Media Release

David Tollner, Member for Fong Lim
Minister for Local Government and Regions

East Arnhem Regional Council under investigation

10 June 2014

The Minister for Local Government, Dave Tollner, today told the Territory Parliament’s Estimates Committee that his department was investigating the East Arnhem Regional Council over its association and dealings with a private company.

The Council has been involved in the formation of Latitude 12, a private company that provides management and administration services to several councils and other organisations.

The Department of Local Government is concerned that several Council office holders are on the board of directors of Latitude 12, which is also a supplier to the council.

Mr Tollner said the Local Government Act contains mechanisms that allow councils to create subsidiaries. Whether East Arnhem Regional Council complied with these provisions will form part of the investigations.

“I share the Department’s concerns about councils becoming involved with private companies, which may ultimately expose the council and ratepayers to commercial risks that may not be fully understood by council members,” Mr Tollner said.

“The relationship between the East Arnhem Regional Council and Latitude 12 was formed amidst the chaos of Labor’s toxic Shires when governance standards were cast aside in the interest of rushing to creating large and unaccountable entities.”

The Department’s investigation will examine all council decisions, financial transactions and other actions of the Council in relation to Latitude 12. The probe will also consider how the council managed the conflicts of interest of elected council members and staff which relate to Latitude 12.

Given that several members and staff of the Council are also directors of the company that is contracted to provide services to the council, the Department is also investigating what tender process was followed for awarding council work to Latitude 12.

Mr Tollner said the Department had already held discussions and exchanged correspondence with the council over its concerns but was unsatisfied with the responses.
“I would be alarmed if councils are becoming involved in private companies, especially companies that become suppliers to the same council,” Mr Tollner said.

The results of the investigation are expected to be known by August.

Media Contact: Communication Adviser Jon Taylor 0417710687