



Australian Government

EXECUTIVE DIRECTOR OF TOWNSHIP LEASING

Annual Report 2007–2008



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Australian Government
Office of Township Leasing

The Hon Jenny Macklin MP
Minister for Families, Housing, Community Services and Indigenous Affairs
Parliament House
Canberra ACT 2600

Dear Minister

I am pleased to present to you the first Annual Report of the Executive Director of Township Leasing, for the financial year 2007–08, for your presentation to Parliament in accordance with sub-section 20R(1) of the *Aboriginal Land Rights (Northern Territory) Act 1976*.

Yours faithfully

A handwritten signature in black ink that reads 'Pat Watson'.

Pat Watson
A/g Executive Director

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ACTING EXECUTIVE DIRECTOR'S REVIEW

The financial year 2007–08 was the first year of operation of the Executive Director, Township Leasing.

At 30 June 2008 only the community of Nguiu in the Tiwi Islands had entered into a 99-year lease with the Commonwealth under section 19A of the *Aboriginal Land Rights (Northern Territory) Act 1976*. Other communities are at varying stages of consideration, with three communities on Groote Eylandt expected to sign a long-term lease with this Office in the near future.

Given the uncertainty surrounding the number of communities who might seek to enter into a long-term lease with the Commonwealth, a conscious effort was made to keep the size of the Office to the minimum required to perform its functions under the Act. However, our small team has been kept busy on a number of important tasks.

The primary tasks relate to the community of Nguiu and have included:

- establishment of the Community Consultative Forum
- assistance with the implementation of the Community Benefits Package
- instigation of a comprehensive cadastral survey of the township
- meetings and negotiations with all prospective sub-lease holders
- identification of potential economic development opportunities
- liaison with various Northern Territory Government agencies over issues associated with town planning requirements, new sub-division opportunities, township lease/sub-lease registration processes and individual sub-leasing requirements.

Having just the one community to manage at this stage has allowed the office to establish appropriate mechanisms with the various Northern Territory Government agencies in dealing with the planning, registration and approval processes necessary to ensure that the current and future leases/sub-leases are appropriately managed.

I would like to thank the staff of the various Commonwealth and Northern Territory Government agencies with which this Office has had dealings over the year. Their professionalism and their obvious desire to make these new arrangements work augurs well for the future.

The past year has also provided this Office with an opportunity to work closely with the community of Nguiu and to see at first hand the warmth and good nature of the township's people. While progress on the implementation of sub-leasing arrangements has at times been delayed due to the need to work through the various legal and regulatory requirements, the Office is now well positioned to move forward with confidence in Nguiu and with other communities as they come on board.



Pat Watson

A/g Executive Director

ABOUT THE OFFICE

Establishment

The office of Executive Director of Township Leasing was established by the *Aboriginal Land Rights (Northern Territory) Amendment (Township Leasing) Act 2007* which came into effect on 1 July 2007. Under the Act the Executive Director is appointed by the Governor-General for a period not exceeding five years. The *Indigenous Affairs Legislation Amendment Act 2008*, agreed to by Parliament in June 2008, allows the Executive Director to be appointed on a full-time or part-time basis.

During the year under review the office of the Executive Director was occupied on an acting basis by Mr Pat Watson from 16 July 2007 to 14 June 2008 and by Mr John van Beurden from the 15 June to 30 June 2008.

Functions of the Executive Director

Township leases are provided for in section 19A of the *Aboriginal Land Rights (Northern Territory) Act 1976* (the Act). Section 19A allows land trusts to grant a lease of a township on Aboriginal land to an approved entity. The Commonwealth is an approved entity for this purpose.

The functions of the Executive Director are set out in section 20C of the Act. These functions are to enter into township leases on behalf of the Commonwealth and to administer such leases including administering sub-leases and other rights and interests derived from such leases.

The aim of the township leases is to regularise land-tenure arrangements in the townships and to facilitate economic development opportunities for the benefit of Aboriginal land owners and residents of the townships.

The *Indigenous Affairs Legislation Amendment Act 2008* gives the Executive Director additional functions. The Executive Director will be able to hold other types of leases or sub-leases over land held primarily for the benefit of Aboriginal people in the Northern Territory. This will provide Aboriginal people with a further option in considering whether to grant leases over their land.

The amendments also provide additional flexibility in relation to the term of township leases by providing that township leases can be granted for a minimum of 40 years and a maximum of 99 years. Leases of less than 99 years will be able to include provision for the extension of the original term of the lease to a maximum of 99 years.

Administrative arrangements

The Executive Director and one member of staff of the Office of Township Leasing are currently located in Canberra.

Two staff are located in the Northern Territory: one in Darwin and one (an Indigenous community member) in Ngiuu on Bathurst Island.





OPERATIONS IN 2007–08

Operations at Nguiu

The first township lease, over the town of Nguiu on Bathurst Island, was signed on 30 August 2007. The township lease is constituted by a head lease agreed between the Tiwi Aboriginal Land Trust, the Executive Director of Township Leasing and the Tiwi Land Council. The term of the head lease is 99 years. Annexed to the head lease is a template township sub-lease and template township licence both of which include mandatory and discretionary terms.

The community of Nguiu is located on the south-east corner of Bathurst Island which is one of the Tiwi Islands, 70 kilometres north of Darwin. The town of Nguiu has a population of approximately 1600 and includes residential areas, government facilities such as a police station, health centre, swimming pool and an airfield, a non-government school and a store. The majority of these premises are not covered by any formal land-tenure arrangements.

One of the initial tasks of the Office of Township Leasing has been to identify existing interests and occupiers in land. Formal interests are preserved under the Act on their current terms and conditions. In addition, where government was occupying or using land prior to the granting of the land to the Land Trust, government is entitled to continue to occupy or use the land.

