



INFRASTRUCTURE, PLANNING AND NATURAL RESOURCES COMMITTEE

Members present:

Mr J Pearce MP (Chair)
Mr CD Crawford MP
Mr S Knuth MP
Mrs BL Lauga MP
Mrs AM Leahy MP
Mr AJ Perrett MP

Staff present:

Dr J Dewar (Committee Secretary)

PUBLIC HEARING—INQUIRY INTO LONG-TERM SUSTAINABILITY OF LOCAL GOVERNMENT

TRANSCRIPT OF PROCEEDINGS

THURSDAY, 31 MAY 2017

Cooktown

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Committee met at 12.31 pm

CHAIR: I declare open the committee's public hearing for its inquiry into the long-term financial sustainability of local government and matters relating to the Auditor-General's Report No. 2 2016-17, *Forecasting long-term sustainability of local government* and the Auditor-General's report No. 13 2016-17, *Local government entities: 2015-16 results of financial audits*. I thank you for your attendance. You know us all, but I will introduce the committee members for the record. I am Jim Pearce, the member for Mirani and chair of the committee. The other committee members with me today are Ms Ann Leahy, the deputy chair and member for Warrego; Mr Craig Crawford, the member for Barron River; Mr Shane Knuth, the member for Dalrymple; Mrs Brittany Lauga, the member for Keppel; and Mr Tony Perrett, the member for Gympie. On behalf of the committee, I acknowledge the traditional owners of the land on which we are meeting today and pay my respects to the elders both past and present. Before we proceed with the formalities of the hearing, I will take a moment to again thank the staff and officials of the Cook Shire Council.

The committee's proceedings are proceedings of the Queensland parliament and are subject to the standing rules and orders of the parliament. Those here today should note that these proceedings are being transcribed by Hansard. Witnesses should be guided by schedules 3 and 8 of the Standing Orders. Today's public hearing will form part of the committee's consideration of matters for its inquiry into the long-term financial sustainability of local government and issues arising from the Auditor-General's reports No. 2 and No. 13 for 2016-17. Before we commence, please switch off all mobile devices or put them on silent mode.

I welcome Mr Tim Cronin and councillors from the Cook Shire Council. Thank you for moving your slot forward, so that we can get on with this hearing.

COOKSON, Mr Martin, Director of Corporate Services, Cook Shire Council

CRONIN, Mr Tim, Chief Executive Officer, Cook Shire Council

CZARNECKI, Mr Michael, Asset Manager, Property Services, Cook Shire Council

DESSMANN, Councillor John, Cook Shire Council

GIESE, Councillor John 'Chook', Cook Shire Council

HALE, Councillor Larissa, Cook Shire Council

HOLMES Councillor Robyn, Cook Shire Council

MILLER, Ms Lisa, Acting Director; Development, Environment and Community; Cook Shire Council

PRICE, Councillor Kaz, Cook Shire Council

CHAIR: Do you have an opening statement?

Mr Cronin: Yes, we have a few comments to kick off and then we will hand over to you for questions. Thank you very much for your time and thank you for coming to Cooktown. We do appreciate you making the effort to come up here to see firsthand our community and to listen to our issues. In terms of these comments, I will keep them fairly brief and to the point. They largely follow the terms of reference matters.

A quick overview of the Cook Shire Council: there is a map on the board that gives you some perspective in terms of the vastness of the Cook Shire Council. In terms of numbers, we are 106,188 square kilometres of land. I think you can almost double that if you take into account the water. To give that some perspective, Tasmania is 68,000 square kilometres. It is a vast area that we cover. It is over 80 per cent of the cape and essentially the entire cape with the exclusion of the Indigenous

councils. Our population is 4,500 people, 0.2 per cent of Queensland and about 20 per cent Indigenous. The main employment areas are mining, agriculture and tourism. We have about 2,835 kilometres of rural roads, most of which are gravel and many of which are the main roads into the Indigenous shires.

In terms of the terms of reference for the committee, with financial planning and long-term forecasting, we do face considerable uncertainty in respect of these due to state and federal funding support and grant policies in respect of eligibility and continuity. Natural disasters and climate play a big part in the cape, with really a wet season and a dry season and a very harsh climate. Some of the key issues up here are around political and cultural policies with land use, national parks, World Heritage conservation and the like. Our natural disaster relief funding is dependent on an activation of an event each year to secure funding for road maintenance and those arrangements are currently under review. Once more, there is significant uncertainty in relation to those.

In terms of asset management, it is very difficult for the Cook Shire Council to provide and maintain essential services and infrastructure due to inadequate financial resources, and we will give you some details in terms of numbers shortly. A loss of rates and subsidies and the lack of contribution from national parks is a significant factor for us. Springvale Station is the most recent example, where the state government has purchased a functioning cattle property for conservation purposes.

In terms of our decision-making framework, since I commenced two years ago we have had an increased focus on government's risk and compliance with some of the following initiatives: specialist staff and external consultants to strengthen probity and compliance; a focus on asset management and whole-of-life policies; an increased focus on project management, including training and the employment of specialist project managers in the future; and the establishment of a committee structure around audit, risk, project management, grants and the like.

In terms of community engagement, there is a public recognition of our unsustainable status. We do have a low socioeconomic profile, with about 25 per cent unemployment and a large percentage on welfare support. There is heavy reliance on government support services and community engagement is targeted for all projects.

In terms of financial sustainability, we do have significant uncertainty in terms of expense and funding on a year-to-year basis, which limits us to fairly short-term planning and we do incorporate economic development and expense reduction in what we do. Some hard numbers: our general rates are about \$3.2 million and water and sewerage is about \$3.3 million, for a total own sourced revenue of about \$8.8 million. Our operating expenses each year are around \$27 million. Therefore, there is a significant gap between the revenue we are able to raise from our small rate base. We have about 2,328 rateable properties. It is a very small rate base, which limits what we can actually raise from the rate revenue.

In terms of that deficit, a significant part of that is funded by FAGs: there is about \$9 million in federal assistance grants from the Commonwealth. As I know the committee is aware, that has been frozen for the past three years, so that has had an impact on our already-struggling finances. The reality is that the current levels of government assistance are not sufficient to enable the Cook Shire Council to meet its minimum requirements under the Local Government Act. Maintenance of roads is largely dependent on disaster relief funding through the NDRRA. Works for Queensland: we have received \$2.47 million from that project and that has provided welcome relief and much-needed financial resources to allow us to maintain assets. From our perspective, we would welcome the continuation of that funding. The ability to get the funding without strings attached and without having to go through long and detailed grant applications has made a significant difference. By way of example, some of the funding for that we are applying to waste transfer stations. We have three of those at about \$160,000 each that we are looking to improve and get up to meet EHP requirements.

In terms of a regional and remote council, on top of being financially unsustainable, we are also faced with additional requirements and expectations from the community that other councils, such as Cairns and Townsville or the larger councils, do not have. Examples include child care, aged care, gym, housing and airports. A simple example is that last year the childcare centre announced that they were closing. We had to make a decision: do we want child care in the town or not? At the end of the day, the council had to pay \$650,000 to purchase a childcare centre. We have sourced a fantastic operator for that facility on a 12-month basis, but the reality is that we will fund any operating losses for that facility. It is an additional resource and financing that we need that other councils do not have. I also point out, in terms of child care, in talking to the state government at the time I did let them know that it was closing and that it would impact the police, the teachers, the doctors, the health workers, but there was no funding available from the state government to support us in respect of that.

Our organisational structure is currently under review with a focus on structure and culture. We have appointed an HR manager, we have appointed Michael to an asset manager role and we are looking at appointing some project managers. In terms of asset management, we understand the importance of it and we are committed to it, but I suspect in the short term it is going to highlight greater financial liabilities in terms of the assets that we have and the work that needs to be undertaken to maintain those assets.

Strategic planning and organisational capability: as a regional and remote council with limited resources, we do not have the luxury of employing specialist services across all the areas we need, so there is a reliance on external consultants. We are affiliated with FNQROC, RDA and a range of other bodies and we work very closely with those.

In terms of financial sustainability ratios, we are out of whack on the three key ratios. Asset sustainability is supposed to be greater than 90 per cent. If you look at our annual report, it is at 374 per cent and you might say that that is fantastic. The reason for that is that the QAO has determined that the money for flood relief, which goes to maintain and repair our roads, is capital, so it is now included in that ratio. When you look at that you would say, 'Jeez, we're doing really well on asset sustainability'. For us, the NDRRA money should be repairs and should be expensed, because it is really restoring the roads to keep them functional. If you take the NDRRA money out, our asset sustainability ratio is 45 per cent or less, which is a more accurate reflection of the Cook Shire Council. You have seen examples of that this morning.

Once again, thank you very much for your time here today. I will hand back to you, Chair, for questions.

CHAIR: Are there any other contributions? As there are none, I thank you very much for that statement. You have covered a lot of areas that we want to talk about a little more. We will direct questions to you. Even though you might have mentioned it, this is about getting more detail. The Queensland Audit Office report No. 2 found that most councils plan poorly for the long-term. Can you outline for the committee what long-term planning your council undertakes and what resources and costs are involved?

Mr Cronin: At the heart of it is the 10-year financial forecast which is done each year as part of the budget preparation, but key to that forecast really is reliable asset management information. Michael was appointed as the asset manager on 7 March last year, so we are just at the very early stages of that journey in respect of asset management. Without the appropriate asset management data to feed into a 10-year model it makes it very difficult to come up with reliable information.

I referred earlier to NDRRA money. That can vary from \$20 million to \$40 million in any given year, but we do not know what that figure is. By way of example, this year we had a big wet in February but then not much rain after that. We were notified three weeks ago that the February event was activated and we are currently in the process of preparing the claims, so maybe in about three to four weeks time we will know what NDRRA money we have and then we can start allocating work to contractors. As I said, somewhere between \$20 million and \$40 million from NDRRA against our own-source revenue of \$8 million, and with FAGs of \$9 million, it makes it very difficult to plan for the long term. As I am sure you are aware, with NDRRA it is basically to bring it back to the standard that it was, so there is no ability to plan longer term to build in resilience or to have a long-term strategy around the improvement of roads or infrastructure, so the level of uncertainty is quite significant.

Councillor Price: One of the situations we face at the moment with regard to the level of our assets is the way NDRRA had been funded previously with the administrative take on it, which I think well before my time was about 15 per cent. That 15 per cent was able to create a false sense of security. Having said that, things that were able to happen in that time included the Grassy Hill facility that you have seen, a network of bitumen roads and the betterment arrangement that came about through that other model, but having to pull back from that once that NDRRA arrangement was changed.

Mr Cronin: By way of example, if we have \$40 million, 15 per cent is \$6 million in administration that we could use for the running of that program and providing other benefits in terms of staffing and resourcing, and that is gone.

CHAIR: Could you tell the committee how important the NDRRA money is for the ongoing financial sustainability of this shire?

Mr Cronin: Without that money the road network, which covers the 106,000 square kilometres, would not be maintained. We have the wet season each year. We go out and check the damage and repair the roads. If we had a season where there was no wet season or no event and no money, we

would have no money to spend on maintaining those roads. Private contractors who rely on that work each year would have no work to do, so it has a massive impact on us. They are currently reviewing the funding arrangements for that and we are hoping that that will give us some certainty. At the moment, as I said, literally we will find out in a couple of weeks time what we have for the next six months and then we will have to wait until this time next year for the following year. There is no certainty and we can only use it to repair roads.

Mr Czarnnecki: I will give you the hard numbers on that to put it into perspective. Currently the asset value for Cook Shire Council sits at about \$382 million. Some \$210 million of that sits in roads. Council aligns \$1 million of its own revenue plus \$1 million of FAGs to road maintenance works, so at \$210 million we are putting less than 10 per cent back into a maintenance renewal program. Obviously capital programs on top of that can be a benefit but, as you saw with the condition of general seals around Cooktown today, some of those works have not been touched for up to 20 years.

