Almost Australians: The Politics of Northern Territory Self-Government

"Freedom at last...!!"

Courtesy "Jeff" and Melbourne Sun (3 July 1978)
ALMOST AUSTRALIANS:
THE POLITICS OF NORTHERN TERRITORY
SELF-GOVERNMENT

Alistair Heatley

Australian National University
North Australia Research Unit
Monograph
Darwin 1990
First published in Australia 1990

Printed in Australia by the Australian National University

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National Library of Australia
Cataloguing-in-publication entry

Heatley, Alistair J. (Alistair John), 1939-


Bibliography.
Includes index.
ISBN 0 7315 0843 2.

Series: Monograph (Australian National University.
North Australia Research Unit).

354.9429

ISBN 0 7315 0843 2
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PREFACE

This book grew out of my long-standing interest in Northern Territory politics and constitutional development and my association with statehood policy-formulation as a Ministerial Officer for the Chief Minister in 1986 and 1987. Both Chief Ministers for whom I worked, Ian Tuxworth and Steve Hatton, were supportive of my historical research and made available the resources that enabled me to assemble the necessary archival and interview material on which the book is based. While it should not need to be stated, the historical analysis and interpretation herein are mine alone. In any case, the bulk of the study deals with events antecedent to 1986.

Many other people made this book possible, not all of whom I could possibly mention here. But, in particular, I would like to thank the fifty or so people - all in some way major participants in the politics of self-government and statehood - who freely offered their recollections and often documentary material. Without their involvement, such a recent historical process, constrained by the usual archival limitations, would have been difficult to deal with in any adequate academic way. My appreciation is also extended to all those people - in many depositories in both Canberra and Darwin - who assisted me with the location of relevant information. Finally, to Dee Sarev, colleague and friend, who contributed so much to the preparation of the manuscript, I owe a deep debt of gratitude.

ERRATA

Page 2, third paragraph, third line:
delete ‘(2)’ after Heatley (1986).

Page 47, second last paragraph third last line:
add ‘were’ after Senate,

Page 58, second last paragraph third line:
delete ‘in’ after Ordinance

Page 86, first paragraph, last line:
replace ‘were’ with ‘was’ after issues

Page 94, first line:
replace ‘adopting’ with ‘adapting’ after upon

Page 104, reverse captions for photographs

Page 165, last paragraph:
add ‘if’ after suspicious of,

Page 172, last paragraph, fourth line:
read ‘aspect’ after promotional; read ‘had’ after policy which
ABBREVIATIONS

ACIR  Australian Council for Intergovernment Relations
ACOA  Australian Clerical Officers’ Association
ACT   Australian Capital Territory
AGPS  Australian Government Publishing Service
ALP   Australian Labor Party
ANPWS Australian National Parks & Wildlife Service
APSA  Australian Public Service Association
BP    Barker Papers
BTEC  Brucellosis & Tuberculosis Eradication Campaign
CAGEO Council of Australian Government Employees’ Organisation
CLP   Country Liberal Party
COGSO Council of Government Schools’ Organisation
CPD   Commonwealth Parliamentary Debate
CSS   Commonwealth Superannuation Scheme
CTS   Commonwealth Teaching Service
DAA   Department of Aboriginal Affairs
DNT   Department of the Northern Territory
DRC   Darwin Reconstruction Commission
EAG   Education Advisory Group
EP    Everingham Papers
IDC   Interdepartmental Committee
JCNT  Joint Parliamentary Committee for the Northern Territory
MHR   Member of the House of Representatives
MLA   Member of the Legislative Assembly
NCP   National-Country Party
NT    Northern Territory
NTA   Northern Territory Administration
NTAS  Northern Territory Archives Service
NTEC  Northern Territory Electricity Commission
NTG   Northern Territory government
NTLCD Northern Territory Legislative Council Debates
NTPS  Northern Territory Public Service
NTTF  Northern Territory Teachers’ Federation
NTTS  Northern Territory Teaching Service
PMC   Department of Prime Minister & Cabinet
PR    Parliamentary Record
TMPFU Town Management and Public Utilities
TP    Tambling Papers
CHAPTER ONE

