partnership agreement will focus specifically on issues that are negotiated and identified. It will seek to achieve the outcomes that we negotiate and we will jointly be accountable for the achievement of the outcomes. At least that is our current intention. It makes a lot more sense to do it that way than for us to try to do as we have done in the past and we have done over many years—trying to say, 'ATSIC, you handle the out-stations, we will handle the major communities,' and then getting into constant blues about what is a major community and what is an out-station. Whose road is what, who does this? It makes absolutely no sense. We coordinate as well as we can, and we have always done that, but there are always areas that fall between the gaps.

Mr NAIRN—The issues will be specific enough so there will not be arguments about who is going to look after what road, who is going to maintain a sewerage system et cetera?

Mr Coles—The idea is to try to identify the broad issues that are issues of major community concern and issues of major government concern and to negotiate those at a fairly broad and fairly high level and to then allow the action that flows out of the strategies developed to deal with those issues, to make that jointly deliverable so that we do not get into the situation of who does what. Inevitably there are going to be negotiations about who does what, but it will be within a framework where we have actually determined what outcome we are going to try to achieve. We think that that will offer us some capacity for movement on this.

Mr Dillon—I would like to reinforce the point that there are two sides to the equation. The Territory government and other parties in the Northern Territory are, I think, working extremely proactively to try to rationalise functions. That is one side of the equation. The other side of the equation is that, once you rationalise those functions, how do you fund them? If the system is fundamentally flawed, then you do not get a solution.

CHAIR—I understand that the Commonwealth has given the Territory another \$73.3 million in the current financial year. Is that addressing that problem?

Mr Coles—It has not under the FAG grants.

Mr Dillon—That is right. I think you have to come back to the fact that the Commonwealth legislation requires the states and territories to distribute their financial assistance grants based on a fiscal equalisation model but does not itself require the Commonwealth to do the same. There is a fundamental problem there.

CHAIR—But was that \$73 million to address some of those problems?

Mr Coles—No. If I understand it correctly, the \$73 million must be an increase in the overall Commonwealth funding under the GST and Commonwealth Grants Commission arrangements. The FAG distribution—the one that goes directly to local government—is distributed on a per capita basis between the states and we receive about \$10 million a year.

Ms BURKE—So from your perspective, what would be a better way of doing FAGs?

Mr Coles—It should be needs based.

Ms BURKE—Most of the submissions we heard yesterday were shooting home that the state basis of divvying it up between the various councils is fundamentally flawed. I suppose everybody always wants more money, but the problem is more with how the state divides up that pool of funding as opposed to how the Commonwealth gives it to you.

Mr Dillon—The current system has one component that is based on demographic change. As populations change then allocations within the state change. There are winners and losers and, of course, people are going to get upset and criticise and conflict will emerge. My fundamental point is that what the system is doing is creating conflict based on an inadequate cake.

Mr Coles—State grants commissions operate according to the principles that are established under the Commonwealth Local Government (Financial Assistance) Act. The Northern Territory's methodology is consistent with those principles, and the Northern Territory Grants Commission cannot do anything other than deliver in accordance with those principles. The Territory does not interfere in the application of those principles. However, there has been a shift in recent years that has more closely aligned the Territory's distribution methodology with those principles, which has in fact meant a reduction in the grants that have been going to the larger municipal councils, because of the needs based methodology—the horizontal fiscal equalisation based methodology that we have to adopt within the Grants Commission. The Northern Territory Grants Commission is made up of an independent chairman, a departmental nominee and four other people who are aware of municipal and community government issues.

Ms BURKE—I have one last question. Do you reckon the states would rather get out of it and have the funding go direct from the Commonwealth to the local governments?

Mr Coles—I do not know. The current system is probably reasonable in that the grants commissions operate reasonably independently of both and are not heavily influenced by either. I believe that the current system of distribution within the states is probably reasonable, at least from our perspective, but it is a smear on the problem—we are talking about a \$110 million need and we are putting \$10 million on it. It is not going to make everybody happy.

Mr Dillon—The one point to make in respect of that proposition is that it is hard enough for a bureaucrat—I can say this because I am one—sitting in Darwin to understand what is going on in a remote community. It is 10 times harder for a bureaucrat in Canberra to have an inkling of what is going on; therefore, I think there is a case for the cascading approach that is there. That is a personal view; it is not a Northern Territory government view.

Mr NAIRN—On that point, so that we can get a handle on this, can you explain the reasoning behind the way things get divided up. To grab a few examples: Yuendumu basically had a 100 per cent increase in their general purpose grant, Borroloola had 65 per cent and Pine Creek had 40 per cent, whereas Katherine and Darwin both had five per cent cuts. Looking through the list, there are huge changes from one year to the next, which must create huge problems for councils in trying to do forward planning. They see FAG grants generally rising by five or six per cent, and then they get a cut of five per cent but others get increases of between 60 and 100 per cent. What happened to create such dramatic changes?

Mr Coles—The first thing to say is that it is really not a matter for the Northern Territory government. It was not the government that did it; it was the Grants Commission that recommended it.

Mr NAIRN—I understand that, but you are the department, so you should be able to explain to us why these sorts of things happen.

Mr Dillon—One reason for the high percentages is that you are working off a very low base in these remote communities that are relatively small. An increase in funding—

Mr NAIRN—I would accept that on some of the very small ones, but Yuendumu has gone from \$117,000 to \$131,000, which is not such a low base.

Mr Dillon—It is just that the major drivers of these changes are the relative populations and the shifts that occur over time. What is happening is that it is a three-year moving average, and there may well be local factors at play in particular communities. In a sense, you have to look at the big picture and not pick out individual case studies.

Mr NAIRN—I would be the first to criticise doing that but, when you look through the list, the change is so dramatic from one year to the next that I have difficulty understanding what has occurred.

Mr Coles—I can help you to some extent. What has occurred is that for the past three or four years, and it may be longer, the Northern Territory Grants Commission has operated off ABS income and expenditure figures that were produced in 1986. The particular methodology that was established by the Grants Commission some time ago was established specifically for the Territory and took into account the difficulties that we have in assessing some of the income of local governments, given that the majority of our local governments do not receive rate revenue. They are on Aboriginal land and do not have access to rate revenue. Because of the particular methodology that the Grants Commission was operating on, the income and expenditure statistics provided by ABS in 1986 have recently been refreshed. We were required to do that by the Commonwealth; they told us to do it. I believe that the Grants Commission was told that, if it did not refresh those income and expenditure statistics and the material going into the methodology, the Commonwealth minister would have an adverse recommendation put to him about the grant distribution.

The refreshing has caused a quite dramatic change. I cannot go into the detail of the way that it has, but it has caused quite dramatic shifts away from some of the municipal councils and some quite dramatic shifts to people who have, over at least the last five or six years and possibly longer, been dramatically missing out on the receipt of funds. I believe that the Grants Commission would argue that this year's distribution is the best and fairest distribution that has been done for many years, given that it is using the most up-to-date data and it has applied that as best it can. It has had a dramatic effect on some of the bigger councils, but you need to take into account the size of the relevant proportion of the FAG grant in terms of the revenue received by municipal councils. It is relatively small.

Mr NAIRN—How do you reconcile those changes with the operational subsidies? For instance, Pine Creek told us yesterday that they got a 40 per cent increase in their general purpose grant, but they have just been told that they are going to lose 50 grand or something or other in their operational subsidies. How is that worked out?

Mr Coles—Operational subsidy operates on a slightly different basis. There are a couple of elements in the operational subsidy methodology which are different to that of the FAG methodology, although we pick up the income and expenditure amounts out of the FAG methodology to bring into the operational subsidy.

Operational subsidy is impacted on by a distributed service delivery index which takes into account the distance over which a council needs to deliver a service. That is primarily so that we do not unduly disadvantage those councils which deal with out-stations and with other communities—that is, establish a broader service delivery framework. It also has in it a revenue incentive component which assists councils who raise service charges—that is, their own sourced revenue. Pine Creek is a small council in a tight geographic boundary—I have got to

talk to Ray Wooldridge a bit later on—and it has caused some pain. In terms of operational subsidy I think there are nine or 10 councils in a similar situation to Pine Creek.

Mr NAIRN—So were they getting too much the year before? Was it on an incorrect basis as well, or are they being penalised for doing a good job?

Mr Coles—The new methodology was established four years ago. It has been phased in over the last three years and this is the last year of its phase-in. Some councils, however—and this will be a surprise, I suppose—do not actually tell us the truth all the time. On occasion they do tell us the truth, and when they do that can have an impact on them. I am not picking out Pine Creek in that way, but there would be councils who would have appeared before you that might have got caught on that one. It is a difficulty. Some of the material we use is based on returns from them that can be checked. When it is checked and it is found not to be correct, we correct it for them.

Mr SOMLYAY—You said that there was a departmental officer on the Grants Commission?

Mr Coles—Yes.

Mr SOMLYAY—From your department?

Mr Coles—Yes.

Mr SOMLYAY—Who is that person?

Mr Coles—Me.

Mr SOMLYAY—Thank you.

CHAIR—I wanted to ask a question. The Local Government Association of the Northern Territory has listed a number of functions that the NT government is considering transferring to local government. These include libraries, responsibilities under the Information Act, swimming pool fencing, airstrips, barge landing, community policing, emergency services, legal interpretation and drafting, natural resource management, public safety, the economic development of tourism, and industry and regional development. What is the status of the transfer of those various functions?

Mr Coles—It sounds a little bit like a wish list. Each of them is different. As I said earlier, local government councils in the Territory deliver different services depending on their particular circumstances—airstrips and barge landings, for instance. A lot of the councils on the coast have contracts for the delivery of services on barge landings. They generally maintain them under a contract with our department. Most councils with recognised airstrips are receiving funds on the same basis. They get a contract from us to deliver those services. Legislation relating to swimming pool fencing goes to the house next week and at this stage the Northern Territory government will be removing a function from those local government councils that currently carry it. I am not aware of any proposals to get them to pay us for doing that. A lot of those functions are carried by local governments at the moment. There is no formal proposal to shift any service delivery responsibility to local government other, I think, than in the area of public health or environmental health.

CHAIR—In those situations, what happens about the funding? Would there be commensurate funding provided?

Mr Coles—As a general rule, that is the only basis on which local government would accept a further function. They would seek funding.

CHAIR—The basis of this inquiry is that there has been a lot of that occurring over many years. It starts off with the funding but after about three years the funding tends to drop off and local government is faced with the dilemma of either continuing it and having to find the funds from elsewhere or cutting it back. Generally the pressure is to keep it going, as you would be well aware. When you say the funding is coming, will that be ongoing for as long as that function is going to be provided?

Mr Coles—There are two ways that it goes. One is where a function is handed to local government councils and they carry out that function. That is pretty rare, and I would be flat out coming up with a specific example. The other way is where a local government council is contracted to carry out a service—for instance, the delivery of essential services or Centrelink services. That is a contract that is renegotiated over time, which is a constant blue because sometimes those contracts become quite difficult to negotiate. You get a community of two and a half thousand people getting \$30,000 as an agency fee to run a Centrelink service on the basis that there is X number of people and it will take two minutes per person—that sort of thing.

The difficulty does not normally arise in those areas; the difficulty normally arises in areas where the community have a priority or believe they require a service in a particular priority area—for instance, police or corrections or something of that nature. Where the community are keen to have something done in that area, the government will negotiate a deal with them. The Aboriginal community police officers scheme is one example. There is apparently not enough of a law enforcement need to have a policeman in a particular community but there is some law enforcement need. The community want to have a service provided, so a cost-sharing arrangement has been set up. From our department's perspective the difficulty is that the untied money they receive, which is the Commonwealth FAG money and the operational subsidy, can be fairly quickly swallowed up in those sorts of agreements.

Mr Dillon—Nevertheless, it is an important principle that the councils have discretion and discretionary funds and that they ought to be able to decide how to allocate those discretionary funds. That is an important democratic principle.

Mr GRIFFIN—What about the argument that, before the question of local governments having discretion arises, discretion has been exercised by the territory government to determine the relative level of need to be met in terms of policing resources—to take that policing example—and that, by making that decision in the first place, you put pressure on local government bodies to meet what from their point of view is an unmet need?

Mr Coles—It comes down to the representative nature of local government and its capacity to make its own decisions. If it disagrees with the decision of a Northern Territory government agency it has some power and capacity, limited though it may be, to make that decision. But I come back again to the point I made earlier that arguments about who pays are essentially pretty hopeless in an environment where there is not enough money in the kitty. They are also fairly silly where we do not agree first up on the issue we are dealing with and the outcome we are

trying to achieve and be jointly accountable for. That seems to us to be the way forward and so far, in the discussions we have been having, it seems to be working.

Mr GRIFFIN—It is a good idea. The issue of swimming pool fencing was raised yesterday by one of the councils. It was suggested that local government would effectively be responsible for enforcing the legislation while the approvals would be handled by the NT government department, which would therefore get the revenue. You mentioned that that was not the case. Could you walk us through what is happening.

Mr Coles—The swimming pool fencing legislation will go before the parliament next week. The territory government has taken the view that the swimming pool fencing legislation will be introduced and fully implemented by the territory government, at least until it is up and running and operating effectively. The scheme will be totally run by the territory government—local governments will have no role.

Mr GRIFFIN—Just walk me through that, though. If I were a building inspector with the Katherine council, would I inspect the pools in that area to make sure that the fencing is up and okay?

Mr Coles—We will do that. Katherine council does not have building inspectors.

Mr GRIFFIN—Katherine was just an example—you know what I mean.

Mr Coles—No council has building inspectors.

Mr GRIFFIN—The argument put yesterday was that they should be forced to employ them.

Mr Coles—No. We will employ the inspectors. We will run the entire arrangement. There will be no cost impact on local governments at all.

Mr GRIFFIN—You have highlighted one issue which has come up—that is, the confusion further down the line about what is proposed.

Mr Coles—To some extent that will be dealt with as we move into the implementation phase.

Mr NAIRN—Which department will those inspectors come from?

Mr Coles—Ours.

Mr NAIRN—But have you representation in all of the places to be able to do that?

Mr Coles—Yes. We have regional officers in all municipalities.

Ms BURKE—One issue that comes up again and again, which is not specific to the Northern Territory but is happening everywhere, is in relation to council amalgamations. In Victoria we have already gone through the bloodbath of council amalgamations. Is this an issue that is being vigorously pursued? Coming from metro Victoria, I have 140,000 people in one of my municipalities versus 520 in some of the ones here—I know you cannot compare them because

of the different geographics—but there have to be economies of scale at some point where we say, ‘This is a bit ridiculous.’

Mr Coles—Yes, there are. We did have a reform and development agenda which was aimed at trying to bring councils together—not involving 140,000 people; we were actually aiming for 2,000 people. That is no longer the policy of the government. The government obviously sees the need to bring councils together so that we get economies of scale, get some greater efficiencies and are able to use the money more effectively. The reason I have been talking about partnerships as much as I have is that regional whole of government, whole of community partnerships are seen as a way of achieving those economies of scale in a manner which maintains a level of community management capacity.

When you talk to the Tiwi Islands local government, for instance, you will find that the constitution there is quite unlike any local council constitution that most of you would have had anything to do with. The council is made up of representatives of the communities of the Tiwi Islands and also of the traditional owners of the Tiwi Islands. Eight people who are elected are traditional owners and nine people, or something along those lines, are elected from the various communities. Each of those communities has a community management board which is, in turn, elected and which carries some level of authority for community decision making. The model that is being used over there is quite different to other models of local government and it tries to maintain community coherence that maybe some larger council amalgamations do not get. Just to quickly pick up on one other point and to come right back to the beginning again, it has allowed the Tiwi Islands to employ community managers who are locals—and it will progressively do more of that—who may not have had the capacity to deal with the full range of duties of a CEO of a major council.

Mr Dillon—One way to characterise the government’s policy is that it is not focusing on council amalgamations to drive better service delivery; it is focusing on better service delivery through partnerships, and that may actually lead to structural changes. It is putting the cart back behind the horse.

Ms BURKE—On another track, one of the other things that we have explored is accreditation models that various councils say are accredited to do X, Y and Z, and therefore they would receive funding direct from the Commonwealth because they have met the accreditation standards. Do you believe that is an issue that at a state level would be followed through, supported and looked at?

Mr Coles—I have not really thought about that. A lot of funding—substantial amounts—already comes directly from Commonwealth agencies to local governments, for instance, CDEP.

CHAIR—Another example of cost shifting that was brought to our notice yesterday was in relation to the Internet connection that the local council has with your department. There is a \$55 a month charge for that connection.

Mr Coles—Is there?

Ms BURKE—What—for virus scanning?

CHAIR—It is put under the heading of the cost of virus scans but it is a \$55 charge, which seems a little unusual. I am just wondering why it is there.

Ms BURKE—We also thought it was a bit excessive, to be honest.

Mr Dillon—It is just a level of detail that I do not think ought to come up in this sort of forum. If that is the best that can be put on the table then—

Mr Coles—They are a part of the Northern Territory government firewall. I assume it is a cost of getting through the firewall. I do not know—we could find out what the story is but I have no idea.

CHAIR—I wonder why you are charging it. Anyway, are there any other questions?

Mr NAIRN—I have just one last quick one. In one of the other examples we got yesterday of transfer of responsibilities, Coomalie council, I think it was, raised the issue of some unincorporated land which was not within their responsibility that was not getting slashed or looked after and therefore was creating fire problems and things and ultimately it was handed over to them. They put that sort of happening up, in piecemeal bits, as just adding to the area of land for them to look after without any compensation. Is there a particular policy in that sense?

Mr Coles—It is not an issue that has ever been raised with us, certainly not by Coomalie. I really cannot think of what areas of land they would be talking about.

Mr NAIRN—It is along a river, I think.

Mr Coles—Do you know which river?

Mr NAIRN—There are not too many to choose from.

Mr Coles—Adelaide or—

Mr NAIRN—Adelaide or Coomalie Creek. I am not sure.

Mr Coles—Normally, when that happens, it is a negotiated arrangement between the agency concerned, which would be the Department of Infrastructure, Planning and Environment, and Coomalie, and Coomalie would negotiate that. They get the value of the land and they get the service delivery responsibility.

Mr NAIRN—What you are saying is there is no value in the land for them, that it is not rateable land or anything like that, so there is no benefit.

Mr Coles—I would be surprised, therefore, if they took on the responsibility.

Mr NAIRN—Finally, they are just talking about amalgamations et cetera. It was also said to us that part of the decision about the way in which some of the operational and general purpose payments were worked out was deemed by some people to be based partly on trying to force amalgamations. Is that true?

Mr Coles—No. But there is a view around that it is. The previous operational subsidy methodology was targeted at looking after very, very small councils so that there would be more and more of them. That policy has gone and the impact of that is causing some difficulties for some of the very, very small councils. We are talking here about councils of 140 and 150 people. That is no longer sustainable.

Ms BURKE—Did we cover the unincorporated land and the intention to deal with the notion that there are these vast tracts that nobody is doing anything with or that have fallen into a bit of a black hole regarding who is responsible for roads? It sort of goes and stops. It is a bit of a unique experience.

Mr Dillon—It think it has been an ongoing issue in the Northern Territory. It is something that we are extremely conscious of. There is no current government policy in relation to that matter.

CHAIR—Thank you very much, Mr Dillon and Mr Coles.

Mr Dillon—Could I just sum up and bring you back to the fundamental point that the allocation of financial assistance grants is the core of any cost shifting analysis. I think the committee has a responsibility to focus on that at the same time as it looks at the functions. I would also like to put on record my department's commitment to working cooperatively and positively with local government in the Northern Territory. I think by and large we do that. I think the risk is that the funding allocation system builds in structural conflicts that actually lead to problems with service delivery for all Territorians. On that basis alone, it requires attention by the Commonwealth.