CHAIR: To assist the committee can you explain the NDRRA funding and how it works with regard to the council when you claim it?

Mr Cronin: Essentially, it is dependent on an event being activated. That event might be a cyclone or a tropical low. In the case of this year, in February we got 1,100 millimetres of rain against an average of 300 millimetres. Once an event is activated we can then go and gather data, photographs and videos, of the various roads throughout the shire. The Queensland Reconstruction Authority will come up and review and audit that, and that process has become increasingly rigorous over recent years. Once those claims have been approved we can then let contracts out to the road contractors, who will go out and conduct the repair work on the roads.

CHAIR: This council is really reliant on getting a significant weather event so that you can—

Mr Cronin: Absolutely. As I said, the worst case scenario is that if we have a very light wet season with no event we would have no NDRRA funding.

Mr CRAWFORD: Has that happened in recent years?

Mr Cronin: No.

Councillor Giese: We have been lucky enough to cop one every year at least.

Mr Cronin: For example, this year the initial estimate is about \$20 million. Last year the initial estimate was \$30 million, and I believe QRA reduced that to closer to \$20 million through the auditing process.

Mr CRAWFORD: We have heard about maintenance and things like that, but are you saying that without the NDRRA your roads would not get so much as a grader blade over them per year, potholes filled, and those sorts of things?

Mr Cronin: Pretty much, yes. You have seen that from our own-source revenue and our general operating expenses there is a massive shortfall.

Mr PERRETT: Thank you for the opportunity to be in Cooktown and to hear your views around this particular inquiry. I want to touch on one area that I have heard plenty about, which is cost shifting between various levels of government—particularly state government back to local governments—and some of the compliance impositions that are placed on local governments perhaps without any direct assistance. Can I have your thoughts about how that affects the ongoing management of your finances? You gave one example earlier, I think, and I would like to hear a bit more detail. You mentioned that you were able to utilise some of the Works for Queensland funding to meet some of the compliance issues. I would like to hear a bit more about that and some of the struggles that you have around cost shifting, be it with regard to environment and heritage protection, national parks, biosecurity issues and the like.

Mr Cronin: In terms of Cook Shire, we have a number of waste transfer facilities throughout the cape. To the honest, they are not at the standard they need to be, which leads to circumstances where we breach EHP guidelines. That then leads to situations where we may get a show-cause notice with potential fines of \$2.5 million or above, and the challenge for us is to go in and remediate these sites. Through the Works for Queensland money that I referred to we are spending \$160,000 on three separate waste transfer sites to improve those and to overcome the environmental issues we have with them. We are spending probably close to \$1 million on the Cooktown waste transfer station to bring that up to standard. I understand that back in 2008-09 there were Queensland government funds to help local government get facilities to the right standard and to meet those environmental requirements. That funding disappeared, so when the funding goes we are back to depending on our own resources which we do not have.

Biosecurity is another example. The act has come in. It has given a whole lot of responsibility to Cooktown Shire Council but with very little money attached to it to enable us to appropriately deal with biosecurity issues, particularly given the size of the shire that we need to deal with. To see the risk that biosecurity poses to Australia, particularly being close to our northern neighbours on the cape, you only have to look at Panama disease in bananas.

Mr PERRETT: With regard to asset management, obviously appointing an asset manager is something that I assume is new for this council. You obviously understand the need to identify what assets you have. You indicated before that that could give you some further shock in respect of what you may find you own, particularly with depreciation. Are you as a council concerned about what effect that may have on you, particularly with regard to funding and depreciation and the like?

Mr Cronin: Absolutely. Michael, could you give us a quick snapshot of what you have done—just focusing on buildings—in the first 12 months?

Mr Czarnecki: Certainly. The first port of call for us was having an understanding around the current condition and ratio of the buildings that we have. This morning in front of the PCYC I mentioned that we manage about 176 buildings across the shire—and obviously the PCYC represents one of those buildings—on an average of \$12 million at the moment. It distorts your figures from an asset management strategy point of view because the condition of that building is quite good. When you put that out as a ratio against the rest of your depleted stock, it does not give you an indication of where your utilisation, your condition ratio and your uptake is going to be on those facilities. When we have facilities as far north as 1,000 kilometres from here, it makes it very difficult to manage them.

On the stock that we reviewed, of the \$38 million of the first off the bat this year it meant that our renewal number that we should have spent this year just on maintenance and capital renewal, not capital new, was \$10 million more than our actual revenue point. I am so far behind the schedule that even to look at that as an index over the life of the products—and you look at the key big issues. We have five major buildings that take up a big capital value for us: the administration centre; Nature's Powerhouse, which we went through today; and the PCYC. When you look at their renewals and where they fall in what years, when it comes to 2020 we will be in trouble again with a major renewal program. Then in 2030-31 we will be at the point where we will never be able to fund the renewal programs on those buildings. At the moment, due to the influx of grants—and we look at the grant programs—we are trying to be compliant in a number of areas, so we are building new facilities that we cannot afford the long-term financial sustainability of.

I used the example today of the \$7 million investment into Laura: \$3.5 million of that was for a common effluent disposal scheme and another \$1.6 million of that was putting trunk infrastructure into the ground. That was in a town that we never serviced. We put a \$4.6 million investment into a town that we never had to depreciate and never had to manage, and now we have to manage that thanks to the federal government.

Mr PERRETT: Water, sewerage and roads: where are we up to with them?

Mr Czarnecki: From a water and sewerage perspective, at the moment we sit on \$83 million of assets within those areas, and both of the operational points to those facilities are at a loss to council. Water and sewerage operation losses are around \$670,000 per year just to operate, largely due to the fact that the concessions are no longer available to council. As I mentioned this morning, 12 years ago the town was seweraged, and that was through a grant process. For us to maintain that moving forward, it is impossible at this point in time to see how we will ever be able to fund the depreciation to ensure that the current replacement cost at life renewal will ever be achieved.

Councillor Price: I would like to return to the compliance issues which were handed down and whether it is cost shifting or whether there is a regional expectation that we should be able to manage these things, starting 12 or 13 years ago with the sewerage system going in. I think that was pretty much an east coast thing for Queensland and any towns that were going to impact on the Great Barrier Reef.

The conversation earlier was around biosecurity and the issues that we are having with the incursion of high biomass grasses into the cape and what that might look like down the track with regard to managing it. At a meeting yesterday looking at invasive pests and weeds, the case from the Territory essentially was that fire management costs have increased six times over the last 13 years, requiring fireys to wear enclosed spaces gear when they go out. It was a massive change to the way you manage an ordinary grassfire—from a bunch of blokes being able to do a bit of dribble feed and back-burn to having to use choppers to evacuate whole areas and to have wildfires that are out of

control. At the moment we budget around \$400,000 a year for biosecurity. What that impact is going to be over the next few years, goodness knows. I blame the bitumen road; if the bitumen road had not come, we could probably be living up here still in our own little bubble.

Mr Cronin: I will give a couple of hard numbers. In terms of water, we have revenue of \$1.784 million and a loss of \$1.116 million a year; sewerage, \$1.2 million in revenue, a loss of \$300,000 a year; garbage, \$395,000 in revenue and a loss of \$1.2 million a year.

Mr PERRETT: They are extraordinary figures.

Mrs LAUGA: I want to go back to the NDRRA funding. Essential public asset restoration or replacement eligible under the NDRRA arrangements—you were talking about the maintenance. The NDRRA is specifically around restoration or replacement. Looking at the guidelines, it is for the restoration or replacement of an essential public asset, so you have to prove that the damage has occurred as a direct result of an eligible disaster. Just maintaining roads is not covered under the NDRRA arrangements. How do you propose that NDRRA funding is therefore going to help improve the maintenance of your roads?

Mr Cronin: Thank you for raising that. I will clarify. You are absolutely right in your description. As I said, gravel roads get significantly damaged throughout the wet season. We do have to go through a very rigorous process of photos and videos. The QRA come up and go through that in detail, in terms of both the photos and site visits. That is then approved for repair. My point is that that is the only work that we do on those roads. It is really a substitute for the maintenance of those roads. If a road is not damaged, essentially no work gets done on that road. If we did not have an event, no work would be done and the roads would deteriorate further through lack of maintenance.

Councillor Giese: When you are out there doing that NDRRA works, you get your tablet in front of you which points out the positions by GPS and by chainages. You go out there and there is the spot: that is where you have to fix the spot. It is not full maintenance of the roads; it is fixing up the problems in the road. The trouble is that there is no scope to try to eliminate the problem. Even though that is where the problem is in the road, you might be able to put something in place 100 metres behind you to stop that happening again. That is the hardest thing when you are working with NDRRA: I can stand there and say, 'This is where I have to put my gravel or rock or whatever to fix this problem on the road, but if I could touch up a bit of area 100 metres behind me I could stop this happening in the future.' With NDRRA works it is very hard, because you have to put it into that area because that is the area they are going to come up and check and that is where it has to be. When you are the person out there working on it and you know that 100 metres behind me is the problem—if I can go back and touch up that section with that bit of material I have got, I can stop the problem happening further down the road.

Mrs LAUGA: It says in the guidelines—

It is recognised that the restoration or replacement of an *essential public asset* following an *eligible disaster* provides an opportunity for a *state* or local government to provide complementary funding towards restoring or rebuilding that asset to a condition beyond its pre-disaster functionality or utility—for example, improving or enhancing the size, capacity, strength and/or resilience of the asset.

That is a component of the NDRRA funding.

Councillor Giese: It says it there the way it is, but when it comes to works on the ground, what you have put in front of you is the only place you can put the material.

Mr Cronin: We need to put money in to do that. A good example there is if we have a one-lane wooden bridge we can only replace it with a one-lane concrete bridge, but if we want to make it a two-lane bridge we have to pay the difference. As you can see from our financials, we do not have the luxury of spending that money to do the additional work that Councillor 'Chook' is talking to or making the one-lane bridge into a two-lane bridge, which will provide greater resilience and greater service to the community.

Councillor Giese: It even comes back to the betterment program. If you are going back to the same area of crossings in creeks or crossings in washaways or whatever and they come back on an annual basis because they keep getting washed out—what NDRRA is spending on betterment as well as fixing the problem does not really weigh up either, because if we put a bit more into it this time around and we can make them do a betterment in there, we will not have the same problem next time. We find in a lot of places where we have washouts, because we cannot fix it under a betterment we have the same washout year after year. Somewhere along the line there has to be the ability to say, 'Yes I know that is the problem on the road at the moment. Just behind me is where the problem starts. That is where I need to be able to go and do my work to fix this problem down here as well.'

Mrs LAUGA: Does council apply for funding under the betterment program?

Councillor Giese: We have gone through for a few betterment contracts, yes.

Mr Czarnecki: I was looking after the engineering department for a period of 12 months and we put forward five betterment projects over a number of roads and all five of those were knocked back. Obviously betterment makes up a very small portion of the program. When you look at it in respect of the state claim for 2012 with the floods, the state claim was \$12 billion. An amount of \$80 million was put forward for betterment as a package; \$50 million over the 2014-15 and 2015-16 years was available for betterment when the claim was multiple billions of dollars. When you look at it from the perspective of having 3,000 kilometres of road—and Chook talked about potentially fixing something 100 metres away—we have a number of roads where we need to do 60 or 100 metres of the gabion basket works. That work would cost us \$1 million. When we only have \$2 million for the whole maintenance program, I cannot put \$1 million into 60 metres worth of work for betterment on that road; it has to come out of another program.

