

## Chapter 3

### Issues raised with the committee in Katherine

3.1 This chapter summarises the main issues raised during the committee's hearing in Katherine. It considers: communication mechanisms; local issues including capacity, workforce, per-and poly-fluoroalkyl substances (PFAS) and engagement with Indigenous businesses and land owners.

3.2 The committee heard that the presence of Defence in Katherine is welcome, including the business opportunities and flow on benefits to the community. Mr Kevin Grey, Chairperson, Katherine Chamber of Commerce Northern Territory, indicated:

Individual projects aside, Katherine is very fortunate to have Defence here as a base industry, and we're very lucky to have a broad base of industry in the region. Although dealings may not be direct, we want as many direct relationships as possible to secure as much local expertise—and, being very parochial, local to us means the Katherine region, not Australia—as we can and sustain that expertise. The sustenance of that is important, not just a one-off coming and going. The contribution to flow-on business from individuals, schools and everything is very important.<sup>1</sup>

3.3 Mr Grey emphasised the contribution by Defence to local employment:

We've had the larger companies like Spotless and so forth come through, but they also engage local subcontractors to do the work. Colleagues and friends all work for those organisations as well. So it's not just the business; it's the contribution that business makes to local employment....From my perspective, just taking a holistic look at it, it's a third of our population, essentially, and it's a big deal.<sup>2</sup>

3.4 Councillor Fay Miller, Mayor Katherine Town Council, reported on some local work from RAAF Base Tindal to date:

I think that there are some contractors in Katherine who would be pretty happy with all the development, especially a lot of the maintenance and work been happening over at RAAF Base Tindal, especially in the residential area, in the last two or three years. They have done major upgrades. Our local contractors were pretty happy about the work that they had out there. As a matter of fact it was hard to get a contractor in town because they were so busy. So that was great. That was a nice thing, actually.<sup>3</sup>

3.5 While Defence did not speak with the committee in Katherine, Brigadier Beutel told the committee at the hearing in Darwin about business opportunities at RAAF Base Tindal:

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1 *Proof Committee Hansard*, 23 August 2017, p. 16.

2 *Proof Committee Hansard*, 23 August 2017, p. 16.

3 *Proof Committee Hansard*, 23 August 2017, p. 2.

Just quickly, to give you an example with the New Air Combat Capability Facilities at RAAF Base Tindal, we're still working our way through the procurement package. There's still a couple of years yet to go on the construction of that. But, when you look at our stats at the moment, out of the 33 trade packages that have been let to date, 76 per cent have gone to local Northern Territory enterprises as defined by the Northern Territory government's Buy Local definition—and here's another issue, about consistent definitions of what is local and what is not local.<sup>4</sup>

3.6 Brigadier Beutel indicated that they are using the NT Government's definition of local content with the value currently at \$196 million and 68 per cent of the spend of trade packages in Katherine.<sup>5</sup>

### **Communication mechanisms**

3.7 Councillor Miller spoke about the working relationship with Defence at RAAF Base Tindal:

Katherine Town Council has and always has had a very good working relationship with RAAF Base Tindal. We have regular meetings with the SADFO [Senior Australian Defence Force Officer] of RAAF Base Tindal, and we certainly have reasonably regular meetings with Lendlease as well, considering the development that's happening at Tindal and Delamere. I don't have any complaints at all about the relationship that we have with RAAF Base Tindal. They work cooperatively with our town, and, of course, their children go to school here and their partners work in town. I'm very happy.<sup>6</sup>

3.8 Councillor Miller added that the good ongoing relationship with the local SADFO has remained even when personnel change:

We fairly quickly have a meeting with the SADFO. Usually the CEO and I invite them. In the time that I've been mayor, which is about 5½ years, I think we've had two. Before that—I'm friends with them all. When you live in a small town, it's very difficult not to get to know your local personnel. I have not had the issue at all. We have a regular meeting.<sup>7</sup>

3.9 Councillor Miller highlighted the strength of the relationship between the council and Defence:

The Katherine Town Council has regular meetings with them, especially considering at the moment that we have PFAS issue in Katherine as well. We have very regular meetings and have a very good and open relationship with them.<sup>8</sup>

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4 *Proof Committee Hansard*, 22 August 2017, p. 47.

5 *Proof Committee Hansard*, 22 August 2017, pp 47–48.

6 *Proof Committee Hansard*, 23 August 2017, p. 1.

7 *Proof Committee Hansard*, 23 August 2017, p. 4.

8 *Proof Committee Hansard*, 23 August 2017, p. 1.