CHAIR—Thank you for that. You will be pleased to know that the Commonwealth Grants Commission has in fact already appeared before the committee and we have gone through that fairly major report.

Mr Dillon—They do not make the legislation, though.

CHAIR—The other point is that, as you know, at the bottom of the terms of reference the inquiry says that any recommendations must be revenue neutral for the Commonwealth.

Mr Coles—We think that is quite reasonable.

Ms BURKE—Do you?

Mr Coles—It is the split up that matters.

Mr Dillon—Give us more of Victoria's share!

Ms BURKE—Just you watch it!

[9.59 a.m.]

ELLIOTT, Mr Dave, President, Local Government Association of the Northern Territory

TAPSELL, Mr Tony Francis, Chief Executive Officer, Local Government Association of the Northern Territory

CHAIR—I welcome representatives of the Local Government Association of the Northern Territory. 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 and the giving of false or misleading evidence is a serious matter. Thank you both for coming here today. I must commend you on the detailed submission that you have given to the committee. Would you like to make a few opening remarks before we proceed to questions?

Mr Elliott—Chair, we would like to thank you and the other members for allowing us to address you at this inquiry. You will note that we have advised the inquiry secretariat that our initial submission is to be our final submission. If you do not have the message by now that the cost shifting into local government from other spheres of government is happening, is unfair and is of major concern to local government, then you are never going to get it.

CHAIR—Someone just told us that it was not a problem!

Mr Elliott—What we are saying here is that, if you are not reporting what is blatantly obvious, you will have wasted everybody's time, basically. If you have a mandate to recommend significant change in the way that local government is funded in the future, then this association calls upon you to do that. Local government needs a new deal where it receives an equitable share of funds for the work it does for other spheres of government and for those roles and responsibilities that rightly belong to it.

Cost shifting has been going on in Australia since Federation. I am sure that you have been told this and you will be told this all over Australia. Our message is no different. It is easy for the Commonwealth and Territory governments to shift costs into local government—they simply have to pass legislation or implement policies, and local government is forced to accept them. It is big brother stuff—there is no magic to it—and it is clearly not equitable. Being at the end of the government money chain, so to speak, local government often takes what it can and is very often short-changed in the process. You have already been told this in great detail, and we will be telling you once again now, so you have no excuse for not recognising the problem and recommending appropriate changes.

Some of the changes that you should be looking at are having financial assistance grants paid from the Commonwealth Grants Commission directly to local government. After all, the territory and state grants commissions are virtually only post offices anyway. The Roads to Recovery funds are paid in this way, so why not the financial assistance grants? The change in grants methodologies for financial assistance grants to remove the inequitable per capita formula has already been talked about this morning. Giving local government a share of the GST or providing funding on a longer term basis so that local government can plan for better

delivery of service should be considered. These are not new ideas and these changes should be seriously considered.

Whatever recommendations you come up with, the end result has to be a shift in financial resources from the Commonwealth and Territory governments to local government. The evidence is too overwhelming for you to recommend anything else. The Northern Territory has one-sixth of the land mass of Australia and we have 65 councils spread out over the length and breadth of it. Many are struggling to meet their obligations. The quantum of funds allocated through financial assistance grants to local government in the Northern Territory is simply not enough to help sustain the operations of many of them. Yes, structural reform could deliver some efficiencies, and it is being tried, particularly with regional organisations of councils, but the fundamental problem is one of the quantum of these funds coming to Northern Territory in the first place.

Local government in the Northern Territory is continually at the crossroad of deciding whether or not to perform services on behalf of other spheres of government. In some instances it will be saying that it is going to withdraw from them because it cannot sustain them. This has already happened in a couple of cases. There is a classic case with Centrelink at Port Keats, which just recently simply said, 'No, we will not be the post office for your Centrelink benefits scheme.' We have already given that example in our submission. This is happening with the health services as well.

I will ask my chief executive officer to talk about a couple of points but, just before I do, I would like to touch on two points that came out of the previous submission. The figure of \$75,000 was used for council clerks. In terms of their wages, I would say that it is more like \$45,000 for a lot of the clerks, not \$75,000. The cost to get them in place might be \$75,000. This means that the career level of the people we are talking about is fairly low. It was also mentioned that there were no building inspectors. We do not have building inspectors, but we do have engineering departments that have to go around and inspect those things that have been delegated to councils through the planning process. So while we have a different planning scheme in the Northern Territory to that of other states, we do have the same sorts of responsibilities within local government.

Mr Tapsell—The issue of the quantum of financial assistance grants paid to local government in the Northern Territory is something that most Territory councils are pretty passionate about. They have had to accept per capita funding, with all its pitfalls and the cost shifting that goes with it, and they do not like it. When a small council in outback Queensland like Croydon—which is, I think, north-east of Mount Isa—with a population of 400 can get a Commonwealth financial assistance grant of \$1.3 million and Mangarr council on the Gove Peninsula in the Northern Territory receives \$36,000 there has to be something drastically wrong with the system. We argue that the intent of the Local Government (Financial Assistance) Act in this regard has not been met. Under the act, disparities amongst councils across Australia were to be reduced by, in the words of the Commonwealth Grants Commission, 'providing assistance to those relatively disadvantaged'. We argue that the level of assistance is nowhere near enough.

Per capita relativities are not relevant because they are not based on need. The big councils in the Eastern States and other states, with their large populations, bring a large share of financial assistance grants to their respective local government areas. These councils do not get the funds

that are generated from their big populations; they get a minimum share. The rest gets farmed off to the smaller councils. So I ask you: why have per capita funding when it is largely ignored in the allocation process? It is nothing but a reason to get more funds. Where is the equity in saying this: 'You are a big council, and because of per capita funding you are entitled to get lots of money. But, by the way, we're not going to give it all to you. We are going to give it to someone else because we think you really don't need it and, really, we're embarrassed that you're entitled to so much'?

The Greater Geelong council in Victoria, for example, got more funding last year than the whole of local government in the Northern Territory because of per capita funding. Yes, a lot of people live in the Geelong local government area—about 188,000 people, in fact—but they are not servicing 65 towns. You only have to go through the 2000-01 local government national report to find many such examples. The Commonwealth created per capita funding and, from the perspective of local government in the Northern Territory, it is this example of cost shifting which has the greatest impact. In our view the Commonwealth got it wrong and as a consequence, as we have said in our submission, we have huge issues to do with the capacity of local government in the Northern Territory meeting its obligations.

In our submission we highlighted the make-up of local government in the Northern Territory, including its recent history and current stage of development, the numerous functions it performs, particularly in remote areas, both in its own right and for other spheres of government. The fact is that it relies heavily on revenues from other spheres and will often take what is on offer, even if it is short term, because services can be provided and there is often a strong demand for them. But there are few formal transfers of responsibilities to local government and further transfers, however subtle or partial, are on the drawing board.

We highlight examples of the Commonwealth and Territory governments shifting costs on to local government, including, from the Commonwealth, those to do with financial assistance grants, Centrelink, family and community services, Australia Post, telecommunications, and, from the Northern Territory, those to do with the Power and Water Authority, transport and infrastructure, health, that to do with incorporating the whole of the Northern Territory, correctional services and NT Police. We also mention local governments' willingness to perform functions for other spheres of government and that the nature of some of these functions does not readily lend itself to formal transfer to local government. Finally, we highlight those responsibilities that belong to local government and the requirement for it to have resources to perform them adequately. This association considers the case for remedying cost shifting to be strong and it looks forward to positive outcomes arising from the inquiry. Both the president and I are now available to answer any questions from you.

CHAIR—Thank you very much for that. I would like to go back to the question that I asked of the previous witnesses from the Territory department. Are all of the functions that you suggested the NT government is transferring to local government—libraries, responsibilities under the Information Act, swimming pool fencing, airstrips and barge landing, community policing, emergency services, legal interpretation and drafting, natural resource management, public safety, the economic development of tourism, and industry and regional development—in the process of being transferred, or do you already have them? Can you clarify their status?

Mr Elliott—It is the old story that there is no such thing as a standard system. Various levels have various amounts of different functions. So you will find, for example, that the Darwin City

Council is heavily involved in regional tourism. You will find that the community's power generation, water, sewerage activities and community policing are taken up at various levels. There was mention before about the Aboriginal community policing officers, those sorts of areas. There are various functions that are taken up at various levels throughout the Northern Territory and/or under partnership negotiations in different ways. So there is no one model that fits all. Just as when you go from state to state and region to region you have differences and some of those differences are vast—you go from the Sydney city power corporation out to the bush—you have the same thing in the Northern Territory only on a much smaller scale and a much more difficult scale for some of these people to deal with in terms of the size of their communities and their capacity to deal with some of the issues.

CHAIR—How do you respond to that? You already get financial assistance grants which are untied for the purposes of each council deciding how they want to use them.

Mr Elliott—We do. But when you come down to the baseline of what that means for the operation of a community and a facility, you find that there tends to be insufficient funds to meet the sorts of things that one expects to be done. For example, the reason why the Local Government Association takes care of roads that nobody else wants is fundamentally because of that. The local governments are in little pockets, the land is not incorporated, the whole of the Northern Territory is not incorporated so there are connections between them. The Northern Territory government does most of the roads, and we do some of the others.

Mr Tapsell—With respect to some of those services that you mentioned such as libraries, the Northern Territory government operates a central library system. Councils throughout the Northern Territory, particularly the municipal ones, pay for some of the cost of participating in that central processing facility. There is talk of that total responsibility coming to local government. With respect to airstrips and barge landings, if you go back a long way and even back before self-government, you will see that the Commonwealth looked after the airstrips. Gradually over time they have been coming on to local government. There are two councils—one is Borroloola—which the Territory government is currently trying to get to take those over and be totally responsible for them, even though the Territory government currently holds the licences for them. With respect to legal interpretation and drafting, the department did have people who provided a service to local government. We are concerned that that service could disappear and that we will have to go to the private sector for that service in the future.

If you look at natural resource management, you will see that environmental responsibilities are becoming more and more the domain of local government, and that is another thing that is due to be transferred—the Territory government has passed the waste management act and things like that. The environmental health responsibilities have been on the cards for transfer for some time. I know they are in other states, but currently they are not a local government responsibility here.

Mr NAIRN—Can I raise an issue that is almost unique for the Territory, and that is planning and building, which is the responsibility of the Territory government. Is it correct that if somebody makes a planning or building application, the fee that they pay goes to the Territory government?

Mr Tapsell—Yes.

Mr NAIRN—What involvement do your councils have in the process from then on? I know it varies from council to council, but can you give the committee an overview. In this area, the capacity to raise fees under planning and building lies directly with the Territory government, and superficially you think, ‘It is their responsibility; they administer it all.’ I know the reality is different to that at a council level, but could you explain that.

Mr Elliott—Certainly. There are some variances. Firstly, it is a different system, and we have had various arguments with the previous and current governments in relation to it. With the Development Consent Authority, which is the one body that does do the independent approvals of those people who require consent under the scheme, and it is rather complicated to go through exactly what it is so I will not attempt to do that here and now, there are representatives of local government on each of those committees—and there is one for Darwin, Palmerston, Tennant Creek et cetera—but the rest of the Northern Territory does not have that system. So only the main municipal centres, and Litchfield shire, have that system.

Councils vary in their fee structures, and it is up to the councils to set fee structures. Councils can charge fees for some things that are delegated to them but for other things they cannot, so there is a little bit of toing-and-froing there. Where the inspections take place to ensure that things are done up to the council standards for a development, for example, we can charge fees directly to the developer. But where it is for your household type thing or for a normal process that is going on then, no, we do not get anything for those sorts of things. The vast majority would be done as part of a process of support in the system.

Mr Tapsell—You also have to remember that we are only talking about the municipal councils here; we are not talking about the remote councils. The situation in remote areas is very different—the Planning Act does not even apply.

Mr Elliott—I missed one point that is fairly important too: a large percentage of the building applications are actually approved by officers in the Department of Infrastructure, Planning and Environment, so they do not come to the council as such; it just happens and you find out about it later.

Ms BURKE—I have a basic question. Is there a view about what the actual role of local government is and what its responsibilities are?

Mr Elliott—A singular view? No. There are some fairly close views with a lot of support. You will get a much closer view from the municipals, obviously, because they are more standard in terms of the local government that you would get anywhere else in the country, basically. You will get a variance. We have open towns and communities on Aboriginal land. The open towns are sort of halfway between. So different people have different views, and this is why different groups will take on different roles and different functions.

Ms BURKE—Is that one of the difficulties we have in all this—that some of it is literally about managing expectations? I would agree with one of the assertions you made in the paper: because local government is a lot closer to the people than either we the federal government or our state colleagues are, you are under the hammer more about actually managing expectations and saying to communities, often very reluctantly: ‘No, you can’t have that. We just can’t provide that service; there ain’t the money in the kitty to do it.’

Mr Tapsell—Local government has a big impact on the quality of people's lives in local areas. If you do not repair the roads and they are full of potholes, then quality of life suffers. It is the same if you do not pick up the garbage, if you do not have a nice place to live—a lot of the services that local governments perform are all directed at those sorts of things. People might take them for granted in lots of places and have high expectations about them, but there is no doubt that, if local government were not performing those kinds of activities, it would have a big impact on the quality of people's lives.

Ms BURKE—I do not dispute that, but what if we go to the extent of saying, 'For our quality of life in remote areas, we all have to have access to SBS,' so the local government is going to pick up the tab of providing the SBS? If you go around, you will find quite a few of the councils doing that. Is that a realistic expectation for the community or something that councils should be providing?

Mr Elliott—There is a whole history behind that. That goes back to BRACS et cetera and a whole range of programs that were put in place. That was brought out by the Commonwealth government many years ago. I think it was a Labor government at the time that actually started it, and it was picked up by a Liberal government and maintained. So you have a whole history of providing those communications services. At the moment, we are working to provide a lot of communications services and we as an association are contracted in Networking the Nation to help get those communications systems in place for communities. They are not as reliable as they are down south, because a lot of it is satellite based and landline based systems have to be improved. But we do have better systems now, and hopefully within the next two years we will be able to have all of the communities hubbed into central communications systems. These are fairly important aspects of being able to do business in the modern world. It is not in a third world country, it is in Australia, and even though it just happens to be at the end of the chain, so to speak, it should still be getting the same base services that the people in Sydney get. Basically, that is what we are about.

CHAIR—Can I follow up on some of the cost shifting that you identified in table 4 of your submission. You list a range of services and the level of support. Maybe we could just deal with a couple of them. For Centrelink, you say that you get some, but not all, the support. Could you elaborate on that as to what the situation is and why it is only part support?

Mr Tapsell—Before joining the Local Government Association, I was the CEO of Kunbarllanjnja council, so I can give you my experience there. Because a lot of people, particularly Indigenous people, have low levels of literacy and numeracy, they require a hell of a lot of support for things like Centrelink. Centrelink was paying the council \$22,000 a year for a part-time service. We had to employ somebody full time to provide a full-time service. Centrelink would not pay rent to us for the office that we provided. They gave us a phone. In some instances, in other councils, I know they have provided a free phone. A free phone for 1,500 people is not really a free phone. The demand on the service is too high and so they have to get access to other things. It was not possible to just have a part-time service; we had to employ people generally for full time. We were paying in excess of \$30,000-odd for somebody to be available, to answer questions and to do interpretations.

CHAIR—Could the association have taken it up with Centrelink and said, 'The demand is greater'?

Mr Elliott—We have been constantly arguing with Centrelink—basically forever—and various ministers on this service delivery issue.

Mr Tapsell—Centrelink have written back to us and we have had a number of meetings with them. They are looking at some changes. They have a couple of pilot programs going. One of them is in Maningrida in central Arnhem Land, and it involves having fully paid Centrelink staff based in Maningrida. One of the outcomes of that little exercise is that the level of Centrelink payments has gone up significantly by having Centrelink staff there.

CHAIR—Secondly, to follow up on Australia Post, what is Australia Post not delivering that they should be delivering?

Mr Tapsell—Again, we had the situation at Kunbarllanjja—which is in eastern Arnhem Land, just outside of Kakadu National Park, where the rivers and flood plains all flood during the wet season—where Australia Post would only deliver so much. We found we were paying for the cost of bringing some of the mail across the river. They would deliver it to Jabiru; we had to get it over to Kunbarllanjja.

CHAIR—Could you explain the geographics of that to a southerner?

Mr Tapsell—Have you heard of Jabiru?

CHAIR—Yes.

Mr Tapsell—Jabiru and Kunbarllanjja are about 50 kilometres apart. All the rivers come up. That is why airstrips are so important in the Northern Territory. If you are not by the sea and cannot get a boat or something, and there are not many boats that go around, you must fly. A lot of the goods and services have to be flown in. For example, we ran a supermarket there and we had to fly in all the foodstuffs—or a lot of them; the non-perishable ones anyway—before the wet season.

Mr Elliott—We have communities that for six months of the year are fundamentally—and this is not unusual—not accessible by road. Some of those are landlocked—they have no sea connection—so the aeroplane is in fact the only means of travel and communication for those communities. When essential services go down, it makes it very difficult because you cannot take in any heavy equipment. You have to fly in technicians as good as you can get and with as much equipment as they can put into a light aircraft, because they cannot take too much, and they do patchwork jobs to keep the services running as long as they can. In some cases the services actually break down, but most of the time we manage to get enough people in to get it done, but it is expensive.

Mr Tapsell—I will come back to your point, Anna, if that is all right. Australia Post would also cut the service back. They might say that you can have a postal service only once a week; if you want any more you have to pay for it. Going back to your point about expectations, it is hard to tell people, ‘Look, you’re only going to get a once a week mail service.’ Imagine the response you will get from most people to that kind of thing. They are going to say, ‘Get lost. We can do better than that.’ That is the kind of pressure that gets put on councils to improve the service. Invariably, they end up having to do it.

Mr Elliott—One of the other things that needs to be borne in mind is that the accounts for local government in the Northern Territory look rather healthy because a lot of the money that is counted in the expenditure is in fact CDEP money, ATSIC money and so forth. The only reason it goes through the councils is that they are the only administrative bodies there to do it, so it is sent to them. From time to time various grants also get given to people. Those go through the books as if they are a local government expenditure. A grant, especially a large grant, going through makes the books look a lot better than they are. In reality, that sort of expenditure does nothing for local government. Local government only deal with the money because they are the administrative body that happen to be in the community. A grant is something for somebody else; it is not something for the council. It is not a discretionary fund et cetera. It just makes the amount of money going through the books a lot higher, and therefore makes it look like there is an awful lot more money being used for local government than there is.

Mr NAIRN—There are a number of these things where there is often a certain amount of greyness as to whose responsibility it is. One thing which there is absolutely no dispute about is health. Health is funded fairly substantially from the Commonwealth to the states and territories. The states and territories have the primary responsibility for health. They run the hospitals et cetera. I do not think that anybody can argue about that. But the Territory is a bit different in that respect as well, because quite significant health services are clearly provided at the community level and seemingly in association with the particular community government. Can you give us some information on what sorts of contracts local government has with the NT department of health or can you detail how Health might operate in some communities, particularly the more remote communities? I am not talking about Darwin or Palmerston et cetera.

Mr Tapsell—There are a number of councils, and I work with one that employed a doctor.

Mr NAIRN—Was the doctor paid for by the council?

Mr Tapsell—Yes. The doctor was an employee of the council. We had to negotiate an employment contract with her. We also negotiated a memorandum of understanding with Territory health services about how that doctor would interact with Territory health services staff in the community. The council was running the clinic, but it ended up handing it back to Territory health services because it could not sustain it. The argument given to councils that they should continue to provide health services was on the basis of access to Medicare. There seemed to be some hiccup with the Territory government getting Medicare funds and, by councils employing doctors, they got direct access to the health commission's funds and they would back them up with support staff. The balancing act for me was that we got a \$50,000 grant from the Commonwealth which would go towards the salary of the doctor and we had to make up the difference, which was in excess of \$100,000, through Medicare. We had to agree to all kinds of conditions to employ the doctor, because that is standard industry practice. That was the budget for employing the doctor.