RULE FROM AFAR: 1824-1972

Introduction

It is important at the outset to stipulate clearly the focus of this monograph. Although there are several references to matters of constitutional law in the text, it is in no sense an analysis of the constitutional/legal framework relating to the governance of territories or to new States. Such matters have been discussed elsewhere in Loveday and McNab (1988). In any case, the constitutional development of the Northern Territory has been, and doubtless will continue to be, a process dominated by political rather than legal considerations. Nor does the study seek to provide either a comprehensive intra-Territory political history or a major discourse on the region’s political economy. Both remain to be written. In recent years, however, there has been a developing body of literature in each area; where appropriate, it has been used in this study. But, as the sub-title suggests, the primary interest is the political process which enveloped and determined the course of recent constitutional development in the Territory. Thus, particular emphasis has been given to the evolving pattern of relationships between Canberra and Darwin and to the interplay of the various participants - instrumentalities, parties, groups and individuals - in a period of substantial and rapid change. Although the focus thus defined is relatively narrow, it does expose the essentially political character of the transition to self-government and its early experience.

Self-government was not only of significance to the Northern Territory, it was also a major event in Australian federalism. While it might be claimed that it was outside the mainstream of federal developments, it did represent, however interpreted, a reduction in Commonwealth authority. Devolution of power on the scale involved with the self-government process and in such a narrow time-frame had not occurred before and it ran counter to the long-term centralising forces operating within the federal structure. Even if it must be placed squarely in the context of the prevailing federalism policy of the Commonwealth government of the day, self-government was a strong counter-current.

Of wider relevance also has been the Territory’s claim to become the seventh State. Leaving aside the possibility of new States being formed by partition of existing States - an unlikely prospect given the history of such new State movements in Australia - the Northern Territory is the only realistic candidate for future statehood. As the seat of the Commonwealth government, a virtual ‘city-state’, thoroughly conditioned to centralised control and, despite the recent ‘self-government’ exercise, with only little local autonomy, the Australian Capital Territory (ACT), the other mainland territory, has no equivalent claim to statehood. While some aspects of the political and administrative evolution of the Northern Territory and the ACT have been analogous, the achievement of self-government by the Northern Territory in 1978 starkly emphasised their divergent characters and destinies. The Territory’s experience with statehood, the beginning of which is analysed in this study, will be a singular and instructive episode in Australian federalism.

The course of constitutional evolution is here treated chronologically, although, within most chapters, there are sections on specific aspects. Chapter I presents a broad overview of developments in the pre-1973 era; it provides the essential background to later events.
In the following three chapters, the complex lead-up period to self-government is described and analysed. The final two chapters deal with the early years of self-government from 1978 to 1985. Later developments to 1989 are briefly outlined in the Epilogue. Apart from the obvious scholarly problems of treating almost current history adequately, the choice of 1985 as the conclusion of detailed study was deliberate. By the end of that year, the Northern Territory government had embarked on a campaign to achieve statehood, an expedition which is ongoing in 1989. A comprehensive coverage of the bid for statehood should await the further unfolding of that particular episode in the Territory’s history. Moreover, as the Epilogue notes, the pattern of intergovernmental relations under the Labor regime had been well established by 1985.

It is now almost a truism to point out that the constitutional/political realm can not be divorced from its economic and social context. There was, at least until the mid-1970s, a close connection drawn between the pace of constitutional advance and economic development. Throughout its history, the Territory has been underdeveloped, a condition usually associated with isolation, remoteness and various geographic and climatic factors. Although the grant of self-government was a political decision and not one based upon any major diminution of the earlier impediments, the salience of economic (and social) underdevelopment has been reasserted in the opposition, both locally and interstate, to statehood.

However, it was not considered necessary in this study to provide a systematic account of the economic and social background. Such treatments can be found elsewhere, for example, in Courtenay (1982), Powell (1982) and Heatley (1986). But, as it is a useful index of economic development over time, some demographic data is provided. The table below demonstrates the continuing sparsity, both absolutely and relatively, of the population of the Northern Territory in the twentieth century. It also shows the high proportion of Aborigines within the Territory’s population, a significant determinant of various Commonwealth policies in recent history and a vital ingredient in shaping the character of self-government and intergovernmental relations in the post-1978 period.