Progress on sub-leasing arrangements

During the period under review the Office has contacted the existing occupiers of land to ascertain whether they wish to continue to occupy the land and enter into a formal sub-lease. All existing occupiers have indicated an interest in entering into formal sub-leasing arrangements, subject to negotiation over the specific terms and conditions of the sub-lease. In relation to housing, contact has been made with housing providers rather than individual tenants of community housing.

The Office has engaged surveyors to complete a comprehensive cadastral survey to define the boundaries of blocks over which sub-leases will be issued. Such a survey has not been conducted before, but is necessary in order to formalise sub-leasing arrangements. The completed survey will be submitted for registration by the Northern Territory Government and will facilitate formal recognition of interests in land occupied by organisations and individuals.

At the end of this reporting period a survey of road reserves and the majority of lots in the township had been completed. The Office consulted with parties wishing to enter into a sub-lease to determine the location of boundaries. Wherever possible, existing fencing or the existing accepted boundaries were adopted for establishing cadastral boundaries, together with current town planning principles.

The Office is in the process of engaging a registered valuer to provide advice on what value should be applied to properties under commercial leasing arrangements.

Home ownership

One of the benefits of having a 99-year lease in place is the prospect of fostering an interest in home ownership within the community.

To date 12 members of the Nguiu community have expressed an interest in purchasing their existing homes, while a number of others have expressed interest in building a new home within the township. These expressions of interest are being managed through Indigenous Business Australia (IBA) who is discussing with the prospective purchasers the various aspects of home purchase in the Northern Territory.

The Office has sought advice from the Australian Valuation Office on a framework for the development of a valuation methodology and valuations for the sale of specific properties.

Community housing

The township of Nguiu contains around 220 community houses, the majority of which are in poor condition. The Australian Government through its *Fixing Houses for Better Health* program has now completed a detailed survey of the houses in the township and completed any urgent works required.

Work has also commenced on building the 25 new houses agreed to as part of the head lease negotiations. In addition, the Government has recently announced, through the Strategic Indigenous Housing and Infrastructure Program (SIHIP), a further \$38 million to be provided for capital works, new houses, upgrades to existing houses and the establishment of a new housing subdivision.

The responsibility for the management of community housing at Nguiu is a matter of significant importance to the community. For too long the housing stock has been allowed to deteriorate through a lack of funding for general maintenance and ongoing repairs.

Recently agreement was reached between the Australian Government and the Northern Territory Government to transfer responsibility for community housing in Indigenous communities to the Northern Territory's public housing manager, Territory Housing. Territory Housing is currently working through a process of establishing an office at Nguiu and is in negotiations with this Office to have a formal sub-lease over the community housing stock in the township. Once in place, the sub-lease will provide Territory Housing with the tenure and certainty it needs to invest in the housing stock and therefore improve the living conditions of community members.

Consultative Forum

The head lease includes provision for the establishment of a Consultative Forum composed of nominees of the Land Trust and the Executive Director, Township Leasing. The purpose of the Consultative Forum is to facilitate communications and discuss land use and other issues arising from the head lease. The Executive Director is required to have due regard to the recommendations of the Consultative Forum. The Consultative Forum met three times during 2007–08.

The Forum has proved to be an important vehicle in implementing the changed land-tenure arrangements and putting in place the various elements of the Community Benefits Package. All matters of significance are discussed at the forum, with community representatives passing on information and seeking the views of the community as part of the consultative process.

Potential for economic development

Inevitably there are some limitations on the amount of economic development that can reasonably be expected to be achieved in remote Indigenous communities. However, Nguiu has some advantages including its proximity to Darwin, its population base and the community's desire to take advantage of any opportunities that arise.

This Office will encourage the local community to be a full player in any proposed development opportunities. Opportunities currently exist for a motel-style development, the provision of flexible office accommodation for visiting government officials and a small shopping precinct. The community has established an organisation to manage its involvement in these development opportunities and is currently in discussions with the Northern Territory Government to develop an office/staff accommodation project to accommodate Territory Housing staff working at Nguiu.

Interest from other communities

Traditional owners in the Groote Eylandt region have agreed in principle to a township lease covering the communities of Angurugu, Umbakumba and Milyakburra. The period of the lease is to be an initial 40 years with an option of a further 40 years should the parties agree. It is anticipated that the lease will be signed before the end of 2008.

Services provided by other bodies

During the year under review the Executive Director engaged the Australian Government Solicitor to provide legal advice on a range of matters including appropriate sub-lease formats to accommodate the range of interests sought by potential sub-lessees.

The Australian Valuation Office was also engaged to provide advice on a framework to determine a valuation methodology and valuations for specific properties.

No consultants were engaged during the year.

Expenditure in 2007–08

Under sub-section 64 (4A) of the Act the activities of the Office of Township Leasing are funded from the Aboriginals Benefit Account (ABA).

Full financial details of the ABA can be found in the financial statements of the Department of Families, Housing, Community Services and Indigenous Affairs which are submitted to the Minister under subsections 63(2) and 70(2) of the *Public Service Act 1999*, and to the Finance Minister under section 50 of the *Financial Management and Accountability Act 1997*, and subject to scrutiny through the Senate Estimates Committee process.

A statement providing details of expenditure arising from the activities of the Office for the year ended 30 June 2008 is below.

Expenditure Statement 2007–08

At 30 June 2008

	(\$'000)
Employee expenses	281
Travel-related expenses	101
Contractor services	42
Office accommodation/support services (Nguiu Liaison Officer)	18
Motor vehicle expenses	11
General administrative expenses	4
Total Expenditure	457