Some councils run the clinics themselves. The arrangement that we were in was a little different. We only employed the doctor who worked with the Territory health staff. I know that some councils that were totally responsible for a clinic handed them back simply because they were not able to manage them. As far as I can see, the plan in the Northern Territory is to roll out these health zones, which will be largely Commonwealth funded, and there will be separate health boards. For example, there is a central Arnhem Land health board being set up at the

moment. That will be funded from Commonwealth funds on a per capita basis, plus they will get Medicare.

Mr NAIRN—That is under the Rural Health Strategy, is it?

Mr Tapsell—Is it?

Mr NAIRN—If the Commonwealth is funding some sort of health service directly to a community, it is presumably under the Rural Health Strategy. Are there health clinics being run by council that you would say are not receiving appropriate funding from the NT Department of Health and Community Services? That is their primary responsibility.

Mr Tapsell—I know some of them are struggling. Minjilang has handed back its health clinic simply because it could not get the dollars to match. When I was living at Jabiru, the Territory health services offered the Jabiru clinic to the council. They said, ‘Tony, there is \$1 million there. That is what the budget is for running the clinic. You can have the lot.’ I said, ‘What about the staff?’ and they said, ‘You will have to keep the staff.’ I said, ‘\$1 million is what the Territory government spends now on health services, and I am supposed to manage it—patient records and everything else—with that money?’ They said, ‘Yes.’ I said, ‘What about public liability? You are your own insurer. We have to get public liability insurance.’ They said, ‘We have not got money for that.’ So I said, ‘Do I have to get that out of the million dollars then?’ And it just went on and on. I do not have experience in health administration, and the next thing was that I found out that pharmaceuticals is a bit of a bottomless pit as well.

CHAIR—Tell us about it!

Mr NAIRN—It is called the PBS!

Mr Tapsell—And there was the management of the building. Because they could not answer all of those questions, we ended up saying to them, ‘There is no benefit in us taking it on, because we will be taking on a cost.’

Mr GRIFFIN—Before the last election the government said there was not a problem with the PBS. It just came up after the election.

Mr SOMLYAY—Realistically, the \$1 million they talked about was not the true cost, was it?

Mr Tapsell—No, it was nowhere near it.

Mr Elliott—It might have been the true cost for them, but the government are a self-insurer, for a start. That one factor alone changes the costing for somebody else taking it over, because you have to have an insurance cost before you do anything else. They already have their records system in place. You have to put a different records system in place that has to marry into their system, so it is going to be a double-handled situation. That may have been a true cost for them that year, but it would not be the true cost for the council over a period of time.

Mr Tapsell—We were also expected to pick up aerial medical services.

CHAIR—You talk about the problem of the high turnover of staff. I am sure that everyone can appreciate that it is a huge difficulty. Have you done a detailed study about whether there is some way of trying to alleviate that?

Mr Elliott—I go along with what Mike said before, that there are a number of things that we have to do and a steady work process needs to be put in place and it has to be a cooperative venture. We are trying to get a single recruitment system and some kind of service system put in place. It is very hard across all these organisations. When you are hiring individually, it is very difficult. You hire one person out at one community and that is it. That is the end of the career path for them. It finishes there. In order for them to go anywhere, they have to move on to somewhere else. There is no system of being able to pick them up and help them through that process. You do not have any supports or schemes in place. That is one of the issues. Getting a central recruitment group together is another issue. We have a couple of recruitment services that supposedly deal with remote locations, but it is not really a central thing; it is different companies doing their own things. So there is the issue of trying to get those together. There is getting the training in place, and again the communications issues come into play. Those are all aspects that will help develop this. But there has been a high turnover. In some places we have had a 200 per cent turnover of the staff in the community—and even greater in a couple of really freaky cases where definitely the wrong people were hired.

Mr SOMLYAY—Mr Chairman, I would like to change the emphasis of our questioning a bit. The whole emphasis seems to be on the Aboriginal communities. Can I get back to the municipal areas such as Darwin which would be more typical of the local authorities that we are looking at across the country?

CHAIR—Certainly.

Mr SOMLYAY—By my definition, the issue of cost shifting from state government to local government is actually the effect on the ratepayer. If the state government shifts costs to local government, the burden goes on the ratepayer.

Mr Elliott—There is nowhere else it can come from—

Mr SOMLYAY—There is nowhere else.

Mr Elliott—unless you want to give us some extra money.

Mr SOMLYAY—Exactly.

Mr GRIFFIN—It could come from the Commonwealth, if the Commonwealth were to pick up some responsibilities that arguably are theirs.

Mr SOMLYAY—Is this cost shifting occurring in regard to Darwin or the other major centres in the Territory?

Mr Elliott—Yes, it is. You can look at a whole range of issues. The community has had to take up some of the responsibility for crime prevention and, probably more importantly, for things like libraries and other services. There is talk at the moment, or there was talk a while

back, about environmental health issues and so forth being transferred to municipal government.

Mr SOMLYAY—What effect does this have on ratepayers in Darwin?

Mr Elliott—I cannot tell you about Darwin's rates but I can tell you about Palmerston's, if you want to take that as a correlation. It has a great deal of effect on rates, because we are cutting services but increasing the rates. We are unable to extend our services to meet demand. At times we have put off things like painting the streets, which is a fairly important aspect of governing a place—enabling people to see how to use the road correctly. There have been times when such services have been held back for 12 months so that we could do things, yet at the same time the rates have continued to increase.

Mr Tapsell—There are some specific examples in our submission. Page 12 has information to do with by-elections. There are the library grants. Water subsidies were paid to Darwin City Council many years ago and have been withdrawn, so the cost of that would be passed on. A few years ago the Northern Territory government made signage the responsibility of municipal councils, so they have to pick up what was previously a Territory government responsibility. I am sure Darwin City Council will give you more examples.

CHAIR—We have run out of time but I wonder whether you might be prepared to take some questions on notice, because there are a few other questions that the committee would like to put to you. I thank you both very much for all the time and trouble you have taken with the submission and for coming before the committee today.

Proceedings suspended from 10.44 a.m. to 11.02 a.m.

ADAMSON, Mr Peter Francis, Lord Mayor, Darwin City Council

CRAWLEY, Mr Francis Richard, Director, Corporate Services, Darwin City Council

McGILL, Mr Allan Raymond, Chief Executive Officer, Darwin City Council

CHAIR—I welcome representatives of Darwin City Council. 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. The giving of false or misleading evidence is a serious matter. I thank you for your submission. Would you like to make a few opening remarks before we proceed to questions?

Mr Adamson—Thank you. I will try not to take up too much of the committee's time, but we are grateful for the opportunity to speak today. We welcome this particular inquiry looking at the global impact and effects of local government funding. I know that you, as a committee, have had a range of cross-opinions in different states and territories, but certainly many of the issues are similar. I accept that across the board. Like many other local governments, Darwin City Council is facing continued pressure and expectation from the community to expand services and get involved in issues and areas that perhaps it has not been involved in in the past. Some of those areas include law and order; public safety; community services; financial management; and, to an extent, town planning, which is not a local government responsibility here in the Northern Territory. The main area that I would like to emphasise, which I touched on just before at the Local Government Association, is the Local Government (Financial Assistance) Act, with the FAG grants and the funding. On most of the methodologies that we have looked at, we believe that Darwin is probably the most disadvantaged community in the country in terms of what we receive from the FAGs and in terms of how the FAGs have trended over the last five or six years.

Our concern is that the concept of 'horizontal equalisation', as it has been suggested in the past, is not really working for us. We would prefer to see a relative needs distribution from the federal government. We cannot get that without that fundamental change. When you compare councils within the Northern Territory, Darwin City Council is without doubt the least disadvantaged of all Northern Territory councils. But, if you make that comparison between the City of Darwin and similar cities elsewhere in the country, the differences become stark. I would like to cite a few differences in a moment. If I can have the indulgence of the committee, I will quote the Chairperson of the Commonwealth Grants Commission, who appeared before you on 4 September. In his words:

... in the quantum of funds that the state local government grants commissions have to allocate in the first place there are in-built differences, because the interstate distribution is on a per capita basis—and I am talking about the general pool here, not the roads pool. If it costs more to deliver services in a state where the preponderance is for small, widely dispersed, isolated communities, then an equal per capita interstate distribution is going to mean that councils in differing states are not going to be equalised to the same level in the first place, because the quantum of funds which are available to the two local government grants commissions are not going to enable that to happen.

That is what we see as the greatest difference. For instance, the City of Latrobe in Victoria, with a population of 70,000, is a similar size to Darwin. Latrobe receives FAGs funding of \$5.8 million. Ballarat, with a population of 81,000, receives \$6.7 million. Shoalhaven in New South

Wales, with a population of 82,000, receives \$5.9 million. Darwin, with a population of 72,000, receives \$1.4 million. From Darwin City Council's point of view, we are not talking about tens of thousands or hundreds of thousands of dollars, we are talking literally about millions of dollars.

I believe that as the decentralisation occurs in different states, Queensland, for instance, would come up with a similar case, although probably not to the same extent. But make those very basic comparisons. I do not begrudge any of those communities in Victoria or New South Wales a cent of their funding. I am sure that they are probably fronting you good ladies and gentlemen to no doubt tell you why the sun is not coming up in the morning as early as it should be, because their funding should be increased—and good luck to them. But those basic comparisons indicate that the City of Greater Geelong receives the same amount of funding as all of the Northern Territory. Again, I do not begrudge them that, but I do not think that the needs of local government here in the Northern Territory are being addressed to the same extent. Yes, we have the same issues in terms of cost shifting in various areas that local government is having to face because of state and territory governments transferring those across but, in addition to that, from the figures we believe that the FAGs funding alone is the major thing that is affecting us adversely.

CHAIR—Thank you very much. Do Mr McGill or Mr Crawley want to say anything?

Mr McGill—No.

CHAIR—I can reassure you that I do not think that anyone has come before this committee and told us that their funding should be cut. However, having said that, you do make a rather compelling point. Why is there such a disparity between the funding that Darwin is getting and that of some of those other, similar sized communities?

Mr Adamson—If you look at purely a needs basis, there is no doubt that the City of Darwin is in far less need than any other community in the Northern Territory. But, if you compare us to the other states, I do not believe that any other state or territory has the same number of local government councils. We have 65 councils here and, if you take out four of those councils, they make up about 78 per cent of the population, but they would be assessed on a Territory basis as probably being in far less need than the Aboriginal communities, where the average population is about 650.

So, in relative terms, throughout the Northern Territory you can certainly understand why the funding is split the way it is. If we were being compared with a similar community in Victoria or New South Wales, then I think it is a different scenario. But because we are not being compared, that is the problem, I suppose. Because we have those two standards, it is per capita funding coming to the states and territories. The funding is going out on a needs basis, and you will get those disparities.

CHAIR—I wonder if we could turn to cost shifting. You have talked about a number of the roles that you have been taking on: the gradual increase in the share of contributions of things like libraries, the fun bus—I do not know what the 'fun bus' is—a recreation officer and other things such as having to enforce acts like the Places of Public Entertainment Act. I do not know whether you get any cost recovery for doing that sort of thing. No?

Mr Adamson—Not in effect. We have found that for most of these services, even if you have some cost recovery mechanism in them, it never covers the full cost. I suppose you could charge the full cost, and there are some services where, I suppose, there is a fee-for-service charge that you can apply. For things like the fun bus—it is a kiddies' play activity that goes around the various parks of Darwin and does different things—often we have seen in the past that the programs have been started with maybe joint funding or Territory funding and then they have been handed across.

Other examples are some of our basic infrastructure facilities. We have a very good bike path system in the Territory, and the government has done a lot in that particular area. But then it was passed across to the local government to maintain. You could certainly argue that the bonus is we have been given these things in the first place, but the reality is that a lot of these things are coming across with no additional funds coming across to meet the needs of the ongoing maintenance and upgrades.

CHAIR—You list a number of other areas such as increased standards for child-care centres, compliance costs for waste management and streetlighting costs—all of which you cite as examples of cost shifting.

Mr Adamson—Certainly in the case of the waste side of things—and that is in some ways the easiest one to address—you can pass that on. A lot of our operation is run privately and is commercially driven, so there is a good chance there obviously for cost recovery. In the area of streetlighting and the like, when you have a system of either increasing electricity charges but no additional compensation to go with that, it is then a case of: do you hit the ratepayer or do you reduce the service to maintain the existing standard?

CHAIR—Can I get it clear? Are you being charged the same sorts of increases that the whole community is being charged for electricity or is it a specific thing to the Darwin City Council?

Mr Adamson—I do not believe there are any extra rates for us—special rates.

Mr McGill—The specific issue is streetlighting itself. They are trying to pass on to us another million dollars for the maintenance of streetlighting, which the Power and Water Authority have always maintained. But that cost is about to come over to us because of the Power and Water Authority becoming a corporation and being commercialised. So they are getting rid of things that they used to carry before—and one example is a million dollars in streetlighting maintenance.

Can I just explain that devolution, though? In our view, the shifting has three streams to it. One is the funding shift, where we get less and less money for functions that we are maintaining—some on behalf of the government—like libraries. We have lost \$350,000 in the last three years on library funding. There is another stream of activity which I guess we would call devolution or evolution—where the government might sometimes say that certain things are local government matters. For example, I think they spoke earlier about advertising signs. The government said a few years ago that advertising signs were no longer a planning matter, that they were a local government matter. So that matter devolved to us without any consultation, and we have to pick up the costs of managing that.

A number of those functions have come to us through evolutionary processes—the Places of Public Entertainment Act. Crime prevention activities are becoming a big problem for the community. I spoke of the signs and streetlighting. Pool fencing is another one. It came to us 15 years ago. Now the government is going to take it back. But you will have noticed in earlier evidence that they were going to take it back for two years and that they are going to hand it back to us again. So I am not sure what that is actually going to mean. I suspect that some of the evidence you got yesterday was a misunderstanding of what is going on. The government is taking private swimming pools back, and they are going to operate and pay for that themselves for at least two years.

The third stream of shifting, we believe, is through the legislative process. For example, waste management has had a sudden change in direction in the Northern Territory. Unlike the other states where you have probably had environmental laws for a long time, we have not. The Waste Management and Pollution Control Act, which came in only last year, has meant that our whole waste management strategy has had to be upgraded to what you probably think is just standard operation. However, it has doubled the cost of our operation of the dump. That is an example of where legislation has been changed, and suddenly we have to wear the consequences of it. So, in summary, there are three streams: firstly, funding cutbacks, where the government cuts us back; secondly, where we get devolved things and no money comes with it; and, thirdly, where legislation actually imposes something on us that we have not had to deal with before.

CHAIR—Someone put it to us rather more colourfully yesterday, calling it ‘sneakers, creepers and stingers’.

Mr McGill—Don’t talk about stingers. We have just had to close our lake because of stinger jellyfish.

CHAIR—Maybe I can just pose a question on the pool fencing. If the government has taken it back for at least two years, wouldn’t that give you the opportunity—if they say after two years, ‘We think that the council can now resume the responsibility’—to say that there be some funding to come with it?

Mr Adamson—Part of the question and the problem we have had with this up until now is that basically the government has been making decisions and doing things without consulting. Even between now and when the takeover takes effect there is every chance that there is going to be an increase on council services because people will be looking at doing this extra registration process and the like. There is most definitely an expectation from us that if this is returned—and we are only reading between the lines because they have not actually formally and officially told us that—that, yes, there would be some money to come with it. But at the moment they are setting a different level than we have had in the past. We have had two inspectors, whereas it sounds as though the government’s approach is going to be more of a cast of thousands. I suppose we are really looking at two separate models regardless of what the legislation itself might be just in terms of how it goes about that side of things. Certainly we would like a full cost recovery shift if it is handed back to us in two years time.

Ms BURKE—Would there be a benefit then in having something like a memorandum of understanding with the state government that says, ‘This is your responsibility; this is our responsibility’? That way you actually have an understanding about what you are meant to be

doing, as opposed to this creeping devolution as it has been described, and can manage community expectations.

Mr Adamson—Whether you need a memorandum or not, I think we certainly need a better mechanism so that we can interface with government and discuss issues with them. We had a case just recently where someone walked in off the street to apply for a hawkker's permit. They were told to go and apply to the police because that is where it was done. They said, 'No, we went to the police. The government changed that back in March; it is your job now.' We had to say, 'Okay, we will get back to you. Thanks for that.' We are finding that even at the departmental level there is no feedback at any level such as we think there should be. If anything, that is much of the problem in terms of what there might be for expectations about whose job it is. I can certainly see where it is understandable why the public might see council having a role in public safety. So I would not necessarily want to rule a line and say, 'That is totally the state's responsibility.' Some of these things do evolve. I personally accept the fact that some of these issues do evolve over time as needs or expectations change.

Ms BURKE—How do you manage that expectation, though? It would be nice if we could all have as much money as we think we need to do it all. But we are never going to get there unless you want to rate your people out of existence—or we want to tax them out of existence. How do you actually say, 'This is what we can deliver; this is a reasonable thing for us to deliver,' given the limitations we have on all those sorts of things?

Mr Adamson—If we take the law and order issues, which are some of the ones that have really started springing out with various residential groups over the last 12 to 18 months, but particularly, I suppose, in more recent times, it has really been a matter of sitting down with those groups and trying to work through common expectations so that we do not build up people's hopes too much but that we understand what their reasonable expectations are as well. I think the reality is that in terms of what the community is asking in those areas, it is way beyond the council's resources. Certainly to the extent that it has been discussed, you would have to question whether it even should be in the council area. But the question is often asked, 'What are the responsibilities of councils?' They are very good at delivering any service at a basic grassroots level, and councils are best placed to do that.

You see that across the board even with a lot of state responsibilities that are often devolved down to regional boards, whether it be health boards or whatever. So even at the state level those things are often devolved. I think that is where councils probably should not walk away from those areas. But, having said that, I think the states in particular also need to accept the fact that where that is happening—allowing for the fact that the council's revenue raising base, wherever the council is, is always going to be limited to a very small means of raising those dollars—there has to be some either state or federal contribution and sympathy that go along with that.

Mr Crawley—Councils invariably are saying, 'What is our core business? We will stick to our core business and anything outside of that we will just have to manage that expectation.' But in reality it just does not work. When there is a demand from the community, and it is a strong demand, councils normally will respond to what the community expectations are. Even though we have a look at all the various activities that we are involved in and we try and say what are essential, what are desirable and what have you, when it really comes to the crunch, councils respond to what the community expects.

Mr McGill—You asked a question a moment ago about memorandums of understanding. Back in the mid-eighties there was a process called rationalisation of functions where, in particular, Darwin City Council and the Territory government met and went through a process of saying, ‘That is your responsibility; that is ours.’ In that process, responsibility for the botanical gardens, for example, was taken from the council and given back to the government. Later on, probably in the early- to mid-nineties, there was a memorandum of understanding between local government—and I think it got burnt on parliament steps, if I remember rightly. More recently, there has been this question of developing partnerships—and I think that is something the government are doing. Darwin City Council initiated that and we backed out of it because there was a huge bureaucratic process to go through and you could end up with some partnership that might end up dealing with something eventually down the track.

So what we have done in Darwin is gone around the partnership road and we have real partnerships with departments. We have probably taken about 1,000 or 1,500 trees out of the streets of Darwin in the last eighteen months with the Power and Water Authority. They had a problem with trees causing interruptions; we had a problem with others. So we made a partnership with them just by an exchange of letters. I am highlighting the fact that there have been different attempts to try and sort out who is responsible for what.