What we utilise for the NDRRA preparation works is we spend our ATSI TIDS, our TIDS program and our maintenance program to try to prepare roads for betterment or use NDRRA where we are doing preparation works on the road to then seal them and make them black under our other programs. The problem with that is when you look at it from a long-term financial sustainability point of view, once we have painted it black it then fits into a new maintenance schedule and a new depreciation schedule which we cannot fund. In all honesty, it is much smarter for us to leave the cape dirt and hope for a wet season event to be able to utilise NDRRA works on the restoration of an essential public asset because the moment we better it, we will never be able to fund the required maintenance program on that.

Ms LEAHY: You have obviously done some work on your asset management. Is that to the standard that the Queensland Audit Office talks about for an asset management plan? I have a couple of questions. I will just start with that one, but I might give you the other questions so you can see where I am heading as well. Do you think the priority should be getting that asset management plan to Queensland Audit Office standard, or do you think the priority should be working out ways to fund the depreciation and the maintenance? If you were king of the world of councils but still responsible to your taxpayers, how would you fix the problem?

Mr Cronin: Starting at the beginning, we have a strong commitment to the asset management program, but we are only 12 months into it and it is a massive job. We are talking years to get an asset management system in place that is understood and gives us reliable information and so forth. It is absolutely critical. As a council, we are fundamentally managers of long-term infrastructure assets, and understanding the assets, their condition and maintenance schedules is absolutely critical. Failure to do that will lead to very poor outcomes. Our total assets were just under \$400 million at 30 June last year: buildings \$37 million, water \$48 million, sewerage \$28 million and roads \$237 million. They are big numbers, even for a small council. The great challenge then is: how do you fund it? You have seen from our numbers that we do not have the capacity within Cook Shire Council to fund it. The only real other avenue is the government, so the question then is: how does government fund a council such as Cook which does not have sufficient own-source revenue to fund its operations?

Ms LEAHY: I suppose my other question is: should you have your asset management plan completed first, or should it be a staged approach to get your asset management plan and working through it, trying to fund some of that depreciation and maintenance as you go along?

Mr Cronin: You need to do them hand in hand. If we waited for the asset management piece to be finished, that could be five years—and that is a conservative estimate. I have seen other councils spend that length of time and still not be in a good position due to software issues or just the lack of resources, lack of understanding or poor methodology. When you look at \$400 million worth of assets, it is a major undertaking in terms of understanding what those assets are, what condition they are in and what maintenance schedules you need for those. They need to be done concurrently and there is an element of prioritising where the need lies—being very critical in terms of the assets we have and whether we need those assets. Should we no longer keep the shire hall is one example, or can we utilise assets in a better way than we currently are? There is a whole range of questions which come into that asset management piece.

For me, potentially one solution going forward is—and we have spoken about it this morning—governments are very good at giving new money to build new things: new event centres, new capital items to cut the ribbon and get the photo. They leave behind a lifetime of maintenance and operating expenses, which Cook shire along with many other councils do not have the resources to fund. The Works for Queensland money was welcome because it is the first time that money has been provided

without going through a grant application and without being required to go to a capital item, so we can apply it to maintenance. That gives us the opportunity to apply that money to some of our critical maintenance needs.

For me, I would probably push for more Works for Queensland funds and perhaps from a government perspective and understanding value for money and taxpayers' dollars and all of those issues, maybe there is some link between Works for Queensland money for maintenance and progress around asset management plans so that there is some rigour in terms of that process.

Ms LEAHY: Would you look to your essential assets—your water, your sewerage—as being the priority? They are essential for the continuation of the community. Halls are a great thing—they are great for the amenity—but you have to be able to have running water, electricity and a road.

Mr Cronin: Very much it is a risk based approach. We need to make sure that the water runs and the sewage treatment plans work. You have seen the town streets and the condition they are in at the moment; there are dirt roads through the middle of town. That is the level of prioritisation we are at. We do not have the money to even do some of the high-risk areas that we need to focus on.

Ms LEAHY: You do have sewerage and water there. That is better than some of my communities, I might say. I do have some with no sewerage.

Mr Cronin: For sure.

Mr CRAWFORD: I have a range of questions around the grants and the grant process. NDRRA aside, I want to talk about state government grants, whether they are local government or from other departments. What resources does your council commit towards grant applications and what sort of time frame and financial costs go into just the preparation of a grant application?

Mr Cronin: We have a full-time grants officer. That is all that Jenny does: purely look to identify grants that are coming up, to put in applications for grants, to work closely with the projects committee and director of infrastructure services to identify where our needs lie and to try to match up grant funding to key projects. It is a full-time job for one person and she draws on the rest of the organisation for relevant information in respect of that. It is a significant cost.

Mr CRAWFORD: You touched on this before, but I would like you to elaborate a bit more. What are your thoughts on how state government grant programs can be improved to benefit the council in relation to the provision of infrastructure and maintenance of infrastructure? How we can make that better? What recommendations can we send back?

Mr Cronin: As I said, we are very strong advocates for the Works for Queensland approach in terms of enabling us to prioritise where that money goes but also to take out the time around applying for grants. The other element is that there is no co-contribution. With a lot of the grants that you do apply for, there may be a 20 per cent or 50 per cent co-contribution required. With our financial sustainability issues, there are grants we do not apply for because we simply do not have the 50 per cent. As I said, the focus for councils like us probably has to be more on the maintenance of assets and the operating expenses of the council, as opposed to building more new buildings that we cannot maintain in circumstances where we cannot maintain what we have.

Mr CRAWFORD: With the Works for Queensland model, every regional council started with \$1 million and then there was a formula based on the population of the council and the unemployment rate. That generated a lot of money for councils with large populations, like Townsville and Cairns, but for councils like Cook, which has a huge amount of space but only a couple of thousand people—4,500 people—it would have generated about \$2 million or \$3 million or something like that.

Mr Cronin: It was \$2.47 million.

Mr CRAWFORD: If Works for Queensland is going to continue, is that the kind of funding model you would want to keep, or do you have a better idea for that funding model where you get more money for your infrastructure maintenance?

Mr Cronin: I think it is clear. Councils like Cairns have large population bases with large rates bases and a much greater ability to be self-funding, as opposed to the smaller regional councils. I think there could be some targeted funding at the smaller regional and remote councils where there simply is not the capacity to raise rates revenue or to increase the population. As I said before, there is really no scope for us to increase our own-source revenue, so targeted programs to the regional and remote councils would be greatly welcomed.

Mr CRAWFORD: What sort of process did your council go through to develop that list of priorities or programs for Works for Queensland? What process do you go through to work out whether you are repairing or building a bridge here or building a playground or skate park somewhere else?

Mr Cronin: We looked at a combination of things. One of the criticisms we do get from time to time is that it is the 'Cooktown Shire Council' and not the Cook Shire Council, so one of the first criteria we had was that we wanted to make sure the money from Works for Queensland was spread across the whole of the Cook Shire—to Portland Roads, Coen, Laura, Lakeland, Ayton, Rossville and Cooktown itself. A decision was made that we would make sure that money was spread across the entire shire and it ranged from playground equipment to footpaths to waste transfer stations.

One criteria was to cover the whole of Cook Shire, and another one was to look at some of the key risks. That is where the waste transfer stations came in. We were able to provide some money to enhance the waterfront. The other big project is the airport industrial estate, so that money has enabled us to kick-start that project which will generate additional employment and industry growth opportunities. We have a couple of very exciting proposals there around the airport industrial estate which may employ apprentices and other people and generate economic growth within the town. It was a combination of spreading it across the shire, a risk based assessment of some of our key areas in waste and also some economic development to stimulate the shire. If there were additional funds available, we have plenty of other projects that we could apply those funds to.

Mr CRAWFORD: You and every other council in Queensland!

CHAIR: You get money from the state or the federal government if you complete the project. What do you do with regard to the necessity to factor in the ongoing cost of maintenance and repairs? I think that is where you guys have a big problem.

Mr Cronin: As we spoke about this morning, project management has been a big issue for this council in the past, and we have some poor outcomes to show for that. We have done a couple of things. We have adopted the project decision framework model from QTC. QTC came up and did a training session and presentation to councillors around that, and that has been adopted by council in terms of evaluating new projects. That model picks up all the way through—from initial ideas, pre-feasibility, feasibility, due diligence, project costing and all the way through to whole-of-life costing. Before we make a decision around a new project, we can make an informed decision in terms of what is the up-front capital cost and what is the ongoing cost.

CHAIR: That is something you do now. Has that been a consideration in the past?

Mr Cronin: That has now been implemented. We also rolled out project management training last year to 12 staff and we are looking to continue to roll that out to more staff this year and into future years. We want to have a broad base of staff who understand what project management is and can sit down and plan and get the basics right so that we can roll it out. As I said down at the waterfront, we are seeing the results of that. The remediation of the rock wall was on time and on budget so we are starting to see some very positive outcomes from that.

CHAIR: That is good.

Mr KNUTH: In the Queensland Audit Office report for 2016-17, they found that most councils plan poorly for the long term. Your shire is about 106,000 square kilometres, whereas some councils in the city are probably six square kilometres. Do you feel that report of the Audit Office is a bit unfair?

Mr Cronin: I think the comment is fair. We spoke earlier about the fact that we are not great at planning for the long term. There are some pretty big challenges that we face in terms of uncertainty around asset management, uncertainty around government funding and uncertainty around NDRRA funding so that makes it very hard to plan 12 months let alone 10 years. The area that we cover does make it incredibly hard. Building a toilet block in Coen is significantly more expensive and challenging than building a toilet block in suburban Brisbane. The cost factors around the environment we operate in and the distances involved are significant and create enormous challenges for this council.

Mr KNUTH: I missed it before when you said the budget for the whole of the Cook Shire. How much is the budget they receive from ratepayers across-the-board?

Mr Cronin: In terms of rate revenue it is about \$3.2 million. There is another \$3.3 million in water and sewerage charges.

Mr KNUTH: You get \$3.2 million for 106,000 square kilometres?

Mr Cronin: That is right.

Mr KNUTH: You are continually relying on these grants and NDRRA funding to try to get you through every year?

Mr Cronin: That is correct. As I said earlier, if we had a year where there was just moderate rainfall and no event was activated, we would receive zero dollars in NDRRA and we would not be in a position to do any work on those roads so they would simply deteriorate. Obviously there are flow-on effects to the contracting community. If that \$20 million, \$30 million or \$40 million did not come in for those works, that would have a significant impact on the local economy and employment.

Mr KNUTH: I have seen it where some councils have brought in contractors from the outside because they were able to tender cheaper to try to bring the cost down. I believe that you employ local contractors, but have you seen councils that employ from outside because they are not getting enough funds coming in?

Mr Cronin: The primary reason we moved from a day labour model to using private contractors was the uncertainty around the use of day labour by the federal government, which ultimately led to forced and voluntary redundancies in a quarter of the workforce two years ago. We are fortunate in that the QRA allows us to employ staff to project manage the NDRRA work. We believe we can do that far more cost-effectively in-house with people who have lived on the cape all their life, who know the roads, who know the conditions. In terms of the contracting, we do focus very heavily on local content and Indigenous opportunities and making sure that the money that comes to us remains within this community as far as possible.

Mr KNUTH: I am very passionate about employing local. Do you think you could be chastised because it appears that you are feathering the nest of local contractors you might know in the region?

Mr Cronin: When I started, there was a 10 per cent price allowance for locals. We have done away with that. Whilst we do have that focus on locals, one of the most heavily weighted criteria is value for money. I can tell you, there are enough local operators up here and enough competition to ensure that we do get value for money and we are able to give the work to local contractors.

Councillor Giese: This time around with our contracts, we have just had a letter put out to who is going to be successful if works come through. We still have local contractors who have not got work. When you are talking local here, you are not talking local as in within 10 kilometres; you are talking locals within 700 kilometres of the cape. They are not just Cooktown local contractors; they are contractors from all over the cape that we have to keep working as well. It is not just a central region; we are trying to get our work out to everybody in the area.