### Population of the Northern Territory since 1911

<table>
<thead>
<tr>
<th>Year*</th>
<th>Total Population</th>
<th>Non Aboriginal</th>
<th>Aboriginal Population</th>
<th>c% Aboriginal Population</th>
<th>c% Territory/Australian Population</th>
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<td>26810</td>
<td>3310</td>
<td>23500</td>
<td>88</td>
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<tr>
<td>1921</td>
<td>23367</td>
<td>3867</td>
<td>19500</td>
<td>83</td>
<td>.4</td>
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<tr>
<td>1933</td>
<td>21350</td>
<td>4850</td>
<td>16500</td>
<td>77</td>
<td>.3</td>
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<tr>
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<td>27015</td>
<td>10868</td>
<td>16147</td>
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<tr>
<td>1954</td>
<td>33632</td>
<td>16469</td>
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<tr>
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<td>44481</td>
<td>24774</td>
<td>19707</td>
<td>44</td>
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<tr>
<td>1966</td>
<td>56504</td>
<td>34192</td>
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<td>86390</td>
<td>63009</td>
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<td>97090</td>
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<td>123324</td>
<td>94236</td>
<td>29088</td>
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<td>1986</td>
<td>154848</td>
<td>120109</td>
<td>34739</td>
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</table>

*Census Data*
Control from Sydney and Adelaide (1824-1910)

Until 1863, the area which now comprises the Northern Territory was part of the mother-colony of New South Wales. In common with the mainland states, the present continental shape of the Territory was an artifice of the colonial era. What was to become the Territory was essentially 'a land leftover' after the limits of expansion of its neighbours had been set. To the west, it abutted Western Australia along longitude 129 degrees east, a line established by a shift of the boundary of New South Wales from 135 degrees east in 1824; to the south, latitude 26 degrees south was the northern frontier of South Australia; and to the east longitude 138 degrees east separated the Territory and Queensland.

Even during the period of the three ill-fated northern settlements (Fort Dundas, 1824-9, Fort Wellington, 1827-9, and Victoria, 1838-49), control of the remote north-western region from Sydney was, for the most part nominal. With the creation of the new colonies of South Australia (1836) and later Queensland (1859) the region was effectively isolated from New South Wales. As Sydney was not interested in retaining its far-flung dependency, the question of its future control confronted the British Colonial Office. In the prevailing anti-expansionist sentiment in London, the Colonial Office was extremely reluctant to countenance the establishment of an additional antipodean colony.(1) Rather, it preferred a temporary scheme by which Queensland administered the tropical north and South Australia the southern portion.

However, Queensland, having in 1862 been successful in its claim to the land between longitudes 141 degrees east and 138 degrees east, showed no willingness to press for a larger grant. That left only South Australia which, since 1858, had been vigorously arguing its case for incorporation of the northern lands. Its request was finally granted in July 1863.(2)

South Australia's title to what then became, in legal terms, its 'Northern Territory' did not involve permanency of tenure; the annexation was intended at that stage to be a temporary measure. Included in the supplementary commission, which officially authorised the annexation, was a reservation to the Crown of 'full power and authority from time to time to revoke, alter, or amend these our Letters Patent ---.'(3) That situation was reconfirmed in 1883 when, in response to a request for the full incorporation of the Territory into South Australia, the Colonial Office refused 'to make the annexation absolute and irrevocable'. Lord Derby, the Colonial Secretary, argued that 'there might be established within (the Territory) a large self-supporting population having interests different from those of South Australia' thus enabling a separate colony to be established.(4) Although no formal change to the original title occurred until the Territory was transferred to the Commonwealth in 1911, the de facto constitutional position was altered by the passage of the Commonwealth of Australia Constitution Act 1900. Under that legislation, which inaugurated the new federal entity in 1901, the Territory was specifically cited in Clause 6 as being included in South Australia.

Notwithstanding its actual legal status, the Territory, during the period from 1863 to 1910, was administered largely as an integral part of South Australia. Thus, it was subject to general South Australian laws and regulations although, as was the case with other sub-regions of the colony (or State after 1901), some legislation, specific to Territory needs and circumstances, was passed.(5) The local administrative apparatus was staffed (after 1874) by South Australian public servants and headed by a Government Resident responsible to a Minister in Adelaide. Altogether, ten men served as substantive residents at Escape Cliffs (1864-7) or in Palmerston (1869-1910); their length of service, however, varied widely.(6) Over the same period, there were no less than forty-seven changes of Ministers in charge of Territory affairs; all carried other and more important functional
responsibilities.(7) In 1892, a distinct Department of the Northern Territory was created in Adelaide but it had never more than two staff. Integration did not extend to financial matters as separate accounts were maintained for Territory receipts and expenditure.