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## Engaging with local businesses

### *Tier 1 contractors*

3.10 Councillor Miller told the committee that the relationships with Tier 1 contractors are also positive:

We have regular meetings with them as well. Lendlease has, honest to goodness, tried their best to have open and accountable meetings within Katherine for the community to attend, listen and ask questions. The first one or two meetings were well intended and then they waned off a bit. But the opportunity is there for them to be able to approach Lendlease...<sup>9</sup>

3.11 Mr Grey spoke about sessions run by Lendlease:

...Lendlease have run a few sessions locally to advise people how they need to organise themselves to be able to bid. Lendlease put themselves out there as being able to bring people under their wing so that their requirements were met without having to individually do that. Overall, I think just dealing as a small business, as minnows dealing with that network, it is just viewed as too hard, with the exception of a few businesses in town that can bat in that league...<sup>10</sup>

3.12 Mr Geoff Crowhurst, Managing Director, Crowhurst Goodline, spoke about his engagement with a Tier 1 contractor which has resulted in a small metalworks package of work:

We look for opportunities all the time. Over the last few years, we've had connection via Lendlease in regard to Tindal and Delamere. We've been connected for about a three-year period and worked very hard at trying to win some of that work. As Crowhurst Goodline, we tendered eight packages at Delamere and 12 at Tindal, and we've managed to secure one small package out of that. So a lot of work for a small—it's a package, and we're grateful for what we got, but we took the initiative.<sup>11</sup>

3.13 Mr Crowhurst outlined the steps his company takes to facilitate business opportunities:

Our company uses a monthly meeting that brings together the Indigenous players in town, the subcontractors and Lendlease. We meet once a month to discuss opportunities for positions in any of the subcontractors.<sup>12</sup>

3.14 He also described the joint venture they put together to bid for the work:

We put a joint venture together to tender for all the packages at Delamere, Tindal, the gas pipeline—all sorts of projects. We knew we couldn't handle it on our own to even submit some of these tenders. There is a lot behind it, and you've got to have a lot of bank guarantees and stuff like that to

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9 *Proof Committee Hansard*, 23 August 2017, p. 2.

10 *Proof Committee Hansard*, 23 August 2017, p. 17.

11 *Proof Committee Hansard*, 23 August 2017, p. 17.

12 *Proof Committee Hansard*, 23 August 2017, p. 24.

actually secure the work even, and the checks and balances—I just can't think of the name of it at present—on your finances and stuff like that for the packages that we were looking at. We started to realise it was going to be above us, so we joint-ventured with the company that has now bought into us, because they have up to 1,600 people at times.<sup>13</sup>

3.15 Mr Allan Glass, Director, ACDC Electrical and Communication Services, also spoke about his experience dealing with Tier 1 contractors:

We've done a fair bit of work for Defence over the last nine years. We've seen and got involved at the tail end of the last upgrade. That was with Spotless. We had up to eight people working with Spotless doing their maintenance. Spotless lost the contract; Transfield won the contract. They did everything in-house, so we sort of lost all that work. Now Transfield are starting to subcontract out, so we're building up our work base again within. We haven't got a lot of information, except that at the very start they gave the whole community a lot of information on what was going out there. But now the work's hitting the ground, we haven't had any information, and haven't had a lot of access to any opportunities to get on the bandwagon...<sup>14</sup>

3.16 Mrs Katherine Glass, Director, ACDC Electrical and Communication Services, also reported on how they worked with a Tier 1 contractor:

We actually went in with a tier 1 contractor, because we don't have the capacity. So we were trying to build our capacity up with another tier 1 to go actually go for some of the contracts out at Tindal. We got to the last stages of it. There were three people in it. We didn't win, but you have to venture out and actually go in with another tier 1, because they're the ones that have got the capacity, have got everything in line—like the Lendleases. They've got everything in the structure, so we want to be able to have our people join them.<sup>15</sup>

3.17 The committee heard that the council's economic development committee is investigating a model to facilitate contractors making contact with businesses and Defence has presented to the committee.<sup>16</sup>

### ***Bundling projects***

3.18 There was follow-on discussion from the Darwin hearing regarding the bundling of projects and the suggestion to use smaller packages of work. Mr Schoolmeester offered the following view:

Defence are best placed to talk about their risks. But, certainly, you can understand that they have a very large program, and that, the more contracts they have, the more resources it takes to manage those contracts. We understand that. Having said that, there are opportunities, I guess, for

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13 *Proof Committee Hansard*, 23 August 2017, p. 22.

14 *Proof Committee Hansard*, 23 August 2017, pp 17–18.

15 *Proof Committee Hansard*, 23 August 2017, p. 22.