Ms BURKE—Going a step further, do you believe in this notion of accreditation for local governments whereby you can receive direct funding from the Commonwealth so that you are meeting this standard of accreditation in this area; therefore, we will fund you direct for this service provision?

Mr Adamson—My personal feeling is that I would not have any hassle with direct funding to that extent. I suppose the only concern I ever had—even back in my Territory government times—was the amount of time, effort and resources put in by the Public Service in terms of reporting and compliance. It is a mini industry in itself. I know it applies particularly to some of the bigger departments, such as DETYA—or whatever it is known as these days—and I believe that there is a real industry out there, both in the state and local government area, where people are existing for no other reason than having to report back to Canberra. So while I think the concept is a good one, I accept the fact that there has to be accountability. I believe that there needs to be as simple a structure as possible that does not create another bureaucracy of its own.

Mr NAIRN—With respect to unrateable land under national competition policy, authorities like Power and Water Authority, for instance, have had to operate in certain ways so that ultimately the Territory government could earn national competition payments et cetera. But the committee have had evidence that properties that PAWA occupy—and there are probably other examples but let us take that one to start with—pay no rates to local government. Have you quantified the loss of rates by those types of authorities? Have you had any negotiations with the NT government about redressing that?

Mr McGill—We have quantified that in the past. I do not have any information with me but I can get that for you. Some of those government instrumentalities that are becoming corporatised, or privatised or whatever the right term is, do pay rates in Darwin—not all of them and not all of their properties, but it is evolving. Power and Water, as they are now called, are basically a private organisation, so we will be charging them rates.

Mr NAIRN—You will be charging them? I understand that there is an act that prevents that.

Mr McGill—Some of them make ex gratia payments because they do not want to argue about whether or not they are entitled to exemption. Telstra and others have some protections, but I do not think the Power and Water Authority does.

Mr Crawley—We are presently in negotiations with the airport. Since that has been sold we have been trying to work out exactly what can be rated and what cannot be rated and we are negotiating to try to get some income from that stream.

Mr NAIRN—I thought the Katherine witnesses had quoted us the particular act that exempts the Power and Water Authority from rates. We will come back to that if we can find it. Do Darwin City Council believe there are services that they could deliver quite appropriately if the funding were available? Connected to that, have you looked at delivering services in a region jointly with other councils—from the Darwin point of view, I guess that would be in conjunction with Palmerston and Litchfield—to get things like better economies of scale?

Mr McGill—There is an informal group called TopROC—the Top End Regional Organisation of Councils—which comprises Darwin, Palmerston, Litchfield, Cox Peninsula, Coomalie and Belyuen. We meet every couple of months to talk about things of mutual interest. The issue of a regional waste site is one that we are working on together. Sometime in the next 10 to 15 years the Darwin region will need a new waste site, so we are working together on trying to find a solution for all of us there. I would not call it resource sharing, but between Darwin and Palmerston at least there is some activity between library staff—for example, they swap with each other a bit for staff training and development purposes. Sometimes we might second one of our people to work with them at a period when they are short staffed—that type of thing. The intention of the regional group of councils is to deal with those matters of mutual interest and maybe share resources.

Mr Adamson—In regard to additional services that we might do, I have never been a fan of saying that we should be running hospitals and health facilities like that, although I certainly see the logic of grassroots delivery, particularly if some of the smaller communities were funded in that area. But I must admit that I have always been sympathetic to the concept of having a greater role in the law and order area. That does not necessarily mean that I would like to see the Darwin City Council running the CRP and other things, but my feeling on a lot of the day-to-day policing issues is that it works very well in other countries of the world and I cannot see why those things do not happen here. One of the reasons why it is difficult is that there is no other capital city that could get involved with it—apart from Brisbane, probably—simply because of the different councils that operate in those cities, whereas in most jurisdictions around the world if there is a local police force it tends to be on a city basis or bigger. As we see needs growing in the law and order area, if we could find a mechanism or a body to help us meet those demands—and there are not many mechanisms that could do that—I think that would certainly be an area we should be looking at trying to get into.

CHAIR—It is a bit disconcerting to hear you say ‘needs growing’.

Mr Adamson—‘Needs growing’ to the extent that I think some of the grassroots law and order issues seem to be trending in public expectations in terms of the ask on local governments, while the perception might be that they are increasing at a greater rate than that. Whether that is through frustration that the Territory is not doing enough, I am not sure, but I think that the expectation is certainly growing at a greater rate than, say, the crime rate is. But

there is without doubt—and I think most of the local governments I speak to throughout the Northern Territory agree—a greater expectation from the community that local governments have a role in this area. In some communities, in particular, it is probably manifested in the running of night patrols, which is in some ways almost a civilian police force in its own right. We are seeing those things happening anyway. In Darwin, it is more a case of these more minor issues that are at a very grassroots level and that really affect people's quality of life. The expectation that I am seeing is certainly growing in terms of what people expect local government to be able to do and respond to.

CHAIR—I guess that leads to a more general question. Would you support a system of accreditation for councils—that is, where there is a demonstrated ability to perform at a particular level to a specified standard and in return receive accreditation to deliver a fully funded service on behalf of other spheres of government? In other words, do you support that type of accreditation?

Mr Adamson—Personally, I would. I do not know what these guys think. But absolutely, as far as I am concerned, if we could establish our bona fides, I would most definitely. I do not know how you guys feel.

Mr NAIRN—Back at that Power and Water Authority question: section 19(1) of the Northern Territory Power and Water Authority Act supposedly—

Mr McGill—I have just had a response from my staff, who went away and got the information. They do pay rates, but not to us. The Power and Water Authority pay rates to the government, equivalent to our rates.

Mr NAIRN—Pays rates to the government?

Mr McGill—It is so that they are competitive. There are a number of suppliers of power—

Mr NAIRN—But the government does not pass that on to you?

Mr McGill—No.

Mr NAIRN—And they do not pass on any national competition payments at all, as I understand it; is that correct?

Mr McGill—That is correct.

Mr Adamson—That has been part of our issue. I think Mr Chairman mentioned earlier today the additional funding that the government had received, even federally. While we have certainly highlighted where we think we have dipped out with the FAGs side of things, we have endeavoured to seek a meeting with the local government minister, to say, 'There are other areas in which the Territory could perhaps be assisting in the meantime.' We believe that there have been certain windfalls, if you want to put it in a crude term of that sort, in those areas. Certainly, competition payment are not being passed on.

CHAIR—I think we have run out of time. I thank you very much for coming here, for your submission and also for allowing us to use your wonderful chambers.

Mr Adamson—You are welcome.

[11.35 a.m.]

BURKE, Mrs Annette, Mayor, Palmerston City Council

DONNE, Mr Rodney, Chief Executive Officer, Palmerston City Council

SHEPHERD, Mr Steven, Director, Corporate Services, Palmerston City Council

CHAIR—Welcome. 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 therefore considered a very serious matter. Would you like to make an opening statement before we proceed to questions?

Mrs A. Burke—I would like to set the scene for Palmerston. As a very young city we are severely underresourced to the tune of \$3 million. It is because, as far as FAGs and other grants are concerned, they are never up to date with our population figures. Even the LGANT—Local Government Association of the Northern Territory—submission to you has estimated our population at 19,000. The population is actually 25,500, so even our local body has us undervalued by 6,500. Our population according to the ABS statistics in 1999-2000 grew by 22.5 per cent, so you can see that keeping up with infrastructure and the demands of the local community is a huge job. Our FAGs have been reduced this year to the tune of almost five per cent.

It is a very difficult situation to cope with. With a population growing at a rate of 17.5 per cent we have been credited with being the fastest-growing municipality in Australia. It has now slowed from about seven per cent to about four per cent. We think that this is only temporary because there are more Army personnel coming into the region and other factors happening. We have a temporary slowdown, but my point is that we are growing like topsy and it is very difficult to keep up with the rate. That is just to set the scene for the other things that we are going to say.

We also have very strange boundaries in Palmerston where one side of the highway is Palmerston and the other side is Litchfield shire. It is very confusing and takes a lot of our time, and therefore council money, trying to explain that you cannot have a sign on our side of the road in a particular place but it is a free-for-all over the other side because Litchfield does not have any signs by-laws or any other kinds of by-laws to deal with that. At the moment we are trying to work on looking at our boundaries. It is a long process though. Perhaps that would bring in some more income and also make it more equitable for everyone.

CHAIR—If your population is rising as quickly as that—why have your financial assistance grants gone down?

Mrs A. Burke—You would need to ask the Northern Territory government. I do not know.

Mr Donne—I think it is because of the way they are applying the principles of horizontal fiscal equalisation, and there is a trend in funding away from the municipal councils in the Northern Territory towards the community councils.

Mrs A. Burke—Also the FAGs people have taken the federal government's directive to put some more money into remote areas very literally. I consider the whole of the Northern Territory to be remote with accompanying problems. Because we are not remote by local considerations, compared to Yuendumu or other communities, we suffer. Minus five per cent is a considerable sum to us.

Mr SOMLYAY—Could it be that the Grants Commission is using out-of-date figures?

Mrs A. Burke—They usually have out-of-date population figures for us.

Mr Donne—It is not so much that they are out of date because the way the Grants Commission structures its distribution for the Northern Territory is at best a theoretical exercise. It does not rely on much actual data because of the difficulty of collecting it from some of the community councils. This is a historical problem that they are continuing to work on. We do have some issues and, while you cannot compare communities, FAGs grants are one of the key funding issues for us.

I do not want to bore you with a lot of statistics, so I won't. But if you just take a couple of communities like Broome, for example, with a population of 11,000 and Palmerston, you will find that Broome gets a FAGs grant equivalent to almost \$170 per capita and we get one of \$41 per capita. Yet the cost of trying to provide local government services in those two communities is obviously comparable. This is because Broome is seen as disadvantaged compared to the bulk of the population in Western Australia, while Palmerston is seen as advantaged compared to the bulk of the population in the Northern Territory.

Clearly, if we were applying this across Australia generally, we would be much better off. I think one of the things which could usefully be considered is distribution of funds not by the states but by the Commonwealth directly, as used to occur back in the mid-seventies. That would go much closer to the goals of horizontal fiscal equalisation.

CHAIR—Do you see other areas to which that might be extended, so that the Commonwealth would actually apply direct funding to other specific programs—and, if so, where?

Mr Donne—It could certainly be applied in the area of social development. We have a very young population, as the mayor indicated. There are other communities in Australia where they have a much older population and, of course, the Commonwealth is actively involved through the Home and Community Care program. We would love to have direct relationships with the Commonwealth government in some of the social—

Mrs A. Burke—In youth initiatives particularly. Over 30 per cent of our population is 15 and under. We have all of the different youth issues involved with that, including crime issues. We have a local Crime Prevention Committee, which is a model at the cutting edge of crime prevention in Australia, having just been to a national conference and found out that people said, 'You should have been presenting on behalf of your council, because you are doing all the

things that are the models.' But we are funding that ourselves, and have been for the last three years, and it is considerable. It is virtually me and one other officer trying to be the be-all and end-all of crime, as far as council is concerned. It is a big ask for the mayor.

We are asking for a crime prevention officer to be funded, because they now want us to take over—speaking of cost shifting—the regional responsibility for crime in not just Palmerston with all its growth but Humpty Doo, Howard Springs and that country area outside Palmerston. I have said: 'If you want us to do that, we'd like to have a crime prevention officer as they have in Queensland, Western Australia and South Australia. We'd like to have a person funded to liaise with police and do all the things that I seem to be doing with the other officer.' They have said they do not fund those sorts of things and that we should go to the federal government with its 'stronger communities and stronger'—whatever that grant is that the federal government gives out. But we already have one of those grants for the YMCA to the tune of \$192,000, which we are very grateful for, so it is very unlikely we are going to get another one.

We have just done a residents' survey in Palmerston which was extremely positive—'Council is doing a wonderful job.' Results were in the eighties percentile, so we are on the mark and doing the right thing. We had incredible feedback with a 97 per cent accuracy rate. But one thing the survey found was that 11 per cent of people considered crime to be a major issue in 1999; that figure is 44 per cent in 2002. That is a 400 per cent increase. We are asking for a crime prevention officer and we are saying that we need some help here. As you know, it is not a direct responsibility of local government. It might be good if it were, because then we might be directly funded and then we might be able to take care of business.

CHAIR—Could you just expand a bit on this crime prevention officer and the comparison with other states and their funding? Did you say there are a couple of other states where the state governments are funding an officer?

Mrs A. Burke—State governments are funding officers and they are often housed in the local government, so local government gives an in-kind support insofar as there is an office, a telephone and all the equipment needed to fulfil the duties. But the crime prevention officer or community safety officer, depending on which name you want to give the person, basically does what I am doing—keeps in touch with the police and keeps the committee going. It is an informative committee.

There are very high-level policemen on this committee plus members of our Community Crime Forum. We work out strategies that we can put into place in the community to try and address crime. A holistic approach is the way to go, so you have got to involve education and you have to involve an alternative education facility for kids who are truanting. We have a huge problem with truanting in the Northern Territory because Indigenous kids often just do not go to school in the municipal council areas and then they are a separate entity and a separate rule unto themselves. So other kids are not really picked up and stopped from truanting, and that is where the crime comes in. They have given up on school for whatever reason, so we are trying to establish an alternative education centre in Palmerston and we are working on that at the moment.

A crime prevention officer would be trying to incorporate education, mental health and family and children's services. Housing is often a problem, and drug and alcohol abuse is often the problem in dysfunctional families, and I think that goes to increase the crime ratio in a

community. I do not think crime is out of control in Palmerston. We are talking about people's perceptions here, but if it is a perception in the community then it has to have some kind of basis, and a crime prevention officer would be able to get together all of those people. That is what I am trying to do, but I chair about 15 committees as well, so it is very difficult for me to do all of that work. We really badly need someone like that. It is more cost shifting now, because we are in charge of a regional set-up; I do not know how we are going to do it. Maybe we are going to have to say, 'Either cough up with the money or we're not going to do it.' That would be sad; I do not want to do that, because I think it is an important issue in the whole region, not just in Palmerston.

Mr Donne—It is an excellent example of how the costs shift without any sort of legislative control. As the mayor indicated, we have done the survey and 40 per cent of people think that crime is an issue in Palmerston. Twelve per cent of them think that the council should get more involved.

Mr GRIFFIN—Probably 80 per cent of them think that there should be capital punishment too. That is generally not really a basis for what you do in a community.

Mr Donne—That is true. But it shows that there is concern. Those 12 per cent think the council should get more involved, even though traditionally—

Mr GRIFFIN—But there is probably 15 per cent that think there are going to be Martians arriving.

Mrs A. Burke—No, I think your claim of 80 per cent is a bit way out—come on, really.

Mr GRIFFIN—We all do surveys; surveys can produce all sorts of results. The point I am trying to make is that to just trot out a survey and say 'That means there is an unmet need' does not work. There is an unmet concern, maybe—or perhaps there is a concern and how unmet it is is another question.

Mrs A. Burke—There is a perception, and I do not think you can devalue perceptions. The point is that we are being asked to take over the whole region as far as crime prevention and coordination are concerned. I am saying that there is a community perception that it is a need or an area of concern at least. You have the media beating up figures, as they tend to in the Northern Territory, saying 28 break-ins and reporting this and being responsible as well for this hype that then goes to make people very scared. Security firms in the Top End, particularly in Palmerston, have noted a huge increase in business in the last year or so. People are fortressing themselves in, particularly seniors, who feel they cannot run and cannot hide. That is a dreadful situation, and I think that is a need for our council to meet for the community.

Mr Donne—This is happening at a time when the Palmerston police station is understaffed by five officers. That is not a perceptual thing; that is a statement of fact, according to the *NT News*.

Mrs A. Burke—That is a 40 per cent understaffing.

Mr Donne—As we understand it, the government is looking at changing the Local Government Act to make things like public security and safety and substance abuse functions of

local government as well—not mandatory functions but permissive functions, if you like. That will just reinforce the perception that this is an area that local government should get involved in, yet traditionally it has basically belonged to central government exclusively.

CHAIR—You said the station was 40 per cent understaffed. Is that just temporary? Why is that?

Mr Donne—According to the newspapers, the government has had difficulty staffing its police establishment across the Territory. I think Palmerston is no different to many other places.

Mrs A. Burke—But Palmerston has a huge area of operation, and that is why I guess if we were maintaining a truly local police force monitored or maintained by council that might not be such a bad idea as long as we had the funding. Our police force has a huge area of hundreds of kilometres. If they are out at Mandorah, which is a huge distance away, and there are only two vehicles on the road then that means the whole of Palmerston is being covered by one. There was a police graduation recently and I think we are getting one or two more new recruits to Palmerston, but that still does not meet the need. Recruits are being brought in from Queensland all over the place, but it is very difficult when the police are understaffed as well.

Mr GRIFFIN—I am not sure how aware you are of our terms of reference, but one of the key points at the end is that the inquiry is to be conducted on the basis that the outcomes will be budget neutral for the Commonwealth. I draw that to your attention because of an earlier comment you made on the question of whether it would be a better option if you were recognised as having the responsibility in the community policing area, for example. I think your response—correct me if I am wrong—was that, if you were separately identified as having the responsibility, that would hopefully mean there was a greater chance you would receive federal funding. The point is that the overall constraint we have, in what we are supposed to be looking at, is a budget-neutral situation. I am not quite sure that is going to necessarily be the result.

Mrs A. Burke—I was responding to your asking me about Darwin City Council—and Minister Tuckey has mentioned this to me as well—and local government possibly taking over other responsibilities such as police, schools or whatever. If we were to take over those things, of course it would have to be cost neutral to us as well. I guess the funding would come from the state or territory government, not necessarily the Commonwealth government. You do not supply money for police within the states, do you?

Mr GRIFFIN—We often argue that we provide everything on the basis of taxation revenue. We shift it back and forth the other way too, sometimes. The other question is about horizontal fiscal equalisation. You are talking about a situation where we have an overall government funding pie from the Commonwealth that then comes down through that state process. When you are talking about a revenue-neutral approach in those circumstances, what you are effectively saying should occur—and there are legitimate reasons why you would say it—is a transfer of an element of that funding to the Northern Territory. I can understand that from your point of view, but I will put my position as a member for an area in metropolitan Melbourne.

Although you put a compelling case for the sorts of problems that you face in dealing with the infrastructure and needs of the community of Palmerston, I can talk about one of my local

government areas. It has 130,000 people, with over 45 per cent from a non-English-speaking background. It has a lot of new arrivals from communities like Bosnia and places that have been going through war. It has a huge drug problem—it has been targeted by the state government on that basis alone—and a range of infrastructure issues, including the worst intersection in metropolitan Melbourne in terms of a black spot, which will cost millions of dollars to fix. In effect, what would be asked in those circumstances is that those people transfer even more of their taxation revenue to people in the Northern Territory on the basis of a budget-neutral outcome for the Commonwealth. Would you like to comment on that.

Mrs A. Burke—We are not asking for a bigger pie; we are asking for a fair share of the pie. We do not have a fair share at the moment. I acknowledge what you are saying about—

Mr GRIFFIN—On the point of a fair share, I would argue from my constituents' point of view that they also have very legitimate concerns about the circumstances they face and the requirements they have of local, state and federal governments.

Mrs A. Burke—I do not think you would compare Palmerston to an area of 130,000 people—our population is 25,500. If we are talking about per head of population, I guess it would affect you if you were going to say, 'Bring it through from Broome.'

Mr GRIFFIN—It would affect us—have no doubt about that. That is how the whole system works.

Mr Donne—It may be that your community would get more, though, if we were actually applying the principles of horizontal fiscal equalisation.