Many of the administrative problems, real or alleged, which were to characterise Territory governance in succeeding years became familiar during the South Australian period of control. Palmerston was more than three thousand kilometres distant from Adelaide and, despite the Overland Telegraph, the difficulties associated with remote control - long delays, bureaucratic interference, excessive red tape, insensitivity to Territory requirements among others - were rife. Ministers and officials in Adelaide, usually unfamiliar with Territory conditions, were always reluctant to cede much authority to local administrators. Thus, the Government Resident possessed limited powers and capacity for initiative; most matters, and all important, had to be forwarded south for decision. Nor did he have any competence to deal with significant administrative areas such as the Post Office, the Overland Telegraph or the Police. Although never as serious a problem as it was to become later, the fragmentation of control of public services in remote localities was a bane to locally-based officials. Sufficient finance for on-going administration and capital works was rarely conceded; for much of the period, the small government contingent had to operate under a straitened and austere regime.

As South Australian citizens, qualified residents in the Territory were entitled to the franchise for both houses of the colonial legislature. Until 1888, where facilities were available, Territory voters participated in the election for the House of Assembly district of Flinders (which returned two members); thereafter, the Territory was constituted as an electorate in its own right, again returning two members. Territorians were also included from 1888 in the Northern District constituency of the Legislative Council.(8) When South Australia became a State within the Commonwealth, those political rights were extended by the federal franchise in both Commonwealth houses and in respect of referenda. For those few residents who were ratepayers in Palmerston, there was an additional voting entitlement for the Palmerston District Council, a municipal body established in 1874.

Burdened by the high and rising costs of administration and development and disillusioned with the pace of economic advance of its northern dependency, South Australian politicians increasingly after 1890 entertained the prospect of shedding its onerous responsibility. During the consultations in the 1890s on the proposed Australian federation, there was a growing conviction that, in due course, South Australia would relinquish control of the Territory to the new political entity. Whether or not they were specifically included with the position of the Northern Territory in view, provisions of the several draft constitutions (and in S.111 and Ss.121-4 of the Constitution Act) provided a means for transfer. In the event, the transfer to Commonwealth control was a lengthy process, extending for almost a decade (1901 to 1910); it was characterised by hard bargaining, political vacillation of both sides, and a splendid amount of posturing. Negotiations were sometimes interrupted by changes of government and, especially in South Australia, by pockets of influential opposition to either the terms of transfer or the transfer itself.(9) Within the Territory, there was general support for Commonwealth control, seeing it as removing the shackles on economic and social development; a measure of that support was provided by the overwhelming majority (148-14) in favour of federation in 1898.

The main issues in the negotiating process were the amount to be paid by the Commonwealth for Territory debts and expenses and the capital costs of the constructed sections of the Transcontinental Railway(10) together with future proposals for the continuation of that railway. In the end, the South Australian insistence for immediate
completion was (reluctantly) dropped, being replaced by a Commonwealth commitment to construct the railway at some later but undefined time. The terms were ratified by the Northern Territory Surrender Act of the South Australian legislature of 1907 and the Northern Territory Acceptance Act of the Commonwealth Parliament of 1910. In the latter, provisions for the continuity of existing laws, estates, interests and the legal system and the transfer of South Australian public servants to the federal service were included.

Thus, on Sunday, 1 January 1911, the Northern Territory embarked upon the second major phase of its constitutional history, one that was to last for nearly seventy years. For the purposes of description and analysis, however, the Commonwealth period under review in this chapter is best treated in two parts; the first from 1911 to 1947 and the second from 1947 to 1972.

Under Commonwealth Control: The First Period (1911-47):

From a political and constitutional perspective, the first period of Commonwealth control was singularly barren. Despite some innovations in administrative practice, a series of investigative reports on Territory affairs and considerable controversy both in federal Parliament and within the Territory, there was little significant change. Except for limited representation in the House of Representatives, the basic arrangements of 1910 were still largely extant in 1947.