Mr KNUTH: You mentioned the scope of the NDRRA funding that is provided. Were you saying that if you have road damage here you can only restore it to its original integrity, but if the problem was resolved you would not have to worry about that? Is the problem that there is no room for flexibility?

Councillor Giese: That is the trouble. When there is damage to part of your road, the damage is caused in one spot but the source of the damage is not just that one spot; the source can be further up. If a crew can go back to another area, they can redirect water or they can do a dropped section or a raised section so they can move water across or something like that. At the moment with NDRRA, you are going out to fix the problem spot and you are not always fixing what is causing the problem. That is the trouble.

Mr Cronin: The NDRRA funding arrangements are under review at the moment. I know the QRA and Brendan Moon are working very closely with the federal government and the other states. We are hoping that by the end of the year there will be revised guidelines around that which will have longer term planning in them and the ability for council to determine where work is done and the opportunity for betterment work and greater resilience to be built into the assets.

Mr KNUTH: That is good. If you have one part of low-level road which fills up every year and then you get in there and you grade it, does the NDRRA allow you to build that up or do you still have to grade it?

Councillor Giese: It depends on what your order is. We have kilometres of sections of road that will lay under water for months on end during the wet season. We can have whole river systems between the Edward and the Coleman, which are at places 20 and 30 kilometres apart, which become one complete river system during the wet season. The problem is not always the water on the road and how it lays on the road. With sections like that, you just leave it alone. Because the roads have had no traffic on them because they have been shut, once they dry out most of the time they still have a good surface on them and that is not a problem. However, if you have a section of roadway where you do have a fall over a long distance, you need to spend more time trying to work out your drainage side of things so you can keep the water away from the road and whatever further back up, not just where the process ripped through the road further down.

They are the sorts of things. On the NDRRA, that is where it says I have to go and do the work but I am only fixing the problem; I have not fixed the cause further up. That is where more of it has to come into that betterment side of things so you can look back at it and say, 'Why are we just spending it here? What is causing it? Can we go back and try to fix the cause, more than just trying to do the patch all of the time?'

Mr Czarnecki: The provisions under the current REPA arrangements are that it is purely for the restoration of public assets. Call it betterment or not, damage is as only pertained to under the state model. Therefore, there is a provision for individual treatments and those treatments are aligned under a benchmark program. That is the treatment that you are allowed to undertake.

As Chook was saying, if the identified source of the problem is a couple of hundred metres up the road where the water is tracking but it happens to scour a road at a certain point, the provision under the arrangements at the moment only allows you to fix or restore to the previous engineering standard that particular section. It does not allow you to use smart engineering or foresight say, 'We know what should be done and we have done tests on it. We have put five culverts in Strathgordon at Pormpuraaw Road in the last couple of years.' We said, 'We can prove that we have spent money at this exact location for five years in a row. Please allow us to put a concrete culvert here and we will stop you, the state government, having to fund this again and again.'

Mr KNUTH: At the moment it has not been allowed?

Mr Czarnecki: No. We put up particular betterment programs, which have been knocked back for a number of years, where we can see through classic engineering that you could change the long-term ability for that road to handle that water network, but, because of the way the federal agreement is written under the both QDMA and the NDRRA arrangements, it is not currently assessable. That is why the review is currently being undertaken of potentially putting forward a prefunding model for you to be looking at what restoration works or what counterdisaster operations you could potentially be doing, emergent works and those other fields that will lower your restoration costs. That is the big problem. The restoration cost becomes very hard for us to address.

As Tim made mention, we have been given the ability to use just on \$800,000 in project management associated costs through the program. That saved the government, when we costed what it would cost through contract provision, almost \$4 million. That is what we put forward to QRA. That is why they approved that motion and we were able to do it.

We were the only council in 2014 that was given day labour, and that was in category D, of \$1.6 million. We physically cannot afford to fund day labour out of council's revenue moving forward. As you can see at just on \$3.2 million, that represents for us, as I said today when we went through the depot area, 65 to 70 per cent of our workforce. To only have \$2 million worth of maintenance money to work on our roads—and if there were not NDRRA funds we would have to remove a large proportion of our workforce.

CHAIR: Sitting here as someone from the outside, I can see that this council has worked very hard. You have some great infrastructure in place. There is also an enormous responsibility on the ratepayers with regard to the ongoing maintenance, upkeep, wages and all that sort of thing. As a council, how far away is it that you will say that you cannot afford to take on any more projects at this time because what you are getting in is just meeting your demands? How far away is it before you will say enough is enough?

Mr Cronin: To be honest, we are already past that point. We passed that point some time ago.

CHAIR: That is a fair and honest comment.

Mr Cronin: If you take out the government funding—

CHAIR: That is an honest response. That would have to put the brakes on where you go into the future, would it not?

Mr Cronin: Absolutely. As I said, we have declined to go into some government grants because (1) we do not have their co-contribution and (2) we cannot see how we can meet the ongoing maintenance in respect of that.

Councillor Price: This is an aside, but it is something that is really important. This shire, unlike lots of regional and remote shires, is not going backwards. It is going backwards in the books. It is going forwards in terms of movement into the shire rather than out. I threw some figures down before in terms of things like the growth of schools. In 2012 we had 365 kids attending school in Cooktown. This year on day 8 we had about 525. That is a significant increase in school-age children. That has to be extrapolated out. We are faced as much with community expectation around what they want to

see. We have people moving up from down south where they are inundated with experiences, facilities and things. With funding coming through it has been tempting to provide or to try to provide these things.

The other thing that I really wanted to point out is that on top of that growth—and, again, going back to the cost shifting to some of the obligations that we have—we have a rapidly increasing tourism scenario coming in front of us at the moment. The sealing of the PDR is going to see a massive increase in tourism. We have seen it every single year over the last 10 years with the sealing of the road to Cooktown. As that road through becomes bigger again, there are going to be far more expectations from the travelling public—the tourists—who expect a certain standard of infrastructure, services et cetera.

The flow-on at a tourist level in terms of waste management is frightening. It is absolutely and utterly frightening. We have remote places that are basically like the outskirts of hell with rubbish and white bunnies spread from one side of them to the other. How we can manage to put in the facilities that are required to mitigate that kind of mess is one thing we struggle with.

Mr PERRETT: The question I have is probably to the councillors as well as the CEO. The committee has heard that some councils are happy to take on an increased number of services to meet the needs of their communities—for example, childcare services. Has this been the case for your council? If so, can you provide examples of how you have funded these additional services?

Mr Cronin: In late November last year we were advised that the childcare centre was closing down. It was the only childcare centre in town. Kaz alluded to the increase in students. In addition to that, a number of years ago the town made a decision to employ young married couples as a strategy to grow the town. To do that you need child care. The owners of the childcare centre had been trying to sell that for 12 months without success. The council was really faced with the decision of, 'Do we want child care or do we not want it?' I had probably half a dozen staff come to me and say, 'Without child care we will need to leave town.' As I said earlier, there are police officers, ambulance officers, teachers, hospital staff and a lot of state government employees depending on that childcare centre.

We really did not have a choice but to step in and try to resolve that issue. We purchased the childcare centre, but we have had to borrow the funds to do that. We have engaged a reputable and very good operator to run it for 12 months on the basis that we would cover any losses. As I said in my opening statement, we are not only trying to provide the base services, but without council stepping in there would be no childcare centre and the impact on the social fabric of this town was unacceptable for this council. We really felt we had no option but to purchase that centre and keep it open.

Mr PERRETT: Tim, you mentioned earlier in your statement that you have approached or written letters to other state departments seeking some assistance but you had been denied. Presumably some of these services are provided in other council areas by either state government departments or other agencies of state government. Can you maybe go into that a little bit more and explain the frustration you have and where you see some of those things provided by those agencies in other communities and where you have been rejected?

Mr Cronin: I am not sure who provides the child care in other communities. I think it is largely the private sector in the larger towns and cities. I guess the frustration was that there were absolutely no funding arrangements or ability to access state government funding to assist us with respect to the childcare centre, particularly where the state government had a very strong vested interest in that childcare centre remaining open. I would say that the department of education, I think it was, bent over backwards to work with us to assist us in the transfer of the licence from the former operator to the current operator and could have not been more helpful. I would certainly give them credit for that. In terms of the government having the flexibility and the ability to respond very quickly in a short time frame, there was nothing available in terms of funding to assist us in that.

Ms LEAHY: I want to come back to your procurement and contractors. Does your council have preferred supply arrangements or prequalified lists with contractors? Do you have fairly consistent contractors for roadworks, road maintenance and that sort of thing? It is a massive shire. If your spec says you need to put 200 millimetres of gravel on a road, how do you check and make sure that that contractor puts 200 millimetres of gravel on the road?

Mr Cronin: In terms of the first question, we go to tender on an annual basis for road contractors. That is broken into two elements: one for road crews and the other for plant. Last year we took a decision to stop people dry hiring plant. People would tender for work and if they were successful they would go down to Cairns and dry hire equipment in circumstances where we had locals who owned that equipment and it was not being used.

As I said, we are strongly focused on trying to have local operators get that work. The tender is run on an annual basis. There are very stringent requirements around the evaluation of that—around value for money, around local content, around their ability and their experience, particularly their local experiences. As Chook alluded to, we have that vast area to cover. I think we break it into five areas and the contractors nominate which areas they would like to do the work in. That is taken into account in terms of the evaluation.

In terms of reviewing the work that is done, a lot of work goes into that with council—the overseer and our staff. This year we are trying a different model of contracting the work to gangers to go and review the work that has been done and to monitor that. That is absolutely important, but it means the guys are hopping in their car and driving around the cape to the different road sites and reviewing and monitoring the work.

The final element in all of that is that we need to take photographs of the finished roads and the QRA come and review those final photographs. As Chook said, there are GPS markings, dates and times of the work that has been done. They will go out and do site inspections of a sample of roads as well. The QRA does bring a very high level of rigour to that whole process. I think Queensland is probably the leading nation in respect of our processes around NDRRA funding.

Councillor Giese: Before the day labour came into the QRA we had our own road gangers in the shire. They were council employees. We had one council employee with every contract crew going through to make sure the work was happening. After the loss of day labour that was no longer in place. That is when we had to have voluntary redundancies and things like that.

When we lost the day labour we did not have people out on the road looking after our own work. Come the off season, when they were paid by the shire that was when we did our community resilience work for disaster management times. Cook Shire Council had a great reputation after cyclones of how fast council got back out there and got the town back in order. If Cyclone Debbie had come through Cooktown we would have been in a far worse position because with our workforce in the yard we would probably have had only five people on the ground to start doing the clean-up.

By losing that day labour side of things and having to go through the retrenchments we have lost a bit of ownership on our roads. We have to rely on the contractors giving their word back to us whereas before it was our own employees out there gauging it, looking after it and things like that. Once they had finished the NDRRA work they would be back as employees of the council. We do not have that anymore. Even from a community resilience point of view NDRRA plays a huge role in how our shire is made up and how we work and get things done.

CHAIR: I am going to go to members for a couple more questions and then—I am just putting this out there for you—if anyone wants to make a final contribution, please feel free to have a say. We will give you the opportunity to have a say if you want to.

Mrs LAUGA: In response to the day labour stuff, that was something I remember the Deputy Premier talking about in parliament, pushing for councils to be eligible to have that day labour reimbursed through the program, and it was really good—I think it was in 2016—when the federal government agreed for councils to use day labour as part of the NDRRA.

Councillor Giese: Unfortunately, between the time they said it was not going to happen and when they got the judgement it could, we lost X amount of employees.

Mrs LAUGA: Yes, I know. I agree.

Councillor Giese: Consequent to that, we just do not have the money for maintenance or anything else. Maybe if we could get set maintenance money we could hold people over, if we knew we had that money every year to start with. It goes a long way in trying to budget yourself with employees and what work you can get started before NDRRA stuff gets activated. If we got that higher maintenance stuff at the start, we could start doing our own betterments in our areas that we know need to be touched up. Even now the tourist season has started and we are still trying to work out what NDRRA work we have to send our road crews out on, so here we are now with people already using the roads and we still are not fully functioned to go out there and start fixing up our problems because we have to wait for NDRRA to go through.