Mr GRIFFIN—It might if we took a certain attitude to, say, the Treasurer's electorate, which I doubt would happen.

Mr Donne—As you know, at the moment all of the councils are guaranteed a per capita allocation as well. So if all of that money went into the pot and purely came out on a needs basis then needy communities, including your own, may well benefit. The point we are making is that it is an anomaly where a community like Frankston gets \$10 per capita more than a community like Palmerston.

Mr GRIFFIN—As a former resident of Frankston, I could debate that with you, too.

Mrs A. Burke—We are getting nowhere fast here.

CHAIR—Would you support a system of accreditation for councils? In other words, where there is a demonstrated ability at a particular level and you could provide a service to a specified standard and are able to deliver a fully funded service with accreditation, would you support such a move?

Mrs A. Burke—I definitely would. We have not really discussed that specifically in council, but I definitely would because I think we are at the grassroots level. We know what our community wants because we are right there. Whether we are thought of as the third tier or the first tier does not matter. We are at the grassroots level and I think we could provide the service.

The accreditation would make sure that we were able to do that so that it is not just given across the board—that would be foolish. So I agree entirely.

Mr NAIRN—Mr Donne is not so sure, or he is not commenting.

Mr Donne—I think I will pass.

CHAIR—We would like to know your views on it.

Mr Donne—I am probably a bit sceptical. One of the problems with accreditation may be that we all get forced to do the same sort of thing. One of the strengths with local government is that you have 700 councils doing different things and responding to what they see as the needs of their community, not necessarily responding to the views of a public servant in Canberra who happens to have his finger on the key policy button in that particular area. I think that that diversity is actually good for us.

CHAIR—I think the point about accreditation was: if you could demonstrate a standard, would you support the delivery of a particular service at a local level rather than at a different level of government?

Mrs A. Burke—That is just the standard you are talking about; it is not how you deliver the service. As long as we came up to the standard, we could be as diverse, as laterally thinking and as innovative as we liked. That is how I would have interpreted it.

Mr Donne—I would like to think so but bureaucracy does not always work that way.

Mrs A. Burke—Doubting Thomas!

Mr GRIFFIN—If I could interpret Mr Donne on that, I think what you are saying is that there is a danger, when you go to the question of setting standards in order for accreditation, that you set de facto standards in terms of what is actually done.

Mr Donne—Yes.

Mr GRIFFIN—That is a valid point.

Mr NAIRN—That is understandable. From the evidence we have had, it seems that the Territory government is on a move to force amalgamations or would like to see some amalgamations. Is there any pressure for Palmerston and Litchfield to become one council—

Mrs A. Burke—I thought you were going to ask us if we wanted to take over Darwin!

Mr NAIRN—or for Darwin, Palmerston and Litchfield to become one huge council area? Are there any forces like that?

Mrs A. Burke—I have never heard that. There is one alderman on Darwin council who during election time promoted Darwin taking over Palmerston. Most people I know think it should be the reverse, but that is a personal opinion. Are they in the audience? I have got my

back to them. Howard Springs is on our back doorstep and we joke about taking over that, but Litchfield and Palmerston are two totally different municipalities. Litchfield is a rural area. People go there to have a number of acre blocks and for the freedom that that involves. Therefore, Litchfield rates are far different from ours. They do not have the by-laws we have. I think it would be a disaster—the same as incorporating different indigenous communities who have different moiety groups and different issues. It is fraught with danger and it is very difficult in the Northern Territory. Whilst we have a lot of councils for the population, they are also very spread out and very different. Incorporating Darwin and Palmerston would not be a good idea at all. You are there to serve the people; if you make it bigger, you serve them less. People in the northern suburbs tell me it is very difficult for Darwin to serve the northern suburbs. I do not know; I am only going on what people have said. If you want to have Palmerston incorporated and that great big strip in between, which is a 22-kilometre strip of few businesses and no man's land, I do not think it is a good idea at all.

Mr NAIRN—What about the services that Palmerston provides that are probably accessed by people who live in Litchfield shire? Is that a problem?

Mrs A. Burke—No, it is good.

Mr NAIRN—I was expecting you to raise it.

Mrs A. Burke—It is not a problem insofar as it is good. Businesses and different enterprises are patronised by Litchfield people—to a lesser extent now that they have the Coolalinga complex with Woolworths there but people still come in to do their weekly shop, go and see the local doctor, go and pay some bills or go to the motor vehicle registry and things of that nature. That is good for Palmerston because it brings people into our business area and generates dollars.

Mr NAIRN—What about things like library services; are they provided out in Litchfield?

Mrs A. Burke—They are. There is a community library at Taminmin High School. But many of our library patrons are from outside our municipality—I cannot remember the figure, but it is quite considerable.

Mr Donne—We did not raise it because it tends to cut both ways. Palmerston is largely a residential community without a lot of employment opportunities. People tend to work in Darwin, so a lot of commuting goes on and those people might also use facilities. It leapfrogs down the chain.

Mrs A. Burke—That is why we want a Medicare office in Palmerston—putting in a plug for it in case you have any influence with Kay Patterson; I certainly do not.

CHAIR—That is outside our terms of reference.

Mrs A. Burke—What a pity.

CHAIR—As we do not have any more questions, I thank you both very much for coming before the committee, for your submission and certainly for your remarks today.

Mrs A. Burke—We had some more cost shifting examples, but I think that they may already be in our submission.

CHAIR—Do you want to make a supplementary submission?

Mrs A. Burke—They are already included. There are examples like the sediment and erosion—

Mr Donne—There is more anecdotal stuff. We can give you that if you would like it.

CHAIR—Yes.

Mr NAIRN—If you have it.

Mrs A. Burke—Yes, we have. There are land development examples and inspections and things. We have a lot of that because we are growing so fast, and council is involved in that to a large extent. It is cost shifting again, because we are paying for it with the time of our officers.

CHAIR—Would you send that to us?

Mrs A. Burke—Yes.

CHAIR—Thank you.

[12.04 p.m.]

CLEARY, Mr Thomas John, Chief Executive Officer, Tiwi Islands Local Government

MUNGATOPI, Mr Fredrick, Vice President, Tiwi Islands Local Government

CHAIR—I welcome representatives from the Tiwi Islands Local Government. 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. The giving of false or misleading evidence is a serious matter and may be regarded as a contempt of parliament. Would you like to make a brief opening statement before we proceed to questions?

Mr Cleary—Yes, we would. Further to our written submission to your committee, where we outlined in very broad terms the role and function of Tiwi Islands Local Government and the issues we wished to raise with your committee, we think that it is important to point out—and I am sure that members of your committee are well aware—that Aboriginal community councils operating in remote areas are quite different from the normal local government councils operating in most areas around Australia. The normal local government council provides a range of services complementary to other services provided by other levels of government. In most Aboriginal community or regional councils, a whole range of services which may be provided by different levels of government are often delivered by councils. In the case of the Tiwi Islands, they are delivered by the Tiwi Islands Local Government.

In our original submission we outlined a very broad range of services delivered by our council. Today we would like to give some further examples of areas of disadvantage where we are either caught in the middle of a debate or seriously disadvantaged. The first example that we would like to raise is the issue of power generation. The Territory government does not accept responsibility for supplying power to our smallest community, Wurankuwu. Before the formation of Tiwi Islands Local Government, the community was funded by ATSIC as an Aboriginal corporation. Our new regional council is responsible for this community and its power generation. Two years ago ATSIC provided \$100,000 for the purchase of fuel to run our power generator in that community. Last year's allocation was \$50,000. This year we have a nil allocation of money to provide fuel for our generator. The reason for our nil allocation this year is that last year money was allocated for the installation of power meters. The rationale is that the charges from the meters should fund the fuel used in the power station. In the most recent discussion that I had with the Power and Water Authority of the Northern Territory it was indicated that the cost of generation by diesel is 80c or more per unit. I understand that the cost per unit charged around the Territory is in the order of 16c per unit. If we were fully to recover the cost of the diesel fuel in our generators, we would be charging members of that community more than 400 per cent of what other communities across the Territory are charged.

The provision of power and water services across the Territory is the responsibility of the Territory government. In the other three communities, TILG manage and operate power and water services on behalf of the Power and Water Authority by way of a contract and a fee is paid for delivering that service. At Wurankuwu we are now caught in the middle of an argument between the Territory government and ATSIC as to who should be responsible for the provision

of this service. The Territory government is saying very clearly that it is not prepared to accept responsibility, and ATSIC is telling us that it is moving towards some formula based funding for these communities which will see our funding further reduced. At the moment, our council continues to purchase fuel with no budget allocation, while ATSIC tells us that we are in breach of our funding by overspending its approved budget to the community. The alternatives are either for the community residents to be charged an excessive and unrealistic fee for their power use or for us to discontinue providing power.

In outlining this, we have only told part of the story, because over the last two months both generators have broken down. We are currently operating on a hired generator, which we had to ship in from Darwin by barge one weekend. There was no budget allocation for that exercise. A week or so ago, the only pump that provides water to the community broke down and the community was without water for five days. That just gives a wee example of an issue that we are caught in the middle of.

The other issue I would like to raise is the issue of housing consultants and NAHS funding. At the moment, the NAHS program—the National Aboriginal Health Strategy program—provides funding to improve health outcomes in communities. One of our communities, Pirlangimpi, has attracted \$1.3 million to add rooms to eight houses at a cost of \$800,000, to upgrade sewage treatment at a cost of \$250,000 and to upgrade their tip to the tune of \$50,000. The consultants, Ove Arup and Partners, manage the program across the Territory and Queensland areas. For our \$1.3 million project at Pirlangimpi we have to appoint another consultant to manage the project, and the cost allocation for the management of this project is 10 per cent—a cost of \$130,000.

Our argument is that Tiwi Islands Local Government are going through a major restructure. We have just appointed an engineer project manager as our new works and infrastructure manager across all communities. When we asked whether we could manage our own project by employing such qualified people, we were told that we could not. If the council could manage the project, the management fees would meet the cost of employing our infrastructure works manager, who is resident on the island and available for ongoing oversight of projects such as this.

The present compulsory employment of another, outside consultant is a very expensive way of supervising and managing programs, especially as it often involves flying in and out by chartered aircraft. With the amalgamation of councils on the Tiwis, it is our aim to establish a professional organisation with the resident expertise to manage our affairs living on the islands. The NAHS program is a current example, but again this is duplicated across many, if not all, of our capital programs. I extend this to other remote communities as well; I am sure that we are not on our own.

The other and final matter that I would like to raise is the issue of the administrative effort that is required to supervise and look after grants. The other issue we raised in our original submission is the effort and resources required to attract funding and to complete the reporting and acquittal requirements for each, whether it is \$500, \$5,000 or half a million dollars. Most of the funding for Tiwi Islands Local Government is grant funding; indeed, almost all of our funds are. The resources required to manage our funding programs are huge and our staff is small in number. ATSIC and the Northern Territory government departments have an army of officers who write requests and place demands on community councils for reporting and acquittal of grants and generally shuffle papers as the middlemen in government funding.

We submit that it would make more sense for the federal government to start funding regional governments like the Tiwis directly, on a population or needs basis. In doing so, they would minimise the paperwork and accountability to a one-step process. We often look at ourselves in relation to what is happening at the moment with the Torres Strait Regional Authority, where a similar program already exists.

In summary, we ask the committee to focus on the possibility of direct funding for local councils and on reducing the administrative cost and personnel involved in cost shifting. We want the money to provide better services in our communities, particularly on the Tiwi Islands.

CHAIR—Thank you very much for that. On that last point, could you elaborate on the services you think you would like to provide directly.

Mr Cleary—In many cases we already do. I think the only service we do not provide directly is policing. The Territory police still provide services, although we are often asked to pick up some of the cost of providing Aboriginal police officers in communities, and that is an issue that LGANT are taking up further with the Territory government. There are often requests to provide housing or vehicles and other things, which are difficult resources for us to provide. As I said, with the exception of Wurankuwu, we provide power and water services on behalf of Power and Water and we tender for those. We provide our costs and we are reimbursed for providing that service. We supervise our landing strips; we have four air strips on the island, so we look after them. We do charge landing fees, so we are recovering some of those costs.

Education services are provided in two parts. In one community, at Nguiu, they are provided by Catholic education and at the other communities they are provided by the Territory education department. We provide some library services through grants from the Territory government. In that original submission I provided a whole list; we provide almost every service. Centrelink is another—on behalf of Centrelink, we provide that service through our council offices. We are the local post office. We provide banking services. Basically, whatever happens on the island is provided by the Tiwi Islands Local Government.

CHAIR—With some of those services—for example, banking—does that cost you anything or does the Commonwealth supply funding?

Mr Cleary—We enter into a commercial arrangement with them and we get commissions on providing that service. Often the issue of money handling is a difficult one in communities and not always do balances happen correctly. Although I have been on the islands for only the last five months, there is a long history of money that has gone missing. At the end of the day, it is the body that operates it that has to meet those costs. The banks are not generous in saying, ‘You’re short this week, so we will deduct that amount from your balance.’

Mr GRIFFIN—Banks are not generous, full stop, in my experience.

Mr Cleary—That has been my experience too.

CHAIR—In talking about time and resources as far as meeting all the requirements, you have raised again that ongoing question: in your view, what is the optimum balance between getting that accountability and not being stifled with paperwork?

Mr Cleary—My biggest issue is having enough resources to employ people to provide the supervision of the delivery of services. Again, as I indicated, I have been in the communities for only a short time, but the administrative support that is available to the staff that we are now putting on board is nil. I have just employed three new managers who are accepting responsibility for the delivery of community services across all communities. They have no administrative or support staff. They are having to, in some cases, run the day-to-day affairs of each community and then take the oversight of delivering services across the community. My greatest need—and other communities would be in similar situations—is in having the manpower, the ability to be able to employ staff to do the job. We see an army, as I indicated, of staff in other organisations who are requesting advice, reports and a whole heap of things that further tie up our time, and it is rather difficult to provide that at times.

Ms BURKE—We had evidence yesterday of one council having, on average, 18 surveys going at one time to answer, fill in and provide various bits of information to. You were not here this morning, but we had representatives from the department here who talked about not only how the money is spent but ensuring that it is being ethically spent, and there have been some problems with misappropriation of moneys. Is there now a bit of overkill to ensure that the money is going to where it should be going appropriately? Is there a way, as David said, of doing that without overburdening already overburdened administrators in these small communities?

Mr Cleary—You need the staff in the communities and on the ground to be able to do that, and that has been the biggest difficulty. We have just come through a period where, I think it would be fair to say, the Tiwi Islands Local Government really got into a hell of a mess after the amalgamation took place a little over 12 months ago. Those people who were appointed—the finance officer, the financial controller and others—got overwhelmed by the job and it got too hard. Putting in place professional and qualified people to be able to properly manage has been a major exercise. There are difficulties in communities recruiting professional staff.

Ms BURKE—That is the other big problem that keeps reappearing: how do you recruit and then retain people in these places?

Mr Cleary—That is a difficulty, but in some ways that may well be changing. Probably more people are now retiring earlier and are looking for other challenges. I am one of them! Recently we have had difficulty attracting finance staff, but just in the last couple of weeks I have had three people contact me from other states indicating that they might be interested. However, the cost of recruitment is rather high because, when you have to bring people up from other states, a long way away, that incurs a fairly large cost.

Ms BURKE—Is there also a need to train up the people who actually live in the community so that they can—

Mr Mungatopi—We have some trainees that are being trained for us.

Ms BURKE—So you have some trainees on the island?

Mr Cleary—Definitely, but we really need to be putting in place those trainee positions almost across every other position. Our first challenge at the moment is really to just put in place the structure to run the place. Our plan is to put Tiwi people into all of those jobs.

Something that we have just done in our restructure is that, where we used to have community managers—that is, the old council clerks—just in the last few weeks we have basically Tiwi-ised those positions. We now have in each of the communities Tiwi managers who are community service officers. Their role is to be the link and the liaison between the council, the management board and the community. I think that is going to work well but it is new, so we are going to have to play it by ear.

Mr SOMLYAY—Have you been there long enough yet to form an opinion on the audit process?

Mr Cleary—We are just going through our first audit now. Financial accountability is critical, no matter where it is. There have been many difficulties, but I think that if you have sufficient, capable staff an audit should not be a problem. So I do not see audits as a problem.

Mr SOMLYAY—Yesterday in Katherine we were told by the representatives of regional ATSIC of the fairly interesting concept that local government was actually cost shifting to ATSIC. Do you find any evidence of this cost shifting in reverse?

Mr Cleary—I think that may well be ATSIC's view in relation to power generation at Wurankuwu, which is the example I gave you. This is the argument that we are in with the Territory government. ATSIC have totally funded some of the remote Aboriginal communities. They started originally as out-stations and they have grown a little bit. In the case of Wurankuwu, it is now under the umbrella of our council. ATSIC still continue to provide a municipal funding grant to that community, but that funding grant is being wound back. When we met with the ATSIC regional council a few weeks ago, we raised this issue with them. They were running the cost shifting issue as well. In the example that I gave you, the funding to that community was a lot higher than it is this year. There are some who believe that the funding is still fairly generous. It could well be, but there is a basic need in that community for power and water. Without that the community is not viable.

Mr NAIRN—Where is Wurankuwu?

Mr Cleary—Wurankuwu is to the south. It is on Bathurst Island. It is south of Nguiu, or south-west—if you have ever heard of Port Heard or Barra Base, it is basically on that inlet.

Mr NAIRN—With respect to income to the Tiwi Islands council, there are a couple of businesses on the Tiwi Islands. What is the status of those? Are they part of the council or are they run quite autonomously?

Mr Cleary—On the Tiwi Islands there are a number of organisations that provide services. A land council operates independently and separately and actually does most of the commercial negotiation with businesses like Barra Base—that is cage-farming barramundi at Port Heard—and Silvertch. It is also in partnership with the company that provides the barge and freight services to the island. That organisation operates quite separately and the revenues that it generates are not distributed to council. The decisions on where it spends its money is made at land council level.

Mr NAIRN—Are Tiwi arts included in that?

Mr Cleary—No, the arts are operating independently, basically as separate businesses. We have a number of other commercial operations. The licensed clubs operate as separate organisations under their own management groups in each of the communities, associations—

Mr Mungatopi—And the shop as well.

Mr NAIRN—Do any of those pay rates to the council?

Mr Cleary—We are about to go through an interesting exercise with them. They were paying a set amount per garbage bin as a garbage rate. The decision this year when we set our rates was to set a commercial rate like anywhere else. It has not been a popular move, so that is a matter that we have to resolve with them, but the council's view is quite clear: we provide services to them and they should pay their way.

Mr NAIRN—Surely most of those businesses that you mentioned—and I do not know how they are going—have been in operation for some time. They are presumably operating okay, so they should be contributing to the development of the islands.

Mr Cleary—Some of those businesses are making a lot of money. There are other ones operating that I did not mention, such as a health board. There is the Tiwi Health Board and a training and employment board as well, which operate separately. The long-term ambition, wish or plan of the Tiwi people is to try and bring them together. There are some differences of opinion from some people in those organisations as to whether that should happen and how that should happen. But there is definitely a need to better coordinate the delivery of services in some areas, particularly in health. The health board is providing a range of youth services and cultural services for various groups in the community, as do council, as do some of the schools. We have been attempting in the last few weeks to try and bring those groups together and to start coordinating some of the programs that we operate.

Mr SOMLYAY—Is your council being asked to carry out services for any other Commonwealth agency such as Centrelink or Australia Post?

Mr Cleary—Yes, we do all of those.

Mr SOMLYAY—Is that a problem? Are you totally funded for that to your satisfaction?

Mr Cleary—Because the costs are outside of the grants control, it has been very difficult to get an accurate picture of our costs.