The Northern Territory (Administration) Act 1910 set the pattern of political control. Although much amended, it remained the core instrument of governance until 1978. In its original form, the Act was brief, providing for the appointment by the Governor-General of an Administrator (for a term of five years), the applicability of Commonwealth laws to the Territory, the enactment of ordinances by the Governor-General-in-Council (subject to parliamentary disallowance clauses) and the striking of postal charges. In debate, government spokesmen acknowledged its interim nature, stemming from its hurried preparation, and its deficiencies. Particularly commented upon by most speakers was the need for a appropriate constitution as soon as possible including an occasional reference to the absence of representation in the federal Parliament.(11) One of the consequences, intended or otherwise, of the transfer had been the abolition of the federal and South Australian franchises. Frequent also was criticism of the government’s decision to locate the Territory under the External Affairs Minister rather than under Home Affairs. As it transpired, relocation (to the then Minister of Home and Territories) did occur in 1916 but the proposed new constitution never emerged and parliamentary representation of any sort was delayed until 1922.

A series of early ordinances fleshed out the administrative machinery. In the first ordinance enacted (The Northern Territory Government Ordinance No. 1/1911), the powers and functions of the Administrator were further defined. He was to administer the Territory on behalf of the government ‘in accordance with such instructions as are from time to time given by the Minister’ and to appoint or suspend ‘all necessary magistrates and officers’. Other significant ordinances were those creating a Council of Advice (No. 2/1911), a Supreme Court (No. 9/1911), a Northern Territory Public Service (No. 6/1913) and specific official posts (eg the Sheriff Ordinance, No. 3/1911). But the administrative system thus established soon began to develop serious tensions; the reasons were part structural, part personal and part constitutional.

Structurally, the problems of remote control and fragmentation, so familiar in the South Australian period, were enshrined. Accountable to a Minister and a department far away in Melbourne (and later Canberra) and subject to their directions and decisions, the Administrator possessed limited direction in administrative and financial matters.
Furthermore, he lacked any real control over several important government services - railways, public works, post and telegraph services and customs - a situation which was severely criticised by successive Administrators and unfavourably reported on by independent investigators.(12) At the public service level, the early development of two separate groups - one representing federal public servants and the other Territory government employees (the Northern Territory Public Service Ordinance commenced in 1915) - produced inevitable inter-service tensions not least over terms of employment. As part of a small and self-contained organisation, Territory public servants saw themselves denied the advantages of mobility and promotion provided by the larger federal service. A career spent coping with inhospitable and primitive conditions and the problems of remoteness was not attractive; that prospect certainly inhibited both the recruitment and retention of staff of whatever calibre. During the first thirty years of Commonwealth control, there were several proposals strongly recommending the amalgamation of the two services.(13)

Many of the initial appointments to senior official positions in the new Territory administration (largely made by the Fisher Labor Government) proved, in hindsight, to be unfortunate choices. The volatile mix of strong personalities and ideological diversity soon produced friction and dissension. Of the interpersonal conflict at the official level, the feud between the first Administrator, Dr John A Gilruth (1912-9) and his departmental heads was the most important. In the end, Gilruth succeeded in ridding himself of his fractious bureaucrats and installing subordinates of greater compatibility but, in the process, his reputation and that of the new administration suffered considerably. One early casualty of dispute was the Council of Advice (a group of senior officials presided over by the Administrator) which was not convened after mid-1913. Moreover, the demise of the Palmerston District Council in 1915 was, in some part, caused by the antipathy between Gilruth and the elected council members. But the most celebrated clash was between the Administrator and elements of the Territory population, particularly the trade unionists led by Harold Nelson, a saga which led eventually to Gilruth's retirement and the subsequent forcible removal of his successor and closest associates.(14)

Although structural and personal factors were important in themselves, they were overshadowed by the contextual, both political and socio-economic. The high expectations engendered among Territory residents by the Commonwealth takeover, which appeared justified by both the early actions and rhetoric of the Fisher Government, rapidly dissipated. By the end of the first decade, the brave new world of political and economic advance had not eventuated and the soaring hopes of 1911 had been replaced by truculence, disenchantment and even despair.