Mrs LAUGA: We had that day labour problem, but then there were the plant and equipment changes as well which were applied retrospectively.

Councillor Giese: That all came into it as well.

Mrs LAUGA: Did Cook Shire Council experience loss as a result of that?

Councillor Giese: Yes, in terms of our own gear where we could not bring it back in depreciation and all the other stuff as well. It made it hard. Realistically, if you are going to pay a contractor, why can you not pay local government?

Mr Cronin: Just on that point, if you are Cairns Regional Council and you have a fleet of equipment and you are working and you have a disaster, you may use that machine for 10 per cent on your disasters so the model may work. If you are Cook Shire Council your equipment is pretty much 100 per cent on NDRRA work and you cannot claim the depreciation. The contractors we engage are claiming depreciation, so, yes, that created enormous grief for us and for the particular needs of a regional and remote council.

Councillor Giese: We are never going to be a shire that can go out and say, 'We need to own 14 graders, 22 water trucks and 60 tippers,' just to try to look after our road maintenance work. We are always going to need contractors, but I do believe that we should be able to have at least one complete crew of our own gear to be able to go out and do our work, firstly, because it is your maintenance stuff on short notice where you do not have to try and call contractors in and, secondly, that is how you keep a feel for what it is costing and what works need to be done. If you are running your own crew, you can put yourself up against your contractors to see who is performing, who is not performing and stuff like that as well.

Mrs LAUGA: In the Audit Office's *Local government entities: 2015-16 results of financial audits* Cook Shire Council is identified as having a current operating surplus ratio of minus 50.73 per cent and an average operating surplus ratio of minus 37.14 per cent which is identified as a deteriorating trend. They have also identified the council as having a high relative risk assessment. Could you talk me through why you think the Audit Office has identified Cook as having a significant negative operating surplus ratio and why you think you have been identified as high risk?

Mr Cookson: The numbers speak for themselves. The biggest problem we have is that we have a \$9 million depreciation expense. If you take that out, we basically break even.

Mr Cronin: With FAGs.

Mr Cookson: With FAGs. We have never hit that problem. Even with our 10-year forecast, we always predict pretty much that we will break even on operational costs and any capital works have to be funded. It is as simple as that. We just do not have the money to generate any surplus income, and that is why we just have deficits.

Mrs LAUGA: There are other large rural councils that do not have a significant negative operating surplus ratio.

Mr Cookson: For example?

Mrs LAUGA: Barcoo Shire Council. I am trying to find ones that are a similar size.

Mr Cookson: I have worked for Diamantina—that is the second best, the biggest one—and we did have surpluses, but that was only because we had 300 ratepayers but we had virtually no costs. We only had a staff of 40.

Mr Cronin: Touching on what Kaz said before, one of the unique things about us is we are actually growing. We have communities that are growing. You have heard the examples for Cooktown. If you look at Lakeland with the sealing of the road, the banana industry is going ahead in leaps and bounds and they are starting to diversify the agriculture there. There is probably somewhere between 400 and 600 workers on those banana farms. We are really chasing from a long way back to build a community at Lakeland to house them and fund the development that needs to occur there to enable that town to go ahead. There is an \$800,000 feasibility study currently being undertaken from the Northern Australia funding for water to access and identify water sources for Lakeland. If that is successful, the farmers could quadruple production with flow-on effects. There is a solar farm that is close to completion in Lakeland and there is a stage 2 and a stage 3 which will double and quadruple that solar farm. With the PDR going through, there is enormous activity in Coen.

I think one of the big differences between Cook Shire and particularly some of the western shires where their populations are small and declining is that we do have a high birthrate and we do have schools that are expanding. We have a number of communities throughout the shire that are growing and have really pressing and serious needs in terms of building communities and towns, and all that comes at a cost. One of our big challenges is how we build those communities without a revenue base.

Mrs LAUGA: Thank you.

Councillor Price: I know this is about sustainability and infrastructure, but since we have a number of politicians from the state sitting in front of us we may as well throw in another idea. We have recently held a housing forum here. It was our second. We held the first one a couple of years ago. We have an issue right across the shire—Coen, Lakeland, Cooktown and right through—in that we have basically a zero vacancy rate in the housing stock and extremely high rentals, impacted by the fact that we have a three-tier shire with professionals brought in for the government departments, a middle strata of working people in retail and that sort of stuff, and then we have a high 25 per cent unemployment rate. The impact on those people in the middle and bottom strata in terms of the zero vacancy rates is very, very worrying and it is leading to a range of social issues.

One of the discussions at the recent forum was the possibility for the state government to take a really close look at the housing policies around state government workers in these places—that is, rather than offer them \$500 a week subsidised rents, maybe offer them \$250 a week towards a mortgage so that they can start to look at building, buying or whatever. It does have a longer flow-on positive benefit for the state government in terms of the fact that you are not having to provide these excessive packages. It would have a great flow-on for us because state government does not have to pay rates to us, so a lot of the housing is unrateable and if people were to buy their own properties we would start to see a building up of our rate base. It does fit. There is a reason I threw it in there. That one would be quite a wonderful thing for the state to look at over the next few years in these areas where housing and packages are offered.

CHAIR: I did say earlier that I was going to give people the opportunity, so if you want to have an input could you just make it fairly short, because I do have to start the next session.

Ms Holmes: I just quickly wanted to mention the tourism industry up here, and it is a rather large tourism season between about March and October. In relation to waste and things like that, it is the shire that is picking up the tab for that. Are there any state government initiatives or whatever available to assist with that—and I am talking about road tolls or tourism taxes or something like that?

Ms LEAHY: How many tourists are there annually?

Ms Holmes: I think the numbers are about 118,000 vehicles that go through or tourists that go through the area.

Ms LEAHY: How many?

Ms Holmes: About 118,000.

CHAIR: I think that is a good issue for you to—

Councillor Giese: International visitors and domestic is 500, yes.

CHAIR: I think that is a good issue for you to take up with council, and I do not want to start answering for the state government because that is not our role. That is one of those good issues that is going to come up and then the council decides where they are going to take it from there. If there is nobody else, thank you very much for your contribution. We had no questions on notice, so we will end this part of the hearing. Thank you very much for your contribution. I really appreciate the frankness with which you replied to some of those questions, because that is what we need. We do not need wishy-washy responses. I think we have enough experience between us ourselves to work out if somebody is having a lend of us, so I do appreciate your responses being frank and we have certainly learned a lot out of it. Thanks very much for your attendance and, again, thank you for looking after us.

BLOOMFIELD, Councillor Robert, Deputy Mayor, Wujal Wujal Aboriginal Shire Council

CREEK, Councillor Bradley, Wujal Wujal Aboriginal Shire Council

DEEMAL-HALL, Ms Eileen, CEO, Wujal Wujal Aboriginal Shire Council

TAYLEY, Mayor Desmond, Wujal Wujal Aboriginal Shire Council

WHITE, Ms Cassandra, Acting Director, Governance and Finance, Wujal Wujal Aboriginal Shire Council

CHAIR: Mayor, do you have an opening statement?

Mayor Tayley: Today's inquiry is something that is very dear to our hearts. We put financial sustainability as a priority. For many years, since our council has been established and in particular with the Indigenous council, we are heavily reliant on state government funding and federal government funding. A lot of the things we do are planned around what funding we receive from the government. For a long time up until today, that has always been a challenge for our councils in Wujal and, in particular, in Cape York as well. Probably my thinking around financial sustainability is to make sure that we get our governance right, make sure our finances are going really well and make sure that our team is working together to achieve positive outcomes for our community in terms of financial sustainability. We are happy to be here today as part of this inquiry. We are ready to answer some questions. I will hand over to my CEO.

Ms Deemal-Hall: Following on from Mayor Tayley's opening statement, I want to be really clear from an Aboriginal shire council point of view, particularly for Wujal Wujal Aboriginal Shire Council, that we do not define financial sustainability as the only tool for our future generational success as a council. We also have to encompass social, economic—particularly around employment—enterprise and also environmental because of where we are situated. We see it as a key tool, but it is not the only tool that we will focus on.

CHAIR: Thank you very much for that. Would you mind telling the committee if Aboriginal shire councils face particular and unique challenges in regard to their long-term financial sustainability?

Mayor Tayley: I think the Indigenous councils and, I could say, our council are very unique. It is sort of outside the function in terms of how local governments operate normally. Again, we look at land tenure, we have native title issues and we have to provide health services via Queensland Health. We are seen as the law system within our communities and also we create employment for our people. We are seen as a one-stop shop with the lot. That does impact on the way we do business within our communities. Again, like I said, for many years we have been heavily reliant on state government funding and federal government funding.

CHAIR: Did you have anything to add to that? Feel free, when the mayor is finished, to jump in and add any comment that you want.

Ms Deemal-Hall: He is my boss, so I have to wait till he is finished.

CHAIR: That is what I am saying: when he is finished. He is a good boss.

Ms Deemal-Hall: Yes, he is deadly. The short answer is yes. I think the problem that a lot of Aboriginal shire councils face is that over 95 per cent, if not 100 per cent, of their funding is grants generated. When you have some shire councils that are trying to break the mould and look at opportunities around economic development and enterprise, sometimes the way that we have to report back to departments does not allow for us to be a little innovative. The other thing, too, is that the capacity of some shire councils to build alternative business models is a bit of a problem. As we continue with the questions, I would like to focus on what we are trying to do within Wujal Wujal Aboriginal Shire Council that is a little bit different, but we have to be. It is my plan and especially the council's vision that in the next 10 years we do not want to be 100 per cent reliant on grant funding.

CHAIR: You said a minute ago that the way you have to report to local government makes it difficult for you. What is the problem there?

Ms Deemal-Hall: It is around the types of key indicators that they ask for us. If we are looking at data analytics, let us be honest: if we are talking about asset management, one of the big things is around maintenance, repairs and that sort of thing. A lot of stuff that you are looking at around asset management is particularly around predictive analytics. A lot of KPIs that we have to report against

are level 1 analytics—they are reactive—where you really want to get to level 4, which is predictive. In terms of how we report back, we are still doing the tick-and-flick level 1 stuff. When we are asked if we can change those to be a bit more on the front foot, we are limited.

The other thing is the timing of the reporting. I started in August, but we only signed off on 2014-15 financials, which meant that our 2015-16s were late coming in. Now the Queensland Audit Office, and rightly so, has given us extra reporting that we have to do on top of that. It becomes very cumbersome when we are trying to keep our heads above water. I guess if we have a council that is struggling to get to the level playing field, there should be alternative support mechanisms for them.

The other thing is that if you have an Aboriginal shire council that does not have mining right next door to them or on their area there should be alternative support mechanisms for the type of grants that they are reporting on. I would be keen to explore that a bit more with the committee today in terms of what we are looking to do at Wujal.

CHAIR: How long have you been mayor? Was it from the last election?

Mayor Tayley: I had done it previously for 11 years and I was returned to office at the previous election. By the end of this term it will be 16 years.

CHAIR: Do you have an understanding of why the reporting that Eileen just referred to was late?

Mayor Tayley: Again, I think it is internal control measures. I have been saying for a long time through the local government forums that I have attended over many years that one of my concerns is around governance. Our Indigenous community has a transient population. You get people who have a really good heart, but a lot of people do come in without knowing their roles and responsibilities in terms of being in local government. That plays a role in terms of having the right people in office. Over many years it is important to have continuity, but that is not always the case. Getting new people on board is a bit of a challenge for a small community and our population is only pretty small. My thing is to overcome that sort of problem by working very closely with local government to bring people through the system and train them up. It is how we deliver the right training, so that people can better do their job and understand the system.