Mr SOMLYAY—We heard evidence yesterday that the services were funded for 22 hours per week but in fact it was taking 40 hours per week to provide the services, so that is a form of cost shifting. Do you experience that as well?

Mr Cleary—I think our experience would be similar. It is very difficult running those businesses on what Australia Post and others would define as being the sorts of hours that you would need to provide a service. In our community, the training role—because most of those services are provided by our Tiwi people—requires supervision of those services, or oversight, and training is needed. I would doubt very much whether we are fully recouping costs, and in fact it would be costing us money to provide those services.

Mr Mungatopi—You were talking about Centrelink and people getting cheques; it normally goes through EFTPOS machines and they automatically draw the money out.

Mr SOMLYAY—You have a Centrelink person in situ?

Mr Cleary—Yes. Centrelink are in the process of entering into new agreements with us for all the communities to try and bring it together. We are now one amalgamated organisation. Previously, Centrelink had agreements with each community council, as did many other organisations. So there is a need to bring it together, and that is currently happening.

Mr NAIRN—Going back to the possibility of collecting rates from some of those organisations that are operating there and, as you say, making good money, is there any legislative restriction on you with respect to that? Would you be able to levy a rate against them?

Mr Cleary—We can levy rates under the Territory Local Government Act, so there is no restriction on us. The difficulty that we have is that we have to negotiate that within the community because each of those organisations have their community associations of Aboriginal people, many of whom are on our council and other councils. There has been a reaction from some, particularly some of the art centres, that they believe that they are not making any money and they want us to provide services for nothing or for very little. That is something that we have to resolve. It has been an issue in one of the communities whose service rates are very low. There has been a huge reaction by that community that they do not want to pay the same service fees that the other two communities pay. So that is something we will have to try and resolve by talking. It is going to be, I think, a long process to bring some of those changes in.

Ms BURKE—Is there some confusion about the various bits of money and where it is coming from, and with the service that is being provided and who you are accountable to in all this mix? You are getting FAGs, you are getting state funding and you are getting ATSIC funding.

Mr Cleary—Funding is a nightmare. The name of the game is being able to attract funds from wherever you can find them. We have not yet appointed an officer full time to chase and look after grants, but there is a need for that within the new amalgamated council. I am concerned at the moment that we could well be missing out on some of those funding opportunities. This is where a grants-driven and submission-driven system has its disadvantage: if you do not have the resources or the expertise, you miss out.

Ms BURKE—What if you had a system of accreditation, such as that we have been exploring with various people, which said that as an islander or a community you are accredited to provide X, Y or Z service and therefore you will get direct funding?

Mr Cleary—We would welcome it. I gave you the example of NAHS funding. I still do not understand why, if we have professional staff on-island, we cannot manage and supervise some of our programs. I can understand that governments have moved to insist on consultants to supervise because of problems in the past. But if we, in putting together a professional organisation, now have those skills, we should be able to use them.

Ms BURKE—Were you able to tender for that as a consultant—as the island contender?

Mr Cleary—We have not had time, and there has been a need to put forward that project, but that is something that our new works manager put forward to me. Again, I think we would still have problems. I asked the question when the consultants were talking to the community and we were told quite clearly that no, we could not be involved—it had to be someone from outside.

Ms BURKE—Do you get to choose the consultant you want to have?

Mr Cleary—It will be negotiated with the community.

Ms BURKE—It goes around and around in circles, chasing the money and then acquitting the money and so on. Fundamentally, the picture you are providing is that Tiwi Islands Local Government provides every service, so there is no conflict about who is doing what.

Mr Cleary—There is still some overlap between some of the organisations. As I indicated to you, we are not providing health, police and other things. Although training is within our organisation, there is a training board that provides training services.

CHAIR—There being no more questions, I thank you both very much for coming before the committee and thank you for your submission.

Proceedings suspended from 12.32 p.m. to 2.00 p.m.

ADAMS, Ms Michelle, Acting State Policy Manager, Aboriginal and Torres Strait Islander Commission (Northern Territory)

WAUCHOPE, Mr Wayne, Chairperson, Jabiru Regional Council, Aboriginal and Torres Strait Islander Commission (Northern Territory)

CHAIR—Welcome, Ms Adams and Mr Wauchope. I remind you that, although the committee does not require you to give evidence under oath, these hearings are legal proceedings of the parliament and warrant the same respect as the proceedings of the House. The giving of false or misleading evidence is a serious matter. We have received your written submission numbered 174. Would you like to make a brief opening statement before we proceed to questions?

Mr Wauchope—I wish to acknowledge the traditional owners of this country, the Larrakia people, and I thank the committee for the opportunity to make an opening statement. Local government in the Northern Territory is unique. The Northern Territory government only regards municipal and community government councils as local government. Twenty-seven of the 30 community government councils are in Aboriginal communities. All 29 association councils—local governing bodies—are in Aboriginal communities. Scores of homeland resource agencies also provide local government type services. Smaller communities and town camp organisations deliver local government services as well. Because many of these organisations are not incorporated under the Northern Territory Local Government Act—the NTLG Act—and they are not adequately funded to perform local government functions. Aboriginal organisations are often the sole service provider. Where they are incorporated, there are approved schemes giving them responsibility for a diversity of functions well beyond those of capital city local councils.

The government has progressively developed or cost shifted some of its responsibilities to councils. Some councils have expanded their services, either voluntarily or due to service gaps. The bottom line is that many councils are not able to raise the revenue to finance their services. ATSIIC think that the government has an obligation under the Australian Constitution to provide services for citizens and should give enough funding to organisations providing local government services regardless of their incorporation—whether they are under the NTLG Act or not. While the Territory government supported the RCIADIC recommendations about organisational structures and the methods used to deliver services being up to each organisation, its local government reform agenda did not necessarily do this. What is needed is more flexible governance systems. Amendments need to be made to the act to recognise RCIADIC, the Aboriginal Land Rights (Northern Territory) Act and traditional owners, and to let councils change their status and accommodate traditional decision making.

The current system of local government is complex and inequitable. The Northern Territory Local Government Grants Commission distributes funds by its own formula, which includes Aboriginality as a factor. The lack of transparency was highlighted in the recent Commonwealth Grants Commission review. The review found ‘entrenched levels of disadvantage compared to non-Indigenous people’ and this was much higher in remote areas. Other findings included the failure of mainstream services to meet Indigenous needs, difficulty in determining needs measurement and funding to get outcomes, and higher relative needs of Indigenous people.

ATSIC NT strongly support an Indigenous impact statement for all policies and programs that affect Aboriginal and Torres Strait Islander people so that their architects and decision makers are better informed of the likely consequences.

In the Northern Territory, ATSIC provides more funding to local government than it should have to, mainly through its CHIP and CDEP programs. There is no doubt this has contributed to the July ATSIC performance report by the Australian National Audit Office highlighting the disturbing trend that ATSIC was often unable to fulfil its role as a supplementary funder. Rather, in many regions, ATSIC is operating as a primary funder of programs and services to Indigenous communities. The ATSIC NT submission shows that the local government is struggling to keep up with its statutory obligations. Structural changes and funding increases are essential before the straw breaks the camel's back. ATSIC NT supports the Territory government replacing local government reform with promoting regional agreements. In this regard, ATSIC regional council plans could be a reference for social, economic and cultural advancement. ATSIC NT advocates an arrangement between the three spheres of government that clarifies roles and responsibilities, minimises duplication and is outcome focused. I commend the ATSIC NT's submission in the consideration of the inquiry.

CHAIR—Thank you for that. Having looked at your earlier submission, could you tell the committee what response the Northern Territory government has given to your recommendation that the Northern Territory Local Government Act be amended to recognise all organisations that provide local government services—in other words, to include the services that ATSIC has been providing?

Ms Adams—ATSIC in the Northern Territory has been liaising with the NT government for some time on a partnership arrangement which would encompass a whole range of service delivery areas. That is still at the negotiation stage and, with the ATSIC elections, those discussions probably will not commence in full again until after our elections. But that is one way that we are looking at service delivery in our communities.

CHAIR—There is another question relating to that. The Local Government Association of the Northern Territory wants to have local government boundaries extended across the whole of the Northern Territory. What is your reaction to that?

Ms Adams—Our reaction would be to say that, with the granting of self-government in 1978, there seems to be a distinction between out-station communities and main communities—the main communities coming under the responsibility of the NT government and the out-station communities coming under the auspice of ATSIC. The issues that we have, which were probably pointed out in the earlier presentation by the Tiwi Islands, is that small communities like Wurankuwu do get larger. They have service requirements and a need for infrastructure. If coordination across those different boundaries was better then we would be able to be more constructive in approach to communities. With the Indigenous Housing Association of the Northern Territory, negotiation is to be undertaken over the next 12 months to negotiate an infrastructure and housing bilateral agreement for the whole of the Northern Territory which may help clarify the boundaries.

CHAIR—So would that include extending the boundaries or not?

Ms Adams—It may or it may not—that is a matter for negotiation.

Ms BURKE—There seems to be a bit of confusion. We had evidence yesterday from the ATSIIC representatives in Katherine about their assertion that local government was actually cost shifting to ATSIIC. Your submission before us today makes that assertion again—that somehow ATSIIC seems to be picking up all the loose ends. If nobody else wants to claim it or nobody is going to fund into remote communities, ATSIIC is being called upon to do it because there is a perception that that is your role. I suppose, in overview, what do you perceive ATSIIC's role to be versus what local government's role should be for these remote communities?

Ms Adams—ATSIIC's role is basically as a supplementary funder. By that, we mean supplementing the funding or the responsibilities of other government agencies. We also have a role with regard to pursuing economic, social and cultural rights of Aboriginal and Torres Strait Islander peoples, so our role is not strictly with regard to the delivery of municipal services. It is across a whole range of areas.

The issue that we have tried to present in our submission is that the level of funding for local government services is inadequate in remote communities. There is a whole range of reasons for that. The funding that ATSIIC provides to communities as a supplement and to assist them to pursue their social and cultural needs is actually being used to substitute services. That is where the cost shifting is going on. We recognise that the funding going to local government areas is insufficient and that ATSIIC resources are required to help assist the community.

Ms BURKE—To clarify the issue for us, could you give an example of where you think ATSIIC is picking up the full cost of a local government service and also where ATSIIC is providing a supplementary service that you believe is within ATSIIC's charter?

Ms Adams—I will use the example of CDEP—community development employment projects. CDEP is a flexible program, which can meet a variety of community needs. In many areas we find that a large percentage of participant places, and the on-costs that support those places, are used for municipal services and for infrastructure activities within the community. That demonstrates that it is picking up a need within that community but, by the same token, it is also detracting from other activities being undertaken. We would see ATSIIC as being a supplementary funder in arrangements similar to that which we have with the Department of Family and Community Services. There is a disability pilot project that runs within some of our communities and ATSIIC provides funding through CDEP to resource a buddy type system. They are helping address a community need but it is also resourced, and that is the issue for us.

CHAIR—I will follow up with a question on funding. You have recommended that the Commonwealth investigate the feasibility of directly funding communities. Would you like to expand on that? What kind of services in particular are you envisaging?

Ms Adams—ATSIIC has assisted communities in consultations about regional agreements. Direct funding of communities could occur if there were adequate structural arrangements in place to be able to deliver services. If there were an agreement that recognised the traditional owners and community members, then the services could vary depending on what the actual needs of that region were. It would not be restricted to local government services.

CHAIR—Would you see that as something that ATSIIC would administer or is it something that would be administered directly by the Commonwealth?

Ms Adams—Under the regional agreements there is no one model that ATSIC supports. Each of the regions has developed various models as to how they see the government structure involved. Some would follow a similar model to the Torres Strait Regional Authority where they would want direct funding to their region. It would depend on what government arrangements and what administrative arrangements they could make. The Tiwi Islands local government area is fairly unique in our parts in that it is composed of one language group, whereas in most of the other communities there are a number of language groups, up to 13 or 14, within the one community so that governance structures can be quite complex.

CHAIR—Coming back to your comment about the fact that the financial assistance grants are inequitable, could you suggest what you think would be a fairer system?

Ms Adams—Our issue is that, because the Northern Territory has a small population base, allocations based on population disadvantage us in that we have high cost areas, remote areas, and a large Aboriginal population and we have distinct needs with regard to those factors. Some of the more heavily populated states have more urban and viable centres and there is also more opportunity to raise revenue than we have in the Northern Territory. We would be advocating a system that recognises the particular disadvantages that we have not only with regard to the Aboriginal population but also with regard to the small population base that we have.

CHAIR—How would you define that?

Ms Adams—There has been a whole lot of work done especially in the housing area about the backlog of need. That would be one of the things that you may want to take into consideration in developing a more appropriate formula for funding. If funding is continually based on an assumption that you have already got a starting point that is okay, you are never going to be able to address that backlog of needs. We would want some kind of consideration of those sorts of issues.

Mr Wauchope—That is a problem that I have as the chairperson in my region. In reality, we know it is a numbers game with the Commonwealth and the states. But this is the Territory. When money comes into the Northern Territory government, what services are supposed to be provided by this government to the community government councils, instead of the onus being on ATSIC to provide those services?

As a regional council, we are basically in the same jurisdiction as a region but we go by wards. One big problem I have in a couple of wards is the sealing of airstrips. Do not forget the Territory is in a cyclone area. If there are no halls in cyclone areas where people can find a safe haven, that is a bit of a problem. There is a community out there at the moment screaming to the Northern Territory government for extra funds to upgrade their community hall, because that is the only place they can go when there is a cyclone in the area. We are not only talking about halls; we are talking about roads and who has the responsibility for those. We know ATSIC gives money to upgrade all the out-station roads because the people have need of it. During the dry season it is not so bad, but during the wet season it is a big problem. That is why we are looking at cost shifting and looking at partnerships and working together to try to deal with these problems.

As a chairperson, I think it is wrong that ATSIC has to bear the brunt of dealing with these problems. We only have a small amount of money in our bucket, but we try to deal with all of

our resource centres to provide proper services to the out-stations, such as the major roads. I do not know whether the road from Cahill Crossing to Cobourg Peninsula and from Cahill Crossing to Maningrida is a public road or whether it is being gazetted, but it needs upgrading every year because of the wet season. These are the problems that we are met with; there is not enough funding.

Mr NAIRN—Regarding the funding issue, you provided some figures for 1998-99 through to 2000-01 in your submission. Would you say that in that period the increased services provided by ATSIC have been mainly for existing communities, or has the development of more communities—or additional out-stations and those sorts of things—taken most of that funding?

Ms Adams—I would suggest to you that it is in existing communities. We actually have a moratorium on the development of new out-stations.

Mr NAIRN—That being the case, it is interesting to look at the figures. I just did some calculations. Over those three financial years, the funding coming from ATSIC has increased by 12.6 per cent. The funding from the other part of the federal government—because ATSIC is federally funded anyway—through FAGs and FAGs roads has gone up by eight per cent. However, the funding from the Northern Territory government, such as operational subsidies and other things, has gone up by only 3.6 per cent. It is quite a dramatic difference and I guess it is part of the reason why you say that the cost has been shifted to ATSIC. Would you like to comment on those figures?

Ms Adams—I think you will find most of the increase in ATSIC funding is with regard to CDEP.

Mr NAIRN—That is true.

Ms Adams—So that is more people coming onto the books who are forgoing their income support benefits to participate within community. I guess we are finding that there is more and more call on the ATSIC funds and that there is a high level of competition with regard to a fairly limited budget, because that is an NT-wide budget. So, when you come to regional council areas, it becomes even more difficult. Our argument is that that level of funding going to local government organisations to deliver services has not increased markedly, as you have pointed out, and that puts greater pressure on ATSIC from a whole range of areas.

Mr Wauchope—Just looking at the remote area communities local government services, ATSIC, all up, pays \$58,787,727. The Commonwealth gives general purpose FAGs for roads. That is a total of \$10 million. The NT gives only \$19 million—NT operational subsidy, minor community, town camps, dump and capital.

Mr NAIRN—The key to those figures is that, if you take away the NT operational subsidy—which has gone up by about five per cent—minor community funding has not changed, town camps has not changed, the dump has not changed and the capital has in fact gone down. If you add all that together, the 3.6 per cent that I mentioned as an increase would be less than inflation, so in real terms it has probably gone down.

Ms Adams—I guess you would also need to consider that there is a whole range of other costs that have come on board, like public liability and the increased workers compensation, which puts more and more pressure on these organisations.

Mr SOMLYAY—You have just answered part of my question. If ATSIC is required to spend money on things that the local government should spend money on, who is missing out? Where else would you spend that money and on what type of things?

Ms Adams—There is flexibility in the CDEP activities. CDEP is basically a participation activity, and it is also a program in which the community defines what activities are required, but there would perhaps be more effort put into areas like substance abuse, working with young people, sport and recreation, aged care—looking after your elders. If you are looking at using the program to deliver basic essential services to the community, they are the sorts of things that miss out. Basically, you are taking away or limiting the opportunity for that community to perhaps address some of the social and cultural issues within their area.

CHAIR—Coming back to those figures which Mr Nairn has been highlighting, it does seem that the Northern Territory government has been reluctant to keep up with what the Commonwealth is doing. What responses have you had from the Northern Territory government on this?

Ms Adams—As I said before, the negotiations with the Indigenous Housing Authority of the Northern Territory, as well as the partnership agreement, are about better service delivery and better use of the funds. I guess the issue for the NT government is why they are getting funds on a population base, with that issue about a certain per cent on Aboriginal people and things like that. We are talking about the combined pool of limited funds to meet a backlog of need. Unless the funding increases, the negotiations at this stage are more about how we can better distribute those funds and get better outcomes.

CHAIR—But it would seem that the funding has not even kept pace with inflation.

Ms Adams—No.

Ms BURKE—I want to turn to CDEP programs. Let's take the example of airstrips, which everybody has quoted—it is a very Northern Territory experience; something that I am never going to have to deal with in suburban Melbourne, thank God. A big municipality such as Katherine, which can raise rates, pays a contractor to come in and pays appropriate award wages to maintain the airstrip, whereas in most of the Aboriginal communities this is done under CDEP. Will we get to a stage where people will say that this is inequitable and that they are sick of doing it on that basis? They are fundamentally doing what I would refer to as work for the dole. But, at the same time, you are never really going to have the money in those communities to pay for it any other way.

Ms Adams—ATSIC's position is that, if CDEP participants are participating in an activity where an award rate applies, then they should be paid that rate or, if they are working fewer hours, they should receive the equivalent, appropriate level. That is in ATSIC's guidelines. It puts additional pressure on those communities to try to meet that cost.

Mr Wauchope—We are all taxpayers.

Ms BURKE—Everybody is a taxpayer nowadays; it is called the GST. I have been so good this whole inquiry! You could have said that some people were not significant taxpayers if they were not earning incomes.

Mr NAIRN—Before the GST, they did not see it; that was the only problem.

Ms BURKE—They still do not see it, thanks to how you implemented the GST, Gary. Don't go down that path! I will move on to my next question. Thank you for your submission; it is very thorough. I particularly like the way you have said, 'Here are some recommendations for going forward.' It is now quite some time since the deaths in custody report, but you say that one of its recommendations should be picked up. Would you expand on that a bit?

Ms Adams—On the governance?

Ms BURKE—Yes.

Ms Adams—Some work has been done with the NT government in trying to look at better governance arrangements for local government and the Tiwi Islands is one example. One of the things from an ATSI NT perspective is that 50 per cent of land is Aboriginal land, so the cultural authority and the traditional owners play a significant role in those areas. They should be incorporated in governance structures because, if we are looking at building the capacity of the community as well as the sustainability, the different dynamics of the community need to be taken into account with regard to its governance structures. We would like to continue to pursue that flexibility of arrangement to accommodate that.