Under the impact of the World War, the commitment and capacity of the Commonwealth to promote Territory development waned dramatically. Moreover, there was a rapid turnover in Ministers responsible for Territory affairs - eight between 1911 and 1920 (and twenty-two altogether between 1911 and 1947). Given such circumstances, it was no surprise that policies were inconsistent and haphazard and that the Territory administration was often given little support. The major private enterprise project of the period, the Vestey Bros' meatworks in Darwin, was, in the end, no substitute for reduced government spending and public service staff reductions. Vestey's operated fully only from 1917 to 1920 (although it did reopen briefly in 1925 as a boiling-down operation).

The failure to grant Territorians parliamentary representation until 1922 exacerbated tension. Before then, there had been two experiments in political development. First, the District Council had been replaced in 1915 by the Darwin Town Council, a body with four elected and three official nominated members. Under the new arrangement, the old ratepayer franchise was abolished and adult suffrage substituted. Gilruth's intention aside,
Plate 2: Demonstrators protesting against Dr Gilruth in December 1918 (State Library)
the new local government system was a compromise between the federal Labor allegiance to universal franchise and its intention to wield a degree of direct control over the Council’s affairs. Secondly, in 1919, after Gilruth’s departure, the position of Administrator was temporarily suspended; in his place, a Director was appointed but also with the innovation of an advisory council with a majority of non-official members representing industrial (two) and mining and pastoral interests (one each). The experiment did not long survive the political upheaval of late 1919. Throughout the early Commonwealth period but particularly between 1918 and 1921, the local demand for parliamentary representation was widely articulated. The government’s response, up to 1920, was invariably that ‘the stage of development which would justify direct representation has not yet been reached.’(15) It did, however, allow Territory voters to participate in the conscription referenda in 1917. With dissent in Darwin continuing and increasingly focused upon the issue of ‘no taxation without representation’, the government conceded the necessity of granting representation in 1920. Originally, it sought to grant the Territory a non-voting Senator but, in debate, an amendment was passed to attach the Territory to South Australia for Senate election purposes thus effectively disposing of the bill.(16) Two years later, a Northern Territory Representation Act was finally accepted; it provided a non-voting member in the House of Representatives, the ‘first parliamentary eunuch in Australia’ as one speaker opined.(17) Labor Party amendments in both houses to give full voting rights were defeated as was an attempt in the Senate to incorporate the Territory in South Australian electorates. Harold Nelson, the prominent union leader, was subsequently elected (by a very narrow margin) to the position.(18)

In the developing socio-economic circumstances of the time in the Territory, and especially in Darwin, the imposition of what was essentially a ‘Crown Colony’ form of administration was certain to foment opposition. Even if more sensitive and diplomatic officials had been selected, it is doubtful whether they could have coped much more adequately with the contradictions between the form of government and the emerging tide of democratic sentiment. Where changes were made to the system - whether by deliberate policy or in reaction to events or demands from Darwin - they were interpreted locally both as the results of direct action and as way-stations to further political reform. Institutions such as the recast municipal council and the 1919 advisory council were used as instruments of agitation and vehicles for enhanced demands from the more radical elements. However, given the small population, the parlous economic conditions and the financial dependency of the Territory, it is difficult to postulate an alternative administrative scheme. Proposals for reformed local (i.e. Territory) government - a constitution, a representative assembly, even a form of responsible government - were frequent both from Darwin and in debate in federal Parliament but they were stillborn largely because of their impracticability in the prevailing circumstances and the fear that any devolution of control would be handing political power to the Darwin militants.

Although pockets of militancy remained and sometimes erupted, the political climate, even in Darwin, in the post-1922 era was subdued. Government action - the granting of representation, the abolition of trial by jury in non-capital cases, curbs on unruly behaviour at public meetings, imprisonment and later removal from the Territory of those who refused to pay taxes, the outlawing of union victimisation, the appointment of a hard-nosed Administrator (F.C. Urquhart) in 1921, and a return to a property-based franchise for municipal electorates in 1922 - restored control and order. Moreover, trade union power was effectively broken by the elevation of Harold Nelson, the closing of Vesty’s, the general contraction of the economy and the splitting (until 1927) of the hitherto dominant union into two warring factions.
During the 1920s, the most far-reaching administrative experiment flowed from the Northern Australia Act 1926. The decision to introduce a new system grew out of despair with economic stagnation and the high cost of the dependency. Of some significance also were the findings of the Buchanan Report in 1925.(19) He levelled severe criticism at the fractured and remote administrative apparatus and recommended that either a federal crown colony or an effective development commission should be set up to replace ‘the existing system which makes neither for efficiency, economy or contentment’. (20) At the same time, moreover, discussions with Queensland and Western Australia about coordinated economic development of the north had proved fruitless, mainly through the unwillingness of those States to surrender part of their control over their northern regions. Under the Northern Australia Act, the Territory was divided at the 20 degrees N parallel into North Australia and Central Australia, each provided with a Government Resident, a largely separate administrative structure and an Advisory Council (two appointed and two elected). A Northern Australian Commission of three members with a term of five years was also established to plan and expedite development in the northern region.