CHAIR: And being able to retain those skills.

Mayor Tayley: Exactly.

Ms Deemal-Hall: When I first started, of the first two key projects that were initiated one was a workforce skills audit that we had LGAQ conduct on our behalf, so that I could get a handle on where people were at in terms of skill level and whether there were any diamonds in the rough. There were. The other thing it highlighted to me was where people were at, skill level wise. Following on from what the mayor was saying, we had people in finance roles who really should not have been in those roles. That is why we then worked with the LGAQ to do our HR and IR component for us, to help us through that process. The other thing is that some of the guys that were in finance positions did not really have a strong practical background, which is one of the finance reporting tools that we have. Because we could not get people with those skills employed straightaway, we had to use Procruitment, which is a labour hire agency. We had a couple of people who came through that who still did not have the strong practical tools. That was a struggle in itself. The second thing we did was look at our organisation structure, which was quite flat, and what we needed to do in that space as well.

Ms LEAHY: In relation to the timing of when the Audit Office requires financial statements, obviously it is different up here with the wet season and the things that you have to cope with in getting people in and out of communities. Does the timing work well with your seasonal variations or are there some improvements that could be made?

Ms Deemal-Hall: Can I be really honest? This financial year I set an ambitious target for us to be in the first top 10 to lodge our financial report. When I mentioned that to Queensland Audit Office eight weeks ago in Brisbane, because we had an interagency meeting, first they smiled. Then when they realised I was serious they said, 'Wouldn't it be better to have a green light rather than go for top 10?' I guess that is what Noel Pearson talks about: the soft bigotry of low expectations. For me, the challenge is that we know we have been failing. Do you think we want to continue down that path? No way. Council is very clear: we want to be standing strong together. We want to leap ahead.

Part of the challenge for me was changing that perception amongst the other agencies around where we want to go and what we need to do. The only agency that has really backed us 150 per cent is the Ministerial Champion program. They understand what we want to do. They have been very supportive, as has our ministerial champion. Cassie, who we have on as the director of finance, Cooktown

understands where we are going. My whole staff knows. I keep talking top 10. That is what we want to do, but then we have to wait to see whether our external auditors can fit us into the schedule. Now they are saying September-October, which means that we possibly will be late for this year. In our minds we want to go top 10, so we will have our financials ready for that. I do not know whether they will do it in that time frame, but we will be ready.

Ms LEAHY: I am just curious as to what support the Queensland Audit Office provides you to get your financials how they want them. They were pretty direct and pretty blunt in their assessment. They just said that your financial statements are not finalised, so they are pretty blunt. What support do they give your community on the ground?

Ms Deemal-Hall: I think there is room for improvement from both sides. I am not saying that we are perfect but, given that we have had four or five years of dysfunction, you have to give me a bit of time, because I am taking the staff from a crawl to basically a flat-out run in less than nine months. Could they have been a little bit more lenient? I could have liked that. In saying that, some of the staff members from the department have been nice.

In terms of more structured support, yes, I would have liked some, particularly given that they knew we were struggling with trying to get people with practical experience. DILGP offered us a staff member, but that person is shared between five other councils. In terms of one-on-one support, we are pretty much being as independent as we can. We have been working very closely with the Cook Shire and Hope Vale Shire Councils. We will be signing an MOU with them because we know we cannot do this alone. We do not want to be an isolationist type of council; we want to work very much in partnership with our other regional councils as much as we can. We are working on structured placements. We are organising an internal audit committee for ourselves, so we are trying to get those processes in place.

I will run through the strategic financial transformation plan that we are putting in place to get ahead. We are also partnering with other entities such as the Queensland Treasury Corporation to provide structured support for our councillors to make those informed decisions. I think in the past, particularly with previous CEOs—and this is endemic across a lot of Aboriginal shire councils—you will get some of those CEOs who have been in the position for a number of years who have repeatedly failed to get financial audits in but they turn up in other shire councils. I would be embarrassed to be employed anywhere else.

Ms LEAHY: Does the Audit Office come and help you with training staff and councillors so that everyone understands what their requirements are, or are reports just lobbed in from Brisbane?

Ms Deemal-Hall: It is very much paper based or reporting specific. I think it would be good if we had some more tangible opportunities to test us with our systems. As the staff and councillors will tell you, I am very open to having other people come in and challenge us because that is how you grow as a council. I am open to anything from the Queensland Audit Office. We have an allocated person who is going to be monitoring us, but there is a difference between monitoring and changing how you work with somebody. One of the things I have put to the funding bodies is that I do not want to have a donor relationship with you as a recipient. I would rather that we have a capacity partnership, because that changes the whole dynamic of the relationship.

Ms LEAHY: Does the person that you relate to in the Audit Office come up and visit your council and your councillors?

Ms Deemal-Hall: We have certainly invited them, as we have every other agency. It is no use us just sending reports in; it is better if you physically come and see, because the issues that we face are very different. We are a very vulnerable community, particularly where we are situated because of the impacts that we are now starting to see with regard to climate change and also some of the other issues that we are facing around economic development.

Ms LEAHY: With regard to the reports that you do send in, does the Audit Office send written feedback to your councillors and your staff?

Ms Deemal-Hall: The mandatory ones they do, yes. Like I said, I am all for feedback. I would like them to physically come and visit us.

Ms LEAHY: They never come and sit down with you and help your councillors and council staff get an understanding of that feedback and what their expectations are. Have they ever done that?

Ms Deemal-Hall: Not during my term, no.

Mayor Tayley: During my time I have never seen them come back and give us proper feedback. My concern in terms of reporting is, when we put the report in, there is a time lapse between sending it in and when they report back. That has been a problem for a long time in terms of reporting. If we wanted to do it online, that is probably another thing. Our telecommunication is not the best here

in Cape York, and in Wujal we struggle to put a lot of financial reporting through the electronic system because it fails every time. We have to take it in to Cairns and do business from there. That is one of the biggest challenges in terms of getting reports done.

We have done a lot of internal stuff over probably the last 18 months. I was saying to Eileen and Cassie that we need to start looking at how we try and improve a lot of our reporting. How do we get our councillors and staff on the same page in terms of trying to better manage our financial affairs? That goes right down to reading financial reports. If the engineer comes in with something, we need to be on the same page in terms of what is in the budget, what has been expended and all those sorts of things. We are starting to get those steps in place now and it is really working.

Mrs LAUGA: We had a hearing with the Department of Infrastructure, Local Government and Planning, Queensland Treasury and a couple of others in Brisbane the other day, and the Department of Infrastructure, Local Government and Planning said that the department conducts training with capacity-building programs for local government. They said that those training programs are very focused on financial sustainability and asset management, and Queensland Treasury even went so far as to say they would consider going out to councils to provide support and training. I know we were talking about the Audit Office before and whether they have provided any training, but have you had any training or opportunities for training from the Department of Infrastructure, Local Government and Planning or Treasury?

Mayor Tayley: I think at this stage we have had a few visits, but a lot of financial management and asset management stuff is something that we have taken on board before it came into place. We knew the importance of asset management and longevity. Over many years a lot of our assets depreciate—the housing stock in the community—and we constantly have to go out and start looking at our assets, whether it is roads, heavy machinery or just looking at the office equipment and the community hall and the libraries and all that sort of stuff. Hopefully by the end of this term we should have a good asset management plan in terms of moving forward.

Ms Deemal-Hall: We have had one training session with DILGP this financial year. That was around related parties and code of conduct for councillors. My concern is how they delivered the training to suit a community setting for councillors. A lot of the delivery is very mainstream. We get everything from the womb to the tomb—everything from child care to kindy—and this week we are helping families prepare for a funeral, helping with the plot and everything like that. We cover a whole gamut that a lot of mainstream shire councils do not.

Like I mentioned before, we are working with the Queensland Treasury Corporation. We have them coming up on 11 and 12 July. With regard to the Queensland Treasury Corporation, we have had a look at their decision-making framework. Awesome! We want to be a pilot site to customise it for an Indigenous setting, because some of the challenges are going to be different and we want to test the robustness of the tools to cater for those differences. We are also working with LGAQ and with LGIS around our asset management because we would like to challenge how they are doing the risk assessments. If you look at likelihood and consequence, ‘catastrophic’ really focuses on loss of assets or loss of life. For us, loss of our cultural assets has a huge impact on us as well. We want to look at the differences with the tools that we are using.

We are also working with the national Climate Change Research Centre to look at coastal adaptation and changes that we need to look at, because that is going to have a big impact on us from not only an asset point of view but also a financial sustainability point of view. We are already starting to see changes now climate-wise and we are conscious that that is going to have big impacts on us in the next few years, if not now.

Mrs LAUGA: This is very interesting. In the audit report *Forecasting long-term sustainability of local government* Wujal Wujal did not submit their information on time, but I wondered if you have that now. Do you know the average operating surplus ratio for the council? In the report it says ‘no forecast’.

Ms White: Can we take that on notice? I have the girls printing out our financial statements for last year because I thought you might not have that information on hand. I will just go and check to see if it has come out of the email system yet.

Mayor Tayley: I think initially we did start on a financial forecast, so probably this time around we are about to review it again.

Ms Deemal-Hall: We are continuously reviewing it. A classic example is that I started in August. In September we had our preplanning for the wet season. I asked a basic question about our community hall, which is used as our disaster centre. What category rating does our hall have? No-one could give me the answer, so we asked DILGP to provide us with a structural engineer. He

only assessed the hall and he said that it does not meet code. It has never met code. Can we put any loading on it so that it can be ready for this wet season? No, we cannot because the foundations will not fit.

From a disaster management point of view, the other thing is that our ministerial champion provided us with another structural engineer who assessed some of our major buildings, like our aged-care centre, which we could use to send vulnerable people such as the sick and elderly. Then they happened to notice that the roof of our council chambers office—that is what we use as a disaster centre—would peel off if we got a direct hit from a category 1. That was an unplanned expenditure around maintenance, so I only had three weeks to try and get our roof fixed because that is our disaster centre. We are always ongoing in terms of the finances. We are trying to be more on the predictive front foot, but there are things that pop up. Infrastructure that DILGP had ownership of—

Mayor Tayley: Sewerage and wastewater.

Ms Deemal-Hall: Yes, with the pipes cracking. We have 33 households and the engineer did not even come up to Wujal to sign off on it. He signed off on it in Brisbane. We have a lot of legacy stuff that we are trying to deal with. We have a limited budget. We know we are not going to get extra money from government. We understand that. What we are trying to do is look at innovative ways that we can use our assets. One of the things that we have looked at is—with our water and treatment plants—using the wi-fi network that we want to propose for our Works for Queensland project to provide us with the data. We have a weather station that has just been finalised in the last three weeks which will provide us with up-to-date information around changes in the weather and river monitoring. We are trying to use that to help us in terms of preparing for the future.

Mr PERRETT: Thank you for coming along. I want to know a little bit of background information about your shire. Perhaps you can expand on this. I notice it is 64 hectares or thereabouts.

Ms Deemal-Hall: Sixty-eight.

Mr PERRETT: You have approximately 280 residents.

Ms Deemal-Hall: No, that has been one of the problems. The census data has us at 268, which is wrong. We conducted our own house-to-house survey in November last year and we had 681. The previous CEO had said that we do not have an overcrowding problem. We do. We have 81 households. An environmental health officer is in a household where there are 12 people and it is two-bedroom accommodation. We have been pushing—because we had lost allocated housing—to have some of those houses come back. It is a big problem for us. Also, we have a lot of house stock, particularly in the middle street—King Street—where houses are over 40 years old.

Mr PERRETT: I note in the information that only four per cent of your revenue comes from rates, fees and charges, so 96 per cent comes from grants, subsidies or work performed under contract to other agencies. The mayor might be able to answer this. Tell me a bit about your operations. How many employees does the council have? What do you provide to the community? What are the ongoing priorities for the council? How many employees do you have?