Ms BURKE—There has also been quite a lot of evidence about attracting qualified individuals into remote areas to assist with the running of the community and also to provide the ability to train the locals to take on those roles and responsibilities. Are there other things that can be done to encourage local individuals to be able to take on those roles and also to attract qualified people to the communities? Another structural problem is that some people leave the communities once they have been educated. We are finding that, once they get an education, they go. Is there a way to bring the people back into their own communities?

Ms Adams—From my view, the time will come. When we talk about these communities, some of them are quite substantial in population—you are looking at 1,000, 1,500 or 2,000 people within these communities. You would hope that, if there were enough resources and infrastructure developed within those communities, that would provide some kind of sustainability with regard to employment. Currently in the Northern Territory we are looking at a whole of government approach with the Commonwealth, ATSI and the NT government. We have one site with that arrangement at the moment and probably we will be looking at a couple of others to do something similar. With that, we also hope that it would be a whole of community approach in that you are looking at some of the issues that make it difficult for people to get an education and to be retained within the community with regard to employment options.

Mr NAIRN—With respect to the roles of the land councils, they seem to be a bit on one side of the ledger, but not on the other side. For instance, in the evidence we heard from the Tiwi Islands, the land council is involved in some business ventures and things, but that funding does not appear to be coming back into the communities from the land councils. I am saying that in

ignorance, but we have not been given any information that that is occurring. In some cases, quite substantial businesses are being run without any rates being paid and things like that. Do you think that aspect has to be brought into these overall negotiations and that it has to be worked out who pays for what?

Ms Adams—I am probably not really in a position to comment with regard to the Tiwi Islands land council and their business ventures and how they utilise those funds, because I am just not familiar with them. But we would probably be looking at a system of user-pays with private enterprise similar to mainstream areas, where you run a business from a premise and you pay rates on your bills or whatever.

CHAIR—Thank you both for a quite extensive submission and for coming along today and answering questions.

[2.34 p.m.]

BULLEMOR, Mr Terence Henry, Council Clerk, Kardu Numida Inc.

SEANIGER, Mr Dale John, Deputy Council Clerk, Kardu Numida Inc.

CHAIR—Welcome. I have to remind you that, although the committee does not require you to give evidence under oath, 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 and may be regarded as a contempt of parliament. Would you like to make a statement before we proceed to questions?

Mr Bullemor—Yes, we would. I would like to relate some of the history of Kardu Numida and the community of Wadeye, which has been on the receiving end of cost shifting by both the Commonwealth and the Northern Territory governments in a number of areas. Briefly, about myself, I have worked in the Aboriginal and local government industry for about 18 years. Most of that has been on communities. Some of it has been with the department of local government. I also did a bit of a stint in Western Australia. Kardu Numida is the organisation responsible for administering the town of Wadeye, which has a population of about 2,000 people. I will give some statistics on Wadeye. We have a population of nearly 2,500 thousand people. Nearly 60 per cent of our population are under the age of 20. The average housing occupancy rate down there is about 16 people per house. Eighty per cent of the people die before they reach the age of 50. Our future housing funding estimates show that we are not likely to net more than 70 houses in the next 10 years. We currently have 145 and we are heading for housing occupancy rates in the twenties. There does not seem to be any real way out of it.

A large number of people in the community are on Centrelink benefits. I think there are something like 782 adult clients of Centrelink down there and 660 others. We have a CDEP program, which does underwrite a lot of the things that we do in the community. We are an organisation that really cannot carry the burden of developing a town. Our town of 2,000 people is essentially run and serviced by four charitable organisations. Kardu Numida is incorporated under the NT associations act, but it is moving towards being part of community government under the NT Local Government Act.

In 1994 Kardu Numida suffered a financial and administrative collapse. We were part of the reconstruction team that went in to work with the councillors and the elders to look at what had happened. When we put together the finances, which had been in disarray for a couple of years, we could determine that the organisation owed about \$1.4 million. A lot of that was owed to the Commonwealth government's Taxation Office for group tax and the superannuation guarantee, and some was owed to suppliers. Some was from grants, where funding had been used. No money had been stolen or misappropriated, but certainly some funds had been misused.

We found that the greatest leakages in community funding were in areas where it was actually doing jobs for other levels of government. The NT government had a policy at the time of off-loading some of its stuff and so did the Commonwealth. It was often probably well-meaning, under the guise of self-management and self-determination, but it often did not come with the funding and support that was needed. One of the greatest problems that we had was that, at that

stage, the community ran the community clinic. It is a clinic of a reasonable size and at the time it was servicing about 2,000 patients a month. The grant from the government to run the clinic was in the vicinity of \$700,000, but the actual costs were closer to \$900,000 a year. On top of that there was a need to provide staff accommodation. One of the biggest problems communities have for growth is that there is no public rental accommodation available. That causes horrific problems for us.

There was another area where we were losing money. At that stage in 1992 the Northern Territory government introduced what they called stage 2 billing, where they started having communities or individuals paying for the power they used. There were a number of ways of addressing that. Unfortunately for our organisation, they accepted a deal where they got bulk-billed by the government and then had to collect the money from the people. They were dropping around \$110,000 with that. There were other areas where the council was unknowingly subsidising the education system by providing the wages for a teacher in the school and it was also providing accommodation for other government staff who were not in its employ.

The Commonwealth government operates Centrelink now but over the years Centrelink has had various names. It was also a subsidised operation where there was an expectation that quite a high level of service would be offered by the community as an agent of Centrelink, but the funding was low. Over that period we were losing around \$50,000 a year and trying to provide something like a five-star Centrelink service when we were only getting about \$25,000 or \$27,000 a year.

There are other areas where we have felt the effect of cost shifting or subsidised funding. One of the greater dangers to community organisations is where it is offered subsidies. When you accept a subsidised grant—it might be for sport and recreation, for similar aged care type support or for other things—often it is up to the community to find the other part of that grant. That does cause us severe problems when we are trying to service a community and trying to do the best job we can but we do not always have the money to do it. We know as an organisation we can get leaner and meaner but we certainly cannot provide the normal services that people require in a community. We are a growing community. There is an expectation by the members that services will normalise and we know we are not servicing well. In our own economy, the money that comes in for Aboriginal spending—be it Centrelink subsidies or CDEP and other wages—is something like \$12 million a year. Our community organisations, through their businesses, trap around \$7 million of that, so there is a great leakage and it is a good indicator to us that we are not servicing.

We feel that both the Commonwealth and the Northern Territory governments should be doing more to help these emerging towns in the community. One of the unfortunate things with the Commonwealth and Northern Territory governments' assistance is that it does not take into consideration that there are emerging towns in the Territory. People tend to start at Darwin, go down the highway and think that that is the Northern Territory. There are a number of communities like our own that are made up of well over 2,000 people and there is an expectation by the residents that they should have reasonable services. There is very little world view education going on to help people understand just what is happening and what is normal in other communities, particularly in other urban centres. So there are real needs for consideration, we believe, by both the Commonwealth and the Northern Territory governments. It might not be

technically cost shifting in lots of ways, but nonetheless a burden is being felt severely by remote communities as they try to service an ever-growing population.

We have some concerns with regard to how these things happen. When we looked at funding, we looked at legislation that we have to comply with. We have high administration costs. We have to report regularly to local government and ATSIC on how we are handling their funds, and that is reasonable. Local government accounting is a fairly complicated process. It is a little bit more complicated than normal business; it puts on additional costs. Now there is a lot more information shared between CDEP operations and Centrelink, so we have to have staff who are capable of doing those things.

One of the concerns that we have in government funding, particularly with roads funding, is that there is a methodology that does not take into consideration all that should be taken into consideration. We get funding for various categories of roads, from flat-bladed tracks to roads that are sealed and kerbed. There is very little money to actually upgrade those roads, so often we find that roads are deteriorating. We get funding, but the levels of funding go from a figure of 0.5 for a flat-bladed track to a figure of eight for a better class of road. But there is no catch-up. One of the other problems with roads—and something that is not a consideration—is that we get bitumen roads put down under ATSIC programs or other programs for dust suppression. They do not come with stormwater drainage or kerbing and channelling, and we often find then that we have fairly enormous maintenance bills because what was done was not done right in the first place. That happens in a lot of communities. We look at capital being spent to do a job, but it is often not sustainable, particularly in the area of new subdivisions and roadworks.

As I am sure you would have heard before, the community councils are asked to provide a range of services that far exceed what normal local government might provide in an urban situation. It seems that we have to subsidise in everything we do—whether it is running an airstrip, supporting aged care or a number of other issues. I am not sure if it is getting better. Certainly it hurt us; it caused this organisation to just about go broke. In fact, it was broke, years ago. It worked its way out of it and now it is in a better position. But even now, when we are finding we want to have medical services in the community, the only way we can get a resident GP is to employ that person ourselves through the equivalent of the old RIP. It does not look like a really good deal financially for us in terms of what we anticipate we would recoup in Medicare rebates, but the additional problem we find now is that the NT government is not going to be funded for its district medical office anymore, so they are going to be in the Medicare business also. We are now running a GP out of a community clinic, run by THS staff with a competing government doctor. That is going to give us more problems to the point where we will say that it really is not worth it.

That is where we are now. We have to seriously consider what we will do in the future. We can be a reasonable organisation and run reasonably well, but certainly we cannot service the needs and the expectations of the people. We do not have any private enterprise within our community. No other outside contractor or entrepreneur is going to invest on Aboriginal land. Essentially, whilst we have something like 150 community houses and other infrastructure in the community, on Aboriginal land you do not have passage. You have a lot of liabilities.

We find often that somebody, in doing us a favour, might say, 'Well, we will build a new house for so-and-so, and you can look after it.' That is not giving us anything. There was such a case recently. In terms of employing the doctor, there is funding for a doctor's house but the

upkeep of the house has to come from the business that we generate. There is no ongoing operational funding for such things. Both the Territory and the Commonwealth governments seem reluctant to consider lease agreements in lots of situations or to pay for rent where they have their houses sitting on our people's land. There is still a bit of the attitude, 'You should be lucky that we're doing it,' not, 'This is a commercial proposition.'

We have attended conferences in the Territory where we look at economic opportunities for Aboriginal people. The conferences have been set up by the government. The next day the Department of Transport and Works tells us, 'No, we're not going to pay you a royalty on the gravel used because you're getting the roads.' So cost shifting is happening in a lot of areas. I am not quite sure if this is specific to your inquiry, but certainly we know that the backyard of the Territory has got a long way behind the front yard in recent years. Certainly under the previous government there was the understanding that you have to make the front yard look good if you want the tourist dollar and other things. But the backyard is at a stage now where certainly the Territory government cannot do it on its own. The last time I read the figures, 85 per cent of the Territory government budget came from the Commonwealth.

We certainly sympathise with the Territory government on the methodologies for funding, particularly for local government. On the per capita funding, in some situations a well-established Victorian area or a place like Townsville in Queensland is probably receiving the same amount of dollars that we are receiving up here to service a lot of emerging communities and to service a population that is falling a long way behind. Most of you would be aware of the Collins report. We are aware of the report, but we are also aware of the fact that our school leavers often do not have an education equivalent to a normal grade 3 or grade 4. The burden that community organisations are carrying in just about everything they do is hurting and it is stifling the development of the Aboriginal people. Unfortunately, the funding methodologies do not take into consideration the needs that these people have to understand contemporary situations and have a better awareness of how government and business work. That education at the moment is being carried by community organisations. We know that, while we are working hard at it, we are not doing the job well enough.

There are other constraints on us. In lots of ways the NT land rights act is a constraint. While it is essential for the protection of the people, we know that, like lots of things, it will have to change and we have to give people greater ownership of the assets they own. One of our biggest problems is housing. We know that at the moment the only doors we can knock on to get money for housing are those of ATSIC, IHANT or the like. We have to normalise home ownership to allow these people to apply for loans and service them. While we see ourselves on the receiving end of a lot of things, it is very hard for Aboriginal people to get access to normal lending institutions. Our whole policy at Port Keats is to try and normalise services to make people financially independent, and it is difficult. The only financial institution that really services us is the Traditional Credit Union, which is only in the embryo state.

We are finding that people, when they are stuck for cash or when they have problems, come to the community council because that is where they have always gone. We have gone from a mission era to the incorporation era—the village council type of thing. People have always gone to the council office for support, and still do. While technically some would say, 'Tell them to bugger off,' a community organisation cannot because our constitution is such that we have to look after people. We have to be a local government organisation but we are not the same as

mainstream local government. We have to be a very kind community organisation, which is often to our own financial detriment.

I am not sure exactly what you are looking at. There are problems with the state but there are also problems with the Commonwealth. It is something that does need to be addressed. We know where we are heading in regard to the future of Port Keats and it is pretty dismal. I am not sure just how things are going in the urban suburbs now but we know where we are heading—without doubt we are heading for housing occupancy rates in the 20s. I know what the Bullemors are like when there are 20 people in the house. I can imagine what the Hawkers are like when you are all together too and there are 20 or 30 in the house, not just for one or two days but for 12 months of the year. It tries—it tries the house and it tries the people in it.

Cost shifting is happening. We think it is all being shifted on to us from a number of areas. It is going to be a difficult one because, honestly, the backyard of the Territory now is so far behind. In 18 years, I have seen it slipping and slipping. I have seen Aboriginal people who had greater controls over their organisations getting less because of the level of management and administration expertise needed now to do the job. Along the way, unfortunately, there is very little education happening.

CHAIR—Thank you for that very comprehensive introduction. Does anyone else want to add anything?

Mr Seaniger—Terry was very broad in his scope, obviously, but one issue that I would like to bring up is the people. They are keen to move down this path and there is a lot of ability out there. These guys have worked hard, not just these two gentlemen here, but there is a big group of people down there. You do not hear of Port Keats too much—except for all the wrong reasons when you pick up the *Northern Territory News*. They do work very hard down there. These people do not come from Port Keats. Port Keats is basically their mail address. They were attracted by the mission in 1938. They are really refugees on somebody else's land. There are 16 landowning groups locked up in Port Keats and they cannot speak openly in that environment where they are sitting on somebody else's land. Terry referred to the new community government council that we are working on. We are almost there—we have been working on it for the last four years. It is a traditional structure that has been there for years and years but it is all-encompassing throughout the region. That is an important issue for our people.

I emphasise that you do not underestimate what we have out there. It is not just about getting more dollars from the Commonwealth, state or territory government, it is about working together, like Wayne said, and establishing partnerships. We have great assets out there and they are not afraid to tackle it. Terry said that they know where they are going, and it is not very pleasant looking at where we are heading in the future. If we all pull together on this one and work with the people, I am sure that we will get there and things will be a lot brighter.

We do try to normalise the town. I think Terry made that point. We are always looking at the fact that we are looking for Aboriginal dollars all the time but we are the sixth largest town in the Territory. We would like to think that you will take back the message that we are an emerging town and that we are struggling to maintain the town with the resources that we have and the contract work that we do in the community. We have our own construction team and our own building team. We have a lot of people heading towards training and employment outcomes. There are a lot of job opportunities coming up. We are building a new shopping

centre, we are building our own houses, doing our own roadworks and so on. We have a lot of infrastructure down there but we do not have too many other industries at the moment and we really need assistance with that.

The other issue that I would like to highlight again is that every time that we do get a program down there—whether it be sport and rec, juvenile diversion or whatever—it is a great program but it always comes with a cost to the community. We have to find a house for the person. Lots of times we have to find the wage, part of the wage or whatever for the person. A lot of these programs that we do get really are not compatible. Sometimes people think we are dills because we knock the money back but we know that we are only buying ourselves trouble by taking on a project that is funded by \$20,000 or \$30,000 and we do not have the rest of the funding to put towards it. I would like to thank you for the opportunity to appear here today.

CHAIR—Obviously, we are looking at cost shifting in particular. Mr Bullemor, you mentioned that you have to subsidise most things, including health and wages for teachers. When you talk to the Northern Territory government about the provision of teachers, for example, what is their response when you say, ‘We can’t get someone unless we subsidise them’?

Mr Bullemor—One of the problems we had in the case which I mentioned was that the community thought it was a good idea at the time and were unknowingly subsidising that position. At the moment, teaching positions are funded according to attendance, which is probably fair and reasonable but it does not take into consideration the social situations that exist in a community. Right now we are once again looking at subsidising a teaching position. Our school has lost one position for next year. We have about 800 school-age kids, and we think we are going great at the moment because we have 200 going. But there is a need there in the methodology that says, ‘You’ve only got this many so this is how many teachers you need.’ We are now part-funding a physical education teacher and another sport and recreation type person to cater to this need.

Mr GRIFFIN—How do you decide who you employ in that context? How do you decide what additional teaching skills you require?

Mr Bullemor—That is where we work very closely with the school. We look at where we are achieving and where the greatest need is at the moment. The girls certainly do well at school. We find the boys are dropping out at around 10, 11 or 12 years of age. The way we determined what we needed was that the area of physical education is an area where people can get disciplined without knowing it.

Mr GRIFFIN—Who took the decision in that context? Was it taken by the council?

Mr Bullemor—The decision was taken by the school council and the council.

Mr GRIFFIN—Have you had any feedback from the Northern Territory government about the fact that you were looking to supplement, and what you were supplementing with?

Mr Bullemor—Not really, because the decision is already made by them. They work to a methodology that says, ‘So many students; so many teachers.’ We find we have to take up the slack at times because, once again, there isn’t—

Mr GRIFFIN—Do they go on enrolments or attendance?

Mr Bullemor—They go on enrolments. They look at whatever day of the year that we look at enrolments. We do not try to shortcut the system down there by getting everybody to school on a certain day.

Mr GRIFFIN—So when you say 800 eligible and 200 attending, what is your enrolment figure for the purposes of the formula?

Mr Bullemor—I think up to 450 enrolled was the best we achieved this year.

Mr GRIFFIN—So you are being evaluated on the basis of an enrolment of 450 when in fact only around 200 are turning up. That would therefore suggest that, given what is supposed to be occurring, you have more teachers than you need, which is crazy.

Mr Bullemor—You could probably say that or—

Mr GRIFFIN—I am trying to get an understanding of the formula aspect of it and how that works.

Mr Bullemor—When you look at the needs of the people, perhaps there is a greater need to deliver education in these types of situations, which is difficult. We still have about eight active language groups there. Unfortunately, bilingual education has not helped because it chose the language of one group, which the other groups saw as cultural imperialism. The teachers have to work pretty hard to get them going to school.

Mr GRIFFIN—How many teachers do you have?

Mr Bullemor—I do not know. I do not run the school; we work for the council.

CHAIR—Regarding your point that you had to subsidise the teachers, was it all of them, or were you just talking about the extra one or two that you were trying to bring in for specific purposes?

Mr Bullemor—It was just the one or two.

Mr Seaniger—When we talk about the school, the leadership group at the school basically runs the school. We have quite a lot of Aboriginal people there. The lady who is the principal is probably really the deputy principal, because the management of the school went back to the leadership group this year. It works very well. So, when you talk about the decision making process and where council does and does not get involved, it is based on the fact that the leadership group says, 'We would like to do this.' As Terry said before, being a community council, we find it very difficult to say to our people, 'Sorry, we don't want to do that.' You have to juggle a few balls at different times and say, 'Which one is more important to you? Do we need to subsidise this person or that person?'

Mr GRIFFIN—I am trying to get at the actual question about what evaluations occur. I am not denying for one minute that in communities like yours there are very serious levels of need.

I am a former councillor, but in a metropolitan Melbourne council, and sometimes judgments were made when I was on council that basically related to squeaky wheels, noise and perceived circumstances and there was no proper evaluation of the real needs of the community. I am asking these questions to get an idea of what decision making process was used to decide that extra teachers were needed in those circumstances. That is what I am trying to get at.

Mr Bullemor—The decision was made jointly between the school council and the local government council that there was a need that had to be filled.