The experiment was a dismal failure. Notwithstanding the enthusiasm of its annual reports, the Commission achieved practically nothing of consequence. Armed on paper with weighty powers, in practice it was severely limited by parliamentary and treasury control and a lack of resources. And, throughout most of its life, severe economic conditions militated against the acceptance of the costly and ambitious developmental schemes proposed by the Commission. Predictably also, the division of administrative control proved expensive and ineffective.

By 1930, the Scullin Labor Government, buffeted by the onset of the Great Depression, terminated the experiment. In 1931, the Territory was reunited and reverted to the pre-1926 administrative system. Although an attempt was made by the government, mainly on the initiative of Nelson, to set up an elected Legislative Council with non-financial ordinance-making powers (subject, of course, to Canberra veto), the measure was fiercely opposed by the Opposition-dominated Senate. There, the fear of control of the Council by ‘the wildmen of Darwin’ and the union organisers in the rural areas prevailed. (21) After the failure of a Manager’s conference to resolve the differences between the two houses, the provision was dropped; ordinances continued to be fashioned in Canberra.

In the decade after 1931, the Commonwealth, beset with economic difficulties and international conflict, could only sporadically address the problems of development in the Territory. What economic expansion was accomplished was largely the product of defence considerations; a moderate commitment to military preparedness was undertaken from the mid-1930s, a process which accelerated with the outbreak of war. Some attention was given in 1932-3, in the depths of economic depression, to the expedient creation of a chartered company to administer and develop parts of the Territory but the proposal was soon abandoned. Later, in 1937, the Commonwealth commissioned yet another inquiry into Territory affairs; W L Payne (the Chairman of the Queensland Land Administration Board) and J W Fletcher (a Queensland pastoralist) were appointed to prepare a plan for future development of land and industries.

The Payne/Fletcher report was severely critical of the administrative system. (22) Although the Territory was, in their opinion, unprepared for self-government and it was apparent that the ‘Commonwealth Government (would) need to continue in control of many years to come, if not for all time’, better organisation was necessary. Remote control from Canberra and bureaucratic fragmentation was

not conducive to coordination and efficiency of administration or promptness on matters affecting local development. Exasperating delays
occur while questions are referred for decision ---- procrastination and the shelving of decisions have characterised the Territory's administration. They must be altered before development is possible.(23)

Suggested reforms were better budgeting, improved conditions for the Territory public service and an enhancement of the Administrator's powers to enable 'efficient and prompt' management together with more effective coordination and direction of all government policies. While the report did not recommend the re-creation of a general advisory council (because of the wide diversity of interests to be accommodated), it did propose the establishment of advisory boards for the most important industries.

In its response to the political and administrative aspects of the report, the government did acknowledge 'that it is highly desirable that as much authority as possible --- be vested in the local administration.'(24) Various commitments were made to greater devolution of authority, to more involvement of the Administrator in financial and policy planning and to better coordination practices. Some changes to the administrative structure (including the assumption by a federal department of Territory health services)(25) were announced as was a study into the long-sought amalgamation of local public servants into the Commonwealth Service. Partial acceptance was effected in 1941 when the bulk of the Administrator's Department (then seven branches)(26) was transferred; only the staff in the Police, Prisons and the Education branches remained in the rump of the Territory service. However, the onset of war, the bombing of Darwin in February 1942 with the subsequent placing of the north under military control and the removal of civil administration to Alice Springs comprehensively stopped any process of administrative reform. Little of substance had, in any case, been achieved. Certainly, that was the perception of Darwin residents, who, in the first concerted move against the system of remote control for twenty years, agitated strongly for reform in 1941-2.