Mayor Tayley: Eileen would be the best person to answer that. In terms of the numbers in the community and data collection, all the census work that has been done over the years, a lot of that information has not been properly recorded. That impacts on the way we get funding from the federal government.

Mr PERRETT: What is the reason for that?

Mayor Tayley: As I mentioned earlier in my statement, a lot of our people are transient. They move around a fair bit between Hope Vale, Wujal, Cooktown and Mossman. We said to the census previously, 'When you guys come in, make sure that you work with our people and then we know who is in the house and who is not there.' That is something that we offered them previously. During that time when we offered that service, we had accurate information collecting, but then they went away from that system and got inaccurate information.

When you go to the Wujal clinic, a lot of the residents from Cook and Douglas Shires use our community clinic as a hub. A lot of their people get recorded as Wujal residents but not all the time. If we come to Cooktown or go to Douglas shire, that would be the same information collected. If you go to the clinics more than twice, then you are recorded as being from Cairns or Mossman or Cook Shire. That has impacted on information gathering over the years. In terms of employment, we have limited numbers there, but Eileen can give you a true figure.

Mr PERRETT: I am just interested to know how many employees you have in the council.

Ms Deemal-Hall: We have 81 full-time staff. We also have a joint venture arrangement with My Pathway. That includes participants. We currently have, I think, 25 who do their compulsory Work for the Dole hours. We try to negotiate. We try to look at a talent pool that comes from My Pathway into the council workforce and do a rotation through the various jobs. That way we have a rolling labour force if we need to draw on it. We have also been working with the LGAQ with our workforce. A lot of our workforce were casual and a lot of the employment contracts were outdated. I want to make it clear that the Yalanji nation goes from Port Douglas up to—

Mayor Tayley: Black Mountain.

Ms Deemal-Hall: And back around to Mount Carbine. The reason we have mobility between those communities is that it is within their own clan land. Even though our shire is quite small, we have a high population that is highly mobile, hence us linking in with the Cook Shire as well as Hope Vale.

Mr PERRETT: I talked about the work performed under contract. What does the council provide within this community?

Ms Deemal-Hall: We do, for example, BAS—repairs and maintenance for houses. That is one where we can make revenue. We have not been utilising it in the previous financial year to its full potential. This year we made some system and operational changes. Like I mentioned before, we had people who were in the wrong positions. Workforce-wise, we have moved people around. We have people who are more comfortable with invoicing. We are also re-educating the agency on how to communicate with community people when they phone in.

The other thing we were not good at, particularly around grants if we were contracted to do works—whether it is for road maintenance or anything like that—was around project management fees. We just never did it. We are also trying to work through this financial year and the next financial year clawing back some of those opportunities to project manage a lot of our projects under \$1 million. At the moment we have consulting firms such as AECOM and those type of people. The agencies will have oversight over project managing us. We are ready to step up now. It is part of those negotiations. Again, it is what I mentioned before. We do not have a donor-recipient relationship with agencies; we want to have capacity partnerships.

Mr PERRETT: You do the water, the sewerage, the road maintenance?

Ms Deemal-Hall: Yes, we do that.

Mr PERRETT: All the day-to-day activities that most local governments involve themselves in?

Ms Deemal-Hall: Yes. We have social housing in the other shire councils. Just over the bridge in the Douglas shire we have social housing on some of our freehold blocks. Also to the north, in Ayton, we have social housing in the Cook Shire on our freehold blocks. It is an interesting dynamic.

Mr PERRETT: The ongoing priorities for council, the vision of the council?

Mayor Tayley: Just going back to the services that we provide, we provide the normal services, like any local government but, again, we are not a rateable council. Then we do the additional stuff, like the community services—education, a library service, all of that sort of stuff. We provide transport for our community people to travel to and from different communities. We are going outside the norms of a local government function. Again, that places a lot of impact on our budget as well.

Mr PERRETT: That priority and vision from now to being able to develop and sustain?

Mayor Tayley: We have managed to get a bit of money for planning. That is coming on board in the next couple of weeks. Hopefully that will identify a lot of the gaps in terms of service delivery and also financial sustainability. I am certainly encouraging the team in the council to get involved with that process so that we can identify the needs and the deficiencies within our council and our communities. I am looking forward to that and, hopefully, with the good advice from our finance team, we can move forward.

Ms Deemal-Hall: Just to add further, three priority areas that I am really big on at the moment, following from a direction from the council, is around business partnering, getting our analytics up to scratch so that we can make informed decisions and also transactional processes within the council itself, whether that is improving our finances—financial reporting and that sort of thing—or just how we function with our funding bodies at the moment. Also, in terms of opportunities to create alternative business models, with the NDIS rolling out next year there is a potential opportunity for the council. It is how we harness those opportunities. The other thing is building a capacity within our workforce.

A lot of other Aboriginal shire councils have issues around trained staff to deliver some of those services. What is to stop us from offering our services from our staff, particularly around water and sewerage? We have been hitting the targets with our water and sewerage, even though our sewage

treatment plant needs to be replaced. There are opportunities there for us. That is changing the mindset from going to a consumer to a producer. What are some of the things that we could be doing in our community? What are the skill sets that we can use to help us get there?

Mr CRAWFORD: What does your shire do in respect to state government grants? Do you have someone who is tasked with doing that? Are the grants appropriate for what you use them for? Is the time that you take to get grant applications underway worth what you get in the end, particularly in regard to Works for Queensland, which seems to be a theme that is coming through?

Ms Deemal-Hall: When I arrived, one of the big problems with grants was that the people who were the grant managers for their different areas did not have the skill sets necessary to report back to the standard that the funding bodies would require. We have worked through that. We have renegotiated a lot of our contracts and reporting, particularly with the federal government. We are also working with our state agencies.

We are working with our new directors for economic and community development—bringing those more in line—and our works and services director in terms of how we provide those reporting mechanisms. The problem we are finding is how we are doing the reports to the level that the agencies want. We are challenging some of the questions they are asking—‘Is this really relevant that you are asking us to report on?’ We had a lot of \$5,000, \$10,000 grants and you had the same amount of reporting for those as you would for a \$100,000 grant—from the same agency. That is where we drew the line in the sand and said that anything under \$25,000 we would not go for unless it was a specific need that the councillors had identified—whether it was for a particular social service.

Mayor Tayley: Since then we have dedicated a position to deal with a lot of the funding coming in to work with the finance team.

Ms Deemal-Hall: That is our director of economic and community development. That position provides the lead. The council will say, ‘This is funding that we would be interested in,’ or, ‘This is an area that we would want to focus on.’ The director of economic and community development researches that funding grant and provides the information back to the senior management team. As a team, we all work together to help populate that. Ideally, in a perfect world, it would be fantastic to have a grants manager. We just do not have the budget for it.

Mr CRAWFORD: From a government perspective, what can we do to make life easier for councils like yours in order to get those needed grants, whether it is for sewerage, water or anything like that? What recommendation could we make to our department?

Ms Deemal-Hall: In 2004-05 the director-general of education at the time—

Ms LEAHY: Jim Varghese.

Ms Deemal-Hall:—was the government champion for Lockhart River. One of the things he put up around reducing red tape, especially for all state agencies, was that you would have your overarching strategic plan, you would have your key outcome areas and you would have the one reporting document that covered that. Since then, no-one has gone back to review that. We have flagged that with Prime Minister and Cabinet, with the regional office in Cairns. That is something particularly for us—the smaller shire councils—under 100 with a workforce. That is something that would benefit us, because, realistically, we do not have a big revenue grants base anyway. I think it would make more sense.

At the moment we have over 50 different funding grants that we have to report on at any one time. We do weekly pay runs. It is too much for a small workforce. In saying that, we have become very resilient, because we just have to get in and do it. I do not think there is a lot of positive feedback for that that has come through.

Ms White: For us in-house, at the moment we are still reporting from 2015-16. That has not been done. On the changeover of staff a lot of files seemed to disappear at the same time. It is a bit of an in-house legacy that we have had to take up. We have restructured the way that our finances are for the upcoming financial year, so it will make our reporting easier. Hopefully we can meet those targets a bit easier than we currently are with the reporting side. Again, with last year’s stuff, and even the current financial year, the data that we are capturing in-house is not the best. Certainly, for the next financial year we have checks and measures in place where we can overcome that. If we have a different reporting tool from our agencies, that would be even better. It would cut our time but we would also have the data there ready to input into their spreadsheets for them.

Mr CRAWFORD: Would you like to see more Works for Queensland style grants—ones that require fewer submissions, no fifty-fifty contribution and those sorts of things?

Ms White: From the finance side at the moment we definitely need those. We do not have the funds in-house to be able to prop up where we need to go fifty-fifty. We cannot fund big infrastructure. We can meet lower grants on the fifty-fifty level. We would love to build a new workshop but we personally cannot find the funds for that. Another issue is a four-wheel-drive bus for our HACC patients. With our location a four-wheel-drive bus would be ideal but, again, the best grant that we can get is \$25,000 and the bus alone is \$100,000. We cannot fund the extra \$75,000 out of council's pocket currently.

Mr KNUTH: I have a question for the CEO. You mentioned before that the process does not allow your community to be innovative. Can you elaborate on that? Do you feel that you are trying to go forward but there is a baseball bat bashing you down?

Ms Deemal-Hall: Our biggest problem is where we are located, because we are right beside the Bloomfield River. We have a couple of issues. We are a small shire. We are landlocked. We are happy to be the environmental custodians, but it impacts the type of housing we can have in the community. A lot of the materials that we need to use for building in the community do not last, and a lot of the desktop audits that are done by the departments are using environments that are not the same as ours, hence our getting the weather station so we can say, 'These are the temperature ranges that we get within the wet season and the dry season. This is the rainfall that we are seeing.' We will then be able to argue with data, 'These are our recommended requirements for the types of materials that we want to use.'

The other thing is the scope of negotiation to challenge some of those things. There is no scope to negotiate. It is just flat out, 'This is how we have done it. We have done our desktop audit. Therefore, it is true and correct.' 'Hang on, what datasets are you using? What modelling are you using? Is it to our area?' That is why we have partnered up with the National Climate Centre mob, because they are all scientists. They know their stuff; we don't, but we can tell you from our traditional songlines, 'These are the changes that we are noticing. This is what is going to be happening.' That is going to impact on the types of materials that we will be using.

Another thing is that in our original submission to Works for Queensland we wanted a new sewage treatment plant, because our sewage treatment plant is in the best location in the world. It is on top of a hill overlooking our beautiful Bloomfield Valley. We did not request that. That was what the department decided. It cost us a lot of money because you have to transport stuff up and come back down, so electricity costs are through the roof. The other thing is the type of cement that they used. It is starting to crack. For us, we have environmental concerns and we wanted to put that up. Works for Queensland said that we cannot because we are only allocated 1.1 so now we are looking at something different again, but time is the thing. I think Works for Queensland is a fantastic idea but it is not a priority. Whereas other shire councils do not know how to operate their sewage treatment plants because the design was too high-tech or was not suited for purpose, our sewage treatment plant was a 30-year-old design which they just added bits and pieces to. The hydraulics of it do not suit our area because of our rainfall patterns. There is a whole lot of things.

In terms of negotiations, when we met with DILGP last year and we talked about priorities we said that this was a critical one for us. What we have identified as being critical sometimes does not get the same rating within the department. That is where we work with partner community councils to be our support for us in other ways.

Mr KNUTH: Do you have the department of communities in Wujal Wujal?

Ms Deemal-Hall: The department of communities? Do you mean DATSIP?

Mr KNUTH: You could say that comes under that banner, I suppose.

Mayor Tayley: They are based here in Cooktown. They do regular trips every week.