Mr Seaniger—That was a community need, not just a need in the school.

Mr GRIFFIN—My point is that everyone we have spoken to so far has mentioned the word ‘community’. ‘Community’ is a bit of a buzzword sometimes. The question is: what actual proper evaluations occurred to decide community needs. I gave Palmerston council the rounds of the kitchen table about surveys before because, frankly, I have seen surveys used a lot that are a bit like statistics. There are lies, damn lies and statistics, and there are lies, damn lies and surveys. I just wanted to get that clearly understood.

Mr Seaniger—Any time you put a program into our community, government, particularly the Territory government, perceive the council to represent the community. So when we say, ‘Who is going to do this bit?’ they say, ‘The community.’ When we say, ‘Who is the community?’ they say, ‘You guys are.’ As Terry said before, we are the only door that people have been used to coming through since the mission days.

Ms BURKE—You have a fair sized community there and you say you are growing and emerging. What is attracting people to the area?

Mr Bullemor—It is natural, I think. The church baptised 85 babies last year.

Ms BURKE—The population capital—you are going against the trend!

Mr Bullemor—There is a reason for that that you may not want to hear about. We are growing at an alarming rate. Perhaps with greater education people will see what is happening and start implementing their own methods to control growth. We are one of the last Catholic communities to emerge from the mission era, so perhaps people have not always had a choice. But we are growing at that rate; that is our problem.

Ms BURKE—So it is just natural population growth; it is not actually attracting people, it is just growth within the community.

Mr Bullemor—At the moment we have 185 people under the age of two, so we are growing. We have big problems. We have problems that—

Mr GRIFFIN—Is it basically an increased birthrate or is it a situation where you have lower mortality because more kids are living through that period? Is it a combination of both?

Mr Bullemor—Health has certainly improved, but there are still a lot of babies lost. We are growing at that rate, and that is not the end of it. As I mentioned earlier, 60 per cent of our

population are very young and are just hitting maturity. We are going to have a population boom in the next five years and we seriously implore both the Territory and the Commonwealth governments to consider the housing situation. We are looking at what we can do: we are changing our construction methods to better utilise natural resources and available local people to bring down the cost of housing.

We seriously think that government should look at its procurement policies, and organisations like our own that are both geographically and economically isolated from Australia in lots of ways should be given concessions. We are thrown into the public tender market to compete with other people on housing contracts and road contracts. If we are going to give benefit to the country and to the people we have to develop industries in our area. When we talk to the Commonwealth and the Territory governments it is not about more money; we want more commonsense.

Mr GRIFFIN—You say ‘more commonsense’ and you are talking about industry development in an area like yours. What industries are you talking about?

Mr Bullemor—At the moment we are looking at the construction industry. There are always going to be houses built. There are always going to be roads built and maintained. We see that future employment—for men, particularly—as something that is worthwhile supporting. Obviously the areas and the roads have strategic interest to the government. It is looking at how we develop an industry, with some consistency in funding and probably some changes to procurement, that allows us—provided that we are doing good quality work—to maintain our growth, even just in the construction industry.

There is interest in our region from various mining companies. People have been trying to get in there for ages. People now are becoming more aware of the value of the land. They are becoming more capable of managing their own affairs and there is the possibility of things happening. There is some possibility that Woodside Energy might bring their pipeline onshore through these people’s country, and we would want to position ourselves favourably to get any contract work that is available. When we are throwing into the public tender situation, where somebody might beat us by a few bucks, it does nothing for our community. We still need the resources to run a town. We have to run transport services, unload barges—various things. It would not take very much, we believe, to allow the people to start doing something for themselves.

CHAIR—You made comment about the difficulty in getting investors to come along, because of the fact that the land is all under the Northern Territory land rights act. You suggested that that may need changing. Is there any support for changing that?

Mr Bullemor—Locally, there is. When the Reeves review came along a couple of years ago, we were standing flat-footed. There would not have been a copy of the land rights act in our community. The older people had some idea of the land rights act. This age group have had nothing to do with the land rights act. There is very little education about the land rights act. One of the things in our consideration now is that there need to be changes. We have to normalise. We cannot just keep on knocking on the Aboriginal door for money. We have to look at it. We are looking at the possibility now of normalising via lease arrangements and breaking up the major land trust areas into smaller land trusts so that the tribal groups have greater control over their assets, gradually leading to a change which will take place eventually. The

land rights act was put there for protection. It has done an excellent job. People know that they have to use their land.

A number of our local people have gone into business and got ABNs. They sell gravel to us. They sell sand to us. They are conscious of the fact that you can use your land without destroying it. These people have never been dispossessed of their land, so they are fortunate. They own some of the prettiest real estate that you are ever likely to see. People are actively talking about tourism ventures and other things. We are underwriting their input so far.

Mr NAIRN—A couple of things flow on from that. On the role of the land councils, are you saying now that there are businesses operating on those? Gravel is being provided and you are paying royalties, but is there anything coming back to the council for the services that you are providing?

Mr Bullemor—One of you asked a question previously about what is coming back from the Tiwi Land Council. Quite honestly, we try and bypass the land council when we can. Whilst it might be under the act that royalties go through a certain channel, I do not think they always do. People are looking for their independence and want to do things. The land council, under the act, cannot hold back anything that comes to them. They have to pass back royalties that they receive. So technically, nothing can come from the land council that did not come from the source. There are probably more serious implications about it when we look at the way that the ABR money—what used to be the ABTA money—is managed. I think more of that should come back to Aboriginal organisations or Aboriginal people.

CHAIR—Can you expand on what the ABR is?

Mr Bullemor—I think it is now called the Aboriginal Benefits Reserve—it used to be the Aboriginal Benefits Trust Account—but it is money that comes from the mining royalty equivalents. It is not so much what comes back from the land council; it is what we would like from the land council—greater community development and information with regard to the land rights act.

Mr NAIRN—I think there is a big question there about the whole role of land councils in this respect because it seems to me that the local council is, perhaps, being short-changed as far as services are concerned.

Mr Bullemor—As I have said, I have worked in the Aboriginal industry for about 18 years. It has always been in traditional areas where land is important. We have dealt with land councils. Maybe with the current situation of the Territory government the land council-government situation might be better. But I am not sure whether we are being short-changed. I do not know what they get their money for. I am not sure whether there is a component in that for community development or economic development—maybe there is. Certainly, we believe that under the current act with respect to mining royalty equivalents, 40 per cent go to the land councils, 30 per cent go to the ABR and 30 per cent go to TOs that are directly affected. I think there could be changes to that part of the act that would allow for more of that ABR money to not necessarily go to the land council. Under the act, the land councils have the right to grab hold of some of that 30 per cent if they feel the need and the balance goes out. I think if anyone is short-changed, it will be with regard to the whole of the 30 per cent of the ABR money staying together and actually hitting the ground.

Mr NAIRN—You mentioned earlier that you felt that local people would like to have ownership of their homes. At the moment, all the houses are owned by the community so, presumably, they pay a rent to the community. It is not possible, as you say, under the existing land rights act. If it was changed, and even if there was some sort of 99-year leasehold that was allowed, do you think that would be taken up by individuals?

Mr Bullemor—We certainly do. We are in the process at the moment of developing a structure for local governance and one of its functions is housing over quite a wide area. In the major town area, we will be looking at the development of a housing commission type operation to service the needs of the community towns and the out-stations where tribal groups are residing on their own land. We want to set up a system where they can achieve greater ownership. As I think I mentioned before, we see the first step as being those people getting a lease of their own land off the land trust. We see the next step as possibly identifying their boundaries and allowing them to have a discrete land trust so that their business is done closer to home. People are wanting greater ownership. You could ask them—they both own some of the nicest real estate in Australia, but do they feel like owners or not? I am not sure.

Mr Seaniger—There has been a bit of a nervous relationship over the years, I feel, between the landowning groups and, particularly in our case, the NLC. But in the last couple of years we have talked to the NLC about establishing land use agreements with these people whereby the council can establish what we can and cannot do, what benefits the people will get and what costs might be associated with service deliveries that the council experiences through that land use agreement. We have done a bit of work on that and there needs to be a lot more work done on it. This community development stuff—which is what Terry was talking about—is a very important component of our existence. To this point it has been funded by the council; there has been no external funding for community development. Our people really need that, because it is the next stage of their development when they come out of school and say, ‘Where to from here?’

A while ago we heard a speaker in support of the ATSIC hierarchy talking about CDEP. We use CDEP very extensively. Our community would really be stuck without CDEP, because we use it to fund Centrelink operations and health and aged care right through the community. ATSIC has been very supportive of that and we are grateful for it. Frankly, I do not know how we would continue to exist otherwise. We do get top ups in contract situations. Terry talked about our construction industry. We have trainees engaged and we can get them topped up. When they are on road gangs we can get them topped up out of funding that we get for contract work. We do not have a lot of industry there at the moment, but we have a new shopping centre being developed—it will be open within the next two months—and there are job opportunities there. There has been a commercial loan negotiated through ATSIC to fund that facility along with the rural transaction centre, and that is a pretty exciting area of job opportunities for our people. There are things happening down there but we really need to expand the development side of it because the people business is important.

Mr Bullemor—With the changing structure that is developing there, these people have analysed what has happened to them in their lifetime. They look at the mission era, which brought along a new god, new commandments and a new way of doing things. They look at the era when they got citizenship and the self-determination and self-management era that followed that, which came into the incorporation era. Probably the most damage was done during the incorporation era where, for the sake of making it easy to do business with them, we plopped

them all into one group—'You are all black; everything is there.' We are Kardu Numida, which means one people, but we are 23 different tribal groups who not long before the last war were killing each other at a pretty great rate, so we are very new.

We did not have any permanent housing in our community until the late 1960s. What were you guys doing in 1960? Your suburb was probably a normal suburb. Your life was pretty similar to what it is now. Most of these people can tell you the tree they were born under in the 1960s, so it is very new to us. What we are looking at in changing now is going back to a traditional relationship structure that will have a contemporary face. We are working on trying to reach a relationship between the land rights act and the Local Government Act through service agreements, because they have always been poles apart. There might be a move to push for changes to the land rights act from a political viewpoint, but we have said to this government and the previous government, 'You can work with these people. They know the value of the land.' We have to build up a relationship between the land rights act and the Local Government Act, because we need all the help we can get.

Mr NAIRN—You mentioned Centrelink before. Somebody—I cannot think who it was now but it was probably informally, not in evidence—has commented in the last 24 hours that Wadey is going to stop the Centrelink service. Is that true, or are you in negotiations with them?

Mr Bullemor—We could not negotiate a successful agreement with Centrelink. The package under which they fund agency agreements is dated. It was set up years ago as a bit of a throw-on that might help a bit, but it has never been varied to fit what Centrelink has become. That package was set up back in the days of the DSS. Centrelink is now a major stop-off point for young kids, particularly our young kids. We could not negotiate adequate funding, so we said we would cease the operation and we did. It certainly hurt the people. A lot of them lost their entitlements through not being able to fill out forms and do other things. Centrelink started servicing the community on an irregular basis.

We have recently had discussions with them where they say they can kick their subsidy up to about \$50,000. We are asking them to assist us and develop a business plan for Centrelink based not on \$50,000 but on what the clients of Centrelink should receive. We believe that the clients of Centrelink out there should have a service equal to that in Darwin, Melbourne, Sydney or anywhere else. We are still in that process, whether or not we reach an agreement. From our point of view, we would say, 'Let's do a business plan up and cost it on what it would cost to provide the services that Centrelink should provide for these people, and then go and chase the money; not actually drop it down and say that we have only got this much money so we can only do this much.'

Our Centrelink office has been a form filling process. It has got to be more than that—there is no case management. We are reaching back now from school to the work situation and we see Centrelink as being a major player—it has to be. Apart from what we lost financially during the time we were running the whole show, there were the number of times we came to town for meetings and other things. It costs us a lot of money to come to town and we are going to blow four grand today to come to talk to you. It is costing. If both the state and Commonwealth governments provided us with normal services, we would not have a problem. Centrelink is a hard one. We have been arguing for nine years and we are not getting very far. We know what

the difficulties are within Centrelink but until somebody changes the funding formula and until something happens that allows them to provide a level of service then we have difficulties.

Mr SOMLYAY—You said you had been in this game for a long time and you had worked in WA. Are these problems at Port Keats peculiar to the NT or are there similar problems in WA?

Mr Bullemor—During my time in WA I believe the problems were worse. I was on a community called Umbulgari in the East Kimberleys, a long way from Perth, with little or no contact with the state government or the Wyndham-East Kimberley shire which we were in. All of our community funding came through ATSIC and I do not think that has changed too much. I was talking to people up at Kalumburu last week who are talking about handing their power station back, which has virtually been funded out of their ATSIC grant. We went to Western Australia to see how local government worked and we were certainly pleased to come back into the Territory because at least we do have a relationship with the Territory government here. The Aboriginal community in WA—to my knowledge, it may have changed since then—had very little relationship with their state government.

CHAIR—Thank you for taking the considerable trouble to come before the committee. The committee certainly appreciates the comprehensive message that you have given us today. The committee has an opportunity now to allow anyone who has not made a submission to come forward and make a statement or we can follow up on some of the earlier points if anyone wants to do that.

[3.30 p.m.]

MAYNARD, Mr Phillip John, Manager, Member Services, Local Government Association of the Northern Territory

TAPSELL, Mr Tony Francis, Chief Executive Officer, Local Government Association of the Northern Territory

CHAIR—Would you like to follow up on something we discussed earlier today?

Mr Maynard—Yes, Mr Chairman. It was just about a few points that were made during the morning. I thought I might be able to clarify some of them for the members. The council clerk turnover rate was mentioned briefly this morning. We usually say it is about a 50 per cent turnover every 12 months, but I had a look at some of the figures. We try to keep a bit of a track of it. Of the 50 or so remote communities in the NT, since March there have been 22 changes so far this year. One council has had six clerks in the last two years. It was mentioned that recruitment was possibly getting a bit better. I do not think it is.

Mr SOMLYAY—Where about was that?

Mr Maynard—That was Apatula. That is only from spot checks. Usually, about every six months I go through the councils and see who is there.

Mr SOMLYAY—Would that have a special problem, that they have changed six times?

Mr Tapsell—It is pretty remote.

Mr Maynard—Finke is its other name. It is just south of Alice, near the border. They had a clerk there for a number of years who did a fairly good job. Sometimes that happens: someone goes and then the council has problems getting someone there permanently. Admittedly, a couple of those people were not going there with the intention of staying very long anyway—they were fill-ins—and they have had a person there now for probably the last four or five months. So they have actually had five clerks in less than 12 months. In terms of recruitment, we recently had a major council in the Northern Territory put an ad in the *Weekend Australian* for a council clerk's position. It has a \$70,000 salary plus benefits. I think it cost \$2,500 for the ad and they got one applicant. So it is still a problem. A number of smaller councils are trying to recruit now. One in particular, the Urapuntja community, advertised themselves. They did not get any suitable applicants. They went to a recruitment agency—still no suitable applicants. At the moment, they do not have a clerk and their mechanic has left, so I do not think there is anyone there at the community at the moment. So it is still a problem.

The other thing I was going to expand on was the running of the health clinics. Tony mentioned Minjilang, but there is another community which is just across the harbour: Belyuen. They had a lot of negotiations with the NT health department. They were trying to get a new vehicle for the nurse and they were trying to upgrade some of the equipment there. They said some of the equipment had been there since before Cyclone Tracy. The government were saying that they could not afford it and they could not do it. In the end, the council handed the clinic

back and within two or three months there was new equipment and a new vehicle for the nurse. The council clerk said handing back the health clinic was the best thing they had ever done.

I also wanted to refer to the issue of taking on contracts and then those contracts slowly being reduced. One of the issues LGANT has had over the last eight years is the Power and Water Authority contracts. These were taken on board after charging came in. The contracts at first were fairly reasonable, but, over time, the Power and Water Authority have been gradually hardening the line on the contracts. They have been doing time and motion studies. Actually, one of the clerks has said that they go out with a stopwatch: 'It takes you 15 minutes to drive to the bore and another two minutes to check the numbers.' They are paying on those sorts of rates, not considering that it is an Aboriginal community. The other issue of course is that local government gets funded per capita but the Territory government gets funded five times per capita because of the remoteness and the additional costs of providing services. So we have issues there where agencies are doing time and motion studies, efficiency studies and all that sort of thing and then paying councils at that rate.

Mr Tapsell—That specific issue was included in our submission. Do you have any more?

Mr Maynard—There is one other issue that goes back a long way but is still fairly current. I have a copy of a letter written just last month to the Minister for Correctional Services. The letter mentions briefly the Aboriginal community corrections officers—which also poses a question in relation to Aboriginal community police officers. This idea was originally introduced in the early 1990s and involves a tripartite agreement between ATSIC, NT Correctional Services and the communities under which they would all contribute \$8,000 to have an Aboriginal community corrections officer. That was in the early 1990s. In the mid-1990s, ATSIC slowly started to stop funding these positions. They were taken out of national funding and placed in the regional councils' funding, and some of the regional councillors did not see them as a priority so they did not fund them.

We wrote to the then correctional services minister saying, 'This is a tripartite agreement. It is not being funded on a tripartite basis anymore; what's happening?' The minister wrote back and said, 'The funding arrangement governing the implementation of the ACCO program is the sole responsibility of the community council,' and if ATSIC was not paying the money, that was too bad. So, gradually, ATSIC has pulled out and the council was still having to provide the service. As I said, just last month we had a letter from the Daguragu Community Government Council in which it says that even the NT government has pulled the funding on the position as well. The Aboriginal community corrections officer at Daguragu supervises the community work order programs. These are people who, if someone is not there to supervise their work, would be in jail, at a cost to the Territory government of \$55,000 to \$60,000 a year. The council took the decision to suspend the work order program until this issue is addressed. That was a fairly brave decision taken by the council, because it means that some community members might end up in jail. In a way, councils get blackmailed by these agency arrangements. The community do not want their people in jail but the council has made that decision anyway. At the moment that issue is being considered by the new minister, so it will be interesting to see how it goes.

CHAIR—Yes. That is good example that we have not had put to us before.

Mr Maynard—Another issue not mentioned in relation to Centrelink is the Maningrida trial office. We have heard that having a Centrelink office at Maningrida—and Maningrida is smaller

than Kardu Numida—has bought an additional \$1½ million a year in benefits to that community. If you interpret that across most of the remote communities, you can see that Aboriginal people in remote communities are missing out on millions of dollars in benefits.

CHAIR—Thank you.

Mr Tapsell—The Port Keats people earlier talked about education and enrolments. A major issue in the Territory, as you are probably aware, is literacy. Some fabulous articles have come out of Victoria. I read an article in the *Melbourne Age* that talked about how they were trying to stop the tide of young men, in particular, from leaving school early. Programs that were outside the normal school system were chosen and they created a system of education, sport and recreation and work experience and managed to get two out of 15 boys into university, which I thought was fabulous. We have to pursue more of those kinds of programs, particularly in the Territory. If we are really going to empower people and get improvements on how they handle things, they have to be literate.

We do more for migrants in literacy, and I think we are getting better outcomes there in a lot of cases than we are in remote areas. I know the government is saying it wants to turn this around and it hopes to achieve that up here. But all bodies and all organisations, including local government, have to make a huge effort in that area. If ever we are going to bring about a change in a lot of these circumstances, this would have to be one of the priorities in terms of getting people to understand the circumstances in which they are living and in terms of getting jobs and not having to import people all the time. That is obviously going to be on a long-term basis, but if we are to improve capacity that is what we will have to do.

CHAIR—Thank you, everyone, for your help and for attending the hearing today.

Resolved (on motion by **Ms Burke**):

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 3.41 p.m.