16 Councillor Fay Miller, *Proof Committee Hansard*, 23 August 2017, pp 1–2.

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competition and increased competition through putting the packages in a way which gives the maximum opportunity for local competition.<sup>17</sup>

## **Local issues**

### ***Capacity and preparing the workforce***

3.19 Councillor Miller discussed capacity issues with the committee and the steps being taken to address this through the economic development committee to channel businesses to suitable training programs.<sup>18</sup> She also spoke about training available for local businesses:

We do have some training providers in Katherine, but it's about getting the people into the right train, I guess, or the right channel to be able to fulfil these contracts. That's one of the reasons why the economic development committee is looking at a model where we can cooperate with the training providers to get people into certificates I, II, III or IV, whatever it is that's needed, and make it easier to identify what it is that those workers need to have before they can actually get a job.<sup>19</sup>

3.20 Councillor Miller also reported that the economic development committee is developing pathways to employment through training in areas relevant to Defence projects.<sup>20</sup>

3.21 Mr Crowhurst also spoke about the need to prepare the local workforce and issues with apprentices:

A lot of the subcontractors are wanting to put people on, Indigenous and non-Indigenous. They're struggling a little bit to find the right people, I think. But the problem is that their part of it is about two years. So then what happens with the apprentice after then? Some of the strategies around are that, to finish their apprenticeship with that company, they would have to move back to where they are based, which isn't a bad thing, maybe, depending on the person, especially a young person. Where I think that we as businesses in town could keep those apprentices for a longer term through the early start of the project through to the end is, maybe, have them finished. Or, if not finished, we would finish them in our normal day-to-day business. There are problems getting people in a fit state for work on the base, getting them past some of the police checks and those sorts of things. I've sat in those meetings and made suggestions such as: 'Why don't we set up sheds at Kalano and have work opportunities where some of the work comes off the base?'. They'd still be interacting but not actually on base, for which they would have to have a police clearance and all that sort of thing. They could do some of this work back in a space where they're able to. There could still be drug testing, alcohol testing—all those requirements.

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17 *Proof Committee Hansard*, 23 August 2017, p. 13.

18 *Proof Committee Hansard*, 23 August 2017, p. 1.

19 *Proof Committee Hansard*, 23 August 2017, p. 2.

20 *Proof Committee Hansard*, 23 August 2017, p. 3.

You've got to think about all those people who've never worked on a construction site, and have been taken from a life in Kalano on to drug and alcohol tests and all these checks and balances that happen through a day. Some of this could start off-site so they could be prepared and ready when the day comes that they do get an opportunity to go to site. That's effectively what our pilot program did. We had all these things happening that were all new to them, but they became normal and then we were able to take them out into the public space and do works out in the public space. They felt comfortable. They were confident in what they were doing...<sup>21</sup>

3.22 Ms Alice Beilby, Public Officer-Katherine Representative, NT Indigenous Business Network also raised the issue of police checks:

There is an issue with police checks. The issue is more around if you've got a repeat offender. Some of them have drink-driving offences, or in a lot of cases it's domestic violence—it just depends. It may be break-and-enters and those sorts of things. Obviously, there is a selection process by Defence about who is allowed to have one of those passes. Some of those people, if they haven't reoffended for a long time, I think that they are starting to be viewed with a bit more leeway. But it certainly is a big issue. It just depends. If they're working outside the base area—say, in a hospitality camp or something—then it'll be easier for them to get into that area of work.<sup>22</sup>

3.23 Mr Schoolmeester spoke about the work being undertaken to be ready for business opportunities:

...Certainly, the interest for any business is that it comes in a short period of time. You've got to scale up to deliver that work, participate in that work, and then you've got to work out how to scale down if the work doesn't continue in other sectors. That's an important part of any business strategy in terms of how you go for that work. Certainly our department has, as an example, worked extensively with companies wanting to work for the Ichthys project to understand how they can scale up, get the right credentials, the right capability and skill sets, and also then manage.<sup>23</sup>

### ***NT procurement policies***

3.24 Mr Schoolmeester reported that the NT government is familiar with the SA procurement model<sup>24</sup> and are about to engage a 'buy local' advocate to be an advocate for local procurement. The NT government has also updated a 'buy-local procurement policy which looks at moving from value for money to value for territory'.<sup>25</sup>

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21 *Proof Committee Hansard*, 23 August 2017, p. 24.

22 *Proof Committee Hansard*, 23 August 2017, p. 11.

23 *Proof Committee Hansard*, 23 August 2017, p. 8.

24 See the committee's first interim report, pp 27–29.

25 *Proof Committee Hansard*, 23 August 2017, p. 11.