Ms Deemal-Hall: They set up with DATSIP our community safety meetings. Now we are morphing into interagency meetings. One of the things the three shire council CEOs want to do is put a regional meeting between all three shire councils because all agencies are the same. The population mob you have moving through all shire councils. That way we can also argue for funding for different things.

Earlier the mayor raised the issue of telecommunications. It is a huge problem for us. Earlier this year we were cut off for eight days. There was no telecommunications—actually, I lie: the one thing that did work was the old fax phone because it was on the old copper wire network—and it had a big impact on our community. We could not use EFTPOS. People could not buy food. People were risking their own lives to go into Ayton to try to draw out money. Little things that people in the cities can roll with, we cannot. It cripples us. Then we had issues where we had no mobile phone network.

We had no food supply. Cook Shire helped us out. They were ready to try to mobilise the IGA in Cooktown to send us food down the river. We are very much cut off. We are very vulnerable, and the mob there do not have a high wage bracket either.

Mr KNUTH: Thank you.

CHAIR: I want to ask a question and I will pre-empt it by saying that I am absolutely not being critical of Wujal Wujal. I am looking to you guys for your experience in council. You are the CEO. Where have you worked as a CEO before?

Ms Deemal-Hall: I was a state manager with PCYC. I have also been a territory-wide program manager with the department of justice.

CHAIR: So you have a lot of experience.

Ms Deemal-Hall: I have also worked for the state government off and on for 18 years across different sectors, and I have worked for the federal government as a contract manager.

CHAIR: I am glad I asked the question. I have been a member of parliament for quite a few years. I had the Woorabinda community in my area for some time, and I have to say that a lot of the things that keep coming up in the Auditor-General's report are repeated year after year. Can you tell the committee why this keeps happening? Shouldn't you as a council be putting something in place to say, 'This happened this year. We have improved it. We are going to make sure it does not happen again'? It is unfair on the communities at times because you cannot get the staff and that sort of thing, but I want to know from you people with your experience why this keeps happening and what we can do to stop it.

Mayor Tayley: I have been in office for a little while now. I had a break previously. During my tenure, what I have learned over the years is that with any kind of structure you have to have continuity. To have continuity you need to have people who are capable of doing their job. For so many years I have mentioned that the government has to invest in human resources. That has not happened for a long time. I am constantly saying to the LGAQ, 'How can we get younger guys coming through?' Bradley is only a young bloke. How can we invest in building his capabilities? That needs to be prioritised.

I use the electoral process. How can government put the dollars in that process in terms of getting people up to date? Teach them how to be a councillor. I have seen in not only our council but also mainstream shire councils individuals who do not have the skills and the knowledge to do their job. That has had a big impact on our council over the years, but that has to come with the dollars. You must appreciate the tyranny of distance up here, the isolation and remoteness. In a lot of our communities people cannot go to TAFE or to university to try to upgrade their skills. We are heavily reliant on our councils. That has probably been a downfall for many years.

Ms Deemal-Hall: Woorabinda is a very special community, particularly compared to where I come from, Hope Vale, because the mob were moved from Cape Bedford to Woorabinda. They just celebrated their 75th anniversary of being transported there. I just thought I would put that up there.

CHAIR: That is okay.

Ms Deemal-Hall: With regard to Aboriginal shire councils, when they made the transition from missions to reserves to Aboriginal shires and then became local governments in their own right, the common denominator that went through was the flow-on effect. You had dysfunction. It was rolling dysfunction. It is sad to say that there were a lot of agencies that were part of that process that had witnessed the dysfunction. I am not saying that they were catalysts for that but they have certainly witnessed it. When you see a shire council that tries to build up their capabilities—as an Aboriginal woman, first-time CEO, first-time CEO particularly for an Aboriginal council in this region—it is humbling but there is also a lot of pressure in terms of how the agencies view you. Is there a lot of respect there for that? I certainly have not got that. I have had more respect from the other CEOs within the region than I have from the agencies and that has been a bit hard to take, but it has made me more determined.

CHAIR: Cassandra, from your experience have you got anything you could add that you may have seen in place that has not changed over the years—because it hasn't? It is in the AO's report.

Ms White: I only started with Wujal Wujal in February so I am currently seeing a lot of legacy stuff and making a lot of changes, unfortunately. I am probably not making friends along the way but that is okay because I am there for the best interests of the council and the community. In Eileen's defence, she has put up a strong argument since I have been there to make sure that staff are upskilling and training, so good job.

We have two staff enrolling in university courses. This week we have TAFE Queensland on site. We have the trainer and assessor course, we have 'Working at Heights', which is a forklift course, and a 'Confined Spaces' course throughout this week. It is upskilling our staff so they can go ahead and do those jobs. We can then push those staff out to other communities or hire them out to other councils in the region. In that space, I think we are changing the way we work but we have a legacy of about five bad years to overcome before we can start to make the changes.

As Eileen touched on before, we have been mentioned by the QAO many times for the same issues day in, day out. We are trying to implement certain measures, and they will be enforced more strongly from 1 July. Again, we will probably get some of those in this QAO report but next year is our year. That is the time that we can make sure that it has changed, and we can be that voice. We do not want Eileen in representation down in Brisbane to the QAO with them thinking, 'Nothing is changing. Nothing has changed over the last four years. Why now?'

We want to show the government, the QAO and all the top bodies that we are serious. Although the changes that we will make are not going to be easy, we will work together as a team and a council to make sure that we can turn those QAO reports around and we are not just another Indigenous shire not meeting goals. We really want a better outcome. We want to be on the mainstream level that a lot of other councils are, have the green lights and meet the target lines—not just meet them but completely blow them out of the water.

CHAIR: That is commendable. I respect where you are going. The question I was asking was this: is there a clear line that says these things have continued to happen for a particular reason? That is where I was coming from. Can we identify problems and why those problems are still happening?

Ms Deemal-Hall: We use the crocodile story: wherever the head will go the body will follow. When you look at it from that story, the problem we are finding is that when you look at the calibre of the CEOs, sometimes you see the same mob go from one community to another. Sometimes the agencies will pick them up and they become senior officers. You have to ask why. You then look at how they are providing the information to the councillors, particularly around financial statements. One of the tools that we have used, particularly for this financial year, is changing how we do our financial reporting to the councillors during our council meetings, with colour coding, visuals and even more around the narrative around the finances. That is why we want to work with the Queensland Treasury Corporation on specific tools that help us tell that story so that the councillors make informed decisions. That is one tool that we are using.

The other thing that we are noticing is: what can government do to help councils stop being in the—what is the word I am looking for? At the moment we are always going to use funding grants. Where are the little specific programs where we can trial a joint venture with the private sector or the scientific sector? Do you know what I mean? If we want to trial different revenue sources, those are some of the things that we should be able to trial and then see how that goes. Does that make sense?

CHAIR: Yes.

Ms LEAHY: Capacity building.

Ms Deemal-Hall: Yes, but with the private sector. At the moment, our partners are only agencies. Where is the private sector opportunity? Sometimes when the private sector wants to do business with us, there is all this other government red tape that sometimes stops that opportunity from happening.

Ms LEAHY: The chairman mentioned that he was looking for the cause of some of the ongoing issues. I am looking specifically at some of the ongoing things that are talked about. I know from council, particularly Aboriginal councils, there were always issues prior to them being councils and the process which they have gone through with their financial reporting. If you were in charge, can you give us some dot points on what the solutions are to fixing some of those problems? Are there things that immediately spring to mind or is it something that you want to take away and think about for a while? Your mayor has a long history in local government. I am sure there are things that you have seen and that you see across lots of councils as well. It is one thing to know the problem; the other thing is to find the solution. That is what I am looking for, from your experience. You are probably lucky that you have come in from outside, too. You can see it and your mayor has seen it from the inside as well. There are those things that we see continuing, particularly in financial reporting. What do you think some of the solutions might be?

Ms Deemal-Hall: One of the things that horrified me when I started was that we had a particular staff member who had been in payroll for 13 years. They were at the same level and knew the system, but there was no room for professional development. When we talk about retention, that person lives

in community and more than likely will die in community, yet no-one had developed this particular individual. That staff member has been identified for an associate degree in commerce and business. When we are looking at structural change, it is how we build capacity within the workforce and make it meaningful capacity, too. It is not only within the workforce; it is also within the wider community, because they have to understand the impacts of the financial decisions that councils make. Also, it is how we re-use assets. Picking up on what the Cook Shire said previously, for example, our Indigenous Knowledge Centre is like our library. At the moment, we subsidise that, from a council point of view. We are now looking at opportunities where we can use that centre as a respite area for our elderly or people with disability. It is like a fee for service, so we are trialling different revenue streams.

It is the functional capacity within the workforce. It is also the system capacity. Some systems that have been introduced are not fit for purpose for Aboriginal councils. That has been the problem. It is having the voice to challenge it and having the data to challenge it, hence us now working with the Queensland Treasury Corporation to help us with our future forecasting. Hence we are now trialling a different IT system. We know we have to do the system change, but it will be more suited for what we need to do within the council. That is systemic change. The other thing is the relationship change. It has to change. If you are still going to have an agency that funds you and it still has the donor mentality, that is forever going to haunt you in terms of you wanting to move forward.

CHAIR: Thank you very much. Sometimes questions can be a little painful, but it is our role to ask the questions. We never ask the questions to put anybody down or cause grief for anybody. I appreciate your honesty. That is certainly going to help us. We gave you one question on notice. If you cannot provide the answer today, please send it to us by Thursday, 8 June.

Ms White: Thank you. That would be great. I will forward it as soon as I get back to community. The emails are not going from my phone through to the committee.

CHAIR: I understand. I have trouble with that all the time. Did you guys want to say anything? This is a great learning experience for you, Bradley. This is what it is all about, mate.

Councillor Creek: Like Desmond was saying, this is my first term. I am only a young fellow coming through. I am learning as I go. Hopefully, I will learn more.

CHAIR: What about you, Robert?

Councillor Bloomfield: I am right.

CHAIR: Thank you.

Mayor Tayley: Just before you go on to the next thing, in terms of some of the problems that we face, I think the Closing the Gap report has identified a lot of problems throughout Australia and in Cape York. I think it is a systemic flow. A lot of the issues that we face are about numeracy and literacy. It is rampant in our community. Over the years it has improved a little, but it is probably not at its best. We are aiming to try to lift those standards. If we could fix that area within our community, I think we would have half the challenges that we are facing now in our council. I think that is where it starts.

Ms Deemal-Hall: One of the two big challenges for councils is the impact of digital disruption on the workforce. It is like crickets at the moment: no-one is talking about it amongst the other shire councils. It is a concern, particularly for Indigenous councils, because a lot of our workforce are entry level. We need them to be able to scaffold to the next level, which is technical. The type of training that is being offered through User Choice at the moment is very narrow focused and very myopic, particularly in the local government sense. The other thing is the resources or assets that we are trying to refit for purpose, particularly around that digital side. When we raise the issue, we are looked at strangely by the agencies. It is one thing that we are really trying to focus on. There was another point, but I have totally forgotten it now.

We will provide to the committee just around our strategic financial transformation that we are working towards, as well as the financials that we submitted.

CHAIR: Is that the document that you have there now?

Ms Deemal-Hall: Yes. I think it will give you a bit more in terms of where we are heading.

CHAIR: You can table that with us today, if you want to.

Ms Deemal-Hall: Sure.

CHAIR: We already have it. I have approval from the committee to table it.

Ms Deemal-Hall: I will rework that one, particularly around our assets.

CHAIR: Again, thank you very much. We appreciate your input today. We have certainly got a lot of valuable information out of that. Thank you again and have a safe trip home. I thank Hansard. The transcript of the proceedings will be available on the committee's parliamentary web page in due course, probably by the end of the week. You will be able to pull it up, have another read through it and correct anything that you need to. I declare the hearing closed.

Committee adjourned at 3.09 pm