3.25 Councillor Miller spoke about the council procurement policy which supports businesses in the local community where possible:

Council is committed to buying from local businesses where such purchases may be justified on Value for Money grounds, whilst remaining compliant with the Competition and Consumer Act 2010 and other fair trading legislation requirements. Wherever practicable, Council will give effective and substantial preference to contracts for the purchases of goods, machinery or materials/contractors within the Municipality. Council will also seek from prospective suppliers/contractors, where applicable, what economic contribution they will make to the Municipality. In line with new Northern Territory Government stipulations, a weighting percentage up to a maximum value of 20% will be assigned to this criteria element. The percentage applied to any procurement will be determined by the quotation or tender evaluation panel.<sup>26</sup>

### ***PFAS issues***

3.26 Councillor Miller indicated that in relation to the PFAS issues in Katherine, the good relationship with the SADFO has meant that they are happy with the level of information and assistance:

When we first became aware of it, Defence came and spoke to council immediately, before we even knew what PFAS was, quite frankly. So we we're very happy to have the conversation but not happy to hear what they had to say. We've been very balanced in our views. There's nothing that's been hidden from us at all. I have a very good relationship with the SADFO. I have a direct contact with health department in Darwin and also with the ministers in the Northern Territory government. I don't believe that they could do any more. I think we're very fortunate in Katherine that we have the communication that we do and the level of understanding that we do. As of this week we're on water restrictions as far as town water is concerned. Seriously, I have not had one phone call. I think we've accepted it. There have been very open meetings. There's been very open dialogue with Defence in relation to PFAS.

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Of course I'm concerned, but I'm not alarmed. We're keeping a close watch on what's happening. I'm very well aware of all the communications that the SADFO at RAAF Base Tindal is receiving from Defence, and I'm certainly very happy with their level of communication with the public.<sup>27</sup>

### **Engagement with Indigenous businesses**

3.27 Ms Alice Beilby, Public Officer-Katherine Representative, NT Indigenous Business Network, spoke about barriers for small Indigenous businesses interacting

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26 Katherine Town Council Procurement Policy, May 2016, p. 17. See also *Proof Committee Hansard*, 23 August 2017, p. 3.

27 *Proof Committee Hansard*, 23 August 2017, pp 3–4.

with larger contractors. As an example she raised the issue with non-payment of invoices affecting the cash flow of small businesses:

Most small businesses need to have invoices paid in at least 30 days but preferably 14. Sometimes we're waiting up to 90 days. I've had fairly small-scale electrical companies in Darwin that are carrying over \$1 million of debt, waiting for invoices to be processed. Obviously, you can't just keep doing that. So they have tended to pull back. We've had a number of businesses pull back from the large-scale tier 1 contractors, and they're not interested.<sup>28</sup>

3.28 Ms Beilby also noted that some small businesses may need to choose between providing services to regular clients and pursuing opportunities with Defence.<sup>29</sup> She also spoke about the need for sustainable work:

What happens with a regional business—say one based in Katherine, not so much a Darwin based business, or in Tennant Creek or Alice Springs—is that we rely on a lot of government contracts and local government contracts, so over the dry season we're spread out across the region. But during the wet season we retract back into town. There is not enough sustainable business over that wet season period to keep staff employed, so businesses tend to put a percentage on top so that they can carry their trades and experienced personnel through there; otherwise, a larger tier 1 has the luxury of just employing them for a particular project. They're not sacked but, basically, at the end of their contract, they're let go. We don't have that luxury. If we want to retain skilled staff like trades—plumbers, electricians and so on—that family-run business has to maintain a status quo of those personnel.<sup>30</sup>

3.29 Ms Beilby spoke about the assistance available

The Northern Territory government provide grants so that if there is an Indigenous business needing to meet a minimum standard to engage with Defence they can go in there and get assistance, especially around their OH&S policies and procedures—a very important one—and they can also get assistance with consultants to provide advice to them.<sup>31</sup>

3.30 Ms Beilby noted that with the introduction of the Indigenous Procurement Policy and the efforts of Tier 1s it is getting easier to engage.<sup>32</sup> She emphasised the need for efforts to be made to benefit local Indigenous people:

What underpins that whole thing is, from a cultural point of view, you don't go and work on someone else's country. That, really, is the thing that probably most people object to—that those businesses are from Victoria or Sydney, they're up here getting work and then that profit sharing is going

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28 *Proof Committee Hansard*, 23 August 2017, p. 6.

29 *Proof Committee Hansard*, 23 August 2017, p. 7.

30 *Proof Committee Hansard*, 23 August 2017, p. 7.

31 *Proof Committee Hansard*, 23 August 2017, p. 9.

32 *Proof Committee Hansard*, 23 August 2017, p. 9.



back to a company from down there as well as and an Aboriginal company down there. If they're not employing Aboriginal people up here, then what is the benefit to Aboriginal people in the Northern Territory? It's nothing. They're not getting the work, they're not getting any of the shares or anything like that and they're not building any capacity because they're not even getting subbed the work. There's absolutely no benefit, so why would they then be given access into that IPP? [Indigenous Procurement Policy] I know Defence have this 'local is Australia wide' idea, but, at some point, I think it would be a sad legacy if, at the end of the day, they came up, did all this work, did this development on the bases up here and then there wasn't anything to show for the local communities.<sup>33</sup>

### ***Other Indigenous engagement***

3.31 The committee spoke to witnesses who detailed interaction with Defence over the Bradshaw Field Training Area and the Delamere Air Weapons Range. Speaking about the Bradshaw Field Training Area, Ms Patricia Rigby-Christophersen, Research and Policy Officer, Northern Land Council, noted:

The economic effects to the small, remote town of Timber Creek and its residents are now evident, and the opportunities have improved, because of the Bradshaw Field Training Area. The success has been achieved through multiple reviews of current practices, responsibilities and attitudes over the last 10-year period. Prior to the establishment of the Bradshaw Field Training Area in 2003 and the subsequent Bradshaw ILUA [Indigenous Land Use Agreement] partnership agreement, there was virtually no employment opportunities in the area, outside government programs that were really welfare dressed up as employment.<sup>34</sup>

3.32 Ms Rigby-Christophersen reported that the native title is unresolved however NLC hosts a working group with Lendlease:

...which meets every month to give Indigenous organisation work packages that are going to be released for Tindal and Delamere sites in the Katherine region.<sup>35</sup>

3.33 Ms Rigby-Christophersen championed the model used for the Bradshaw Training Field engagement with Defence:

NLC are pivotal in carrying out consultations with traditional owners or native title claimants, and in the absence of an ILUA would recommend the endorsement of engagement principles and, upon reflecting on the success of the Bradshaw model, feel this would be a proactive approach to progressing communications with Defence and, in particular, raising community awareness around tendering opportunities for Aboriginal owned

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33 *Proof Committee Hansard*, 23 August 2017, pp 10-11.

34 *Proof Committee Hansard*, 23 August 2017, p. 27.

35 *Proof Committee Hansard*, 23 August 2017, pp 28-29.

businesses and the creation of long-term jobs growth for Aboriginal residents in and around Katherine.<sup>36</sup>

3.34 In contrast Mrs May Rosas, Director, Ngaigu-Mulu Aboriginal Corporation, told the committee of her experience regarding the Delamere Air Weapons Range:

I'm a senior traditional owner of Delamere, and we have been involved with Defence for over 20 years in discussions and negotiations, to the point where, if my memory serves me right, in 2010 we signed off on an agreement. Part of that agreement was an ILUA, an Indigenous land use agreement. Now, we are constantly educating people within Defence, businesses and companies, people in this town and individuals about this ILUA. Obviously, nobody has read the ILUA. The ILUA clearly stated, in black and white, that the traditional owners were to be given first preference of employment, and then Indigenous people. We still don't have any jobs. We are utterly disgusted by the way that everything has been happening in our community. We are dissatisfied. We now have distrust with these people that we're dealing with, because it's all lip-service. That's all it is: lip-service. We have not seen any action. We've been involved since last year. We have a business. We have full capacity to be able to do any job on our country, and yet the whole process has failed us. To date, it has excluded us.

I would like to see the government really review this ILUA, because it's affecting us, it's affecting significant sacred sites on our country, and yet we still have not been given the opportunity to be able to work on our country with the companies that are out there. Now, I'm making some very, very serious statements this afternoon, because as a traditional owner it's been a kick in the guts. We are constantly trying to get our people into jobs, yet the procedural employment process is not working for us. It is excluding us. This is wrong. It is such an injustice to us. We have the goodwill to be able to negotiate and give our land for the rest of Australia, to protect Australia. This is what we have seen as traditional owners. It was huge way back then before my parents died. We have seen it as a potential safety mechanism to look after the whole country. We are part of that process, yet we feel that it is such a bureaucratic system that it is not only excluding traditional owners but our local people in Katherine. We have businesses in Katherine that we would love to work with. We have individuals in this town who have skills that we can utilise on our country, yet we still cannot get jobs.<sup>37</sup>

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36 *Proof Committee Hansard*, 23 August 2017, p. 29.

37 *Proof Committee Hansard*, 23 August 2017, p. 29.