Two further areas of change should be noted. First, in 1937, the Darwin Town Council was abolished at its own request. Since 1930, after the resignation of the Mayor and Council in protest against the Labor Government's introduction of the adult franchise, the institution had limped along with appointed members.(27) Municipal functions in Darwin, as elsewhere in the Territory, were taken over by the Administrator. Secondly, the position of the Territory member of the House of Representatives was slightly enhanced in 1936 by his ability to vote on motions relating to disallowance of Territory ordinances and, earlier in 1932, the right to move (or rise in support of) a motion for adjournment was conceded.(28) Despite his continuing impoverished status, the member was the only politically elective position in or for the Territory from 1937 to 1947.

Under Commonwealth Control: The Second Period (1947-72):

Stability and change characterised the course of constitutional development in the period from 1947 to 1972. There were strong elements of continuity in Commonwealth policy. As in the pre-war era, progress was slow, measured and halting with concessions granted largely in response to local agitation. The basic Commonwealth argument, that control of Territory affairs should remain vested in federal authority so long as the region was not financially self-supporting and that politico-constitutional advance should be determined by economic viability, was maintained. On the other hand, in contrast with the pre-war experience of vacillation and discordance, the later Commonwealth approach was consistent and incremental. At the socio-economic level, a more vivid contrast was evident; in the post-war era, and particularly after the mid-1950s, economic development and population increase accelerated markedly, thus providing the basis, hitherto absent, for phased constitutional enhancement.
The immediate post-war period was, in many respects, similar to the early years after the 1910 transfer. Federally, a Labor Government held office and, like its predecessor in 1911-12, had embraced, as part of a more general reconstruction policy, a vigorous paper programme of northern development.(29) As the Territory was under its direct control and therefore free of political restraints, the major impact of the programme, albeit never in substance very great, was located there. Labor did move quickly to plan the rehabilitation of war-shattered Darwin with the passage of the Darwin Lands Acquisition Act 1945 which resumed all freehold land in the area and which was to serve as the basis for an orderly and rational resettlement and growth. In 1946, military rule was terminated and the Territory reverted fully to civilian administration.

During the inter-war period, Labor had, either as a party or through its individual parliamentary members, consistently advocated a measure of local participation and representation for Territory residents. It continued that tradition in the 1946 election when it proposed the establishment of an advisory council; by late 1946, it had decided to go further and create a Legislative Council. While ideological commitment certainly was a major determinant, Labor was also responding to local demands; in Darwin, the Labor Party branch and the trade unions were particularly active in seeking political concessions as was the Northern Territory Development League in Alice Springs. Moreover, the Administrator, C.L.A Abbott, had long been advocating such a council.(30) In mid-1947, as a result of amendment to the Northern Territory (Administration) Act, the Council received legislative sanction.

While the Council was granted plenary authority to make ordinances for 'the peace, order and good government of the Territory', as a measure of self-government it was extremely limited. Secure government control was ensured by its membership, composition and voting procedures and by actual or potential legislative constraints. There were only six elected members as opposed to seven official members and the Administrator, who as presiding officer, had both a deliberative and a casting vote. All bills had to be assented to by the Administrator and, even if he did so, they could be disallowed by the Governor-General-in-Council within six months. If necessary, and mandatory in the case of measures dealing with Aboriginal affairs, crown lands, grants to the Administrator, or previously reserved or disallowed items, the Administrator could reserve bills for consideration in Canberra. No proposal involving financial implications could be introduced except with the Administrator's expressed permission or direction. There was also the overriding capacity for the Commonwealth itself to pass any legislation binding on the Territory.

During the debate on the bill, the Opposition expressed broad support emphasising the necessity to retain control over Territory affairs because of the region's financial dependence; the measure, in its view, was in line with 'evolutionary processes' and could be further developed when circumstances allowed'.(31) However, A M Blain, the Independent Territory member, was much less accommodating; he derided the exercise as 'pseudo legislation', 'a fraud' which conceded rights little better than those enjoyed by 'the inhabitants of Siberian Russia or the inmates of a gaol'.(32) Those sentiments were widely shared by proponents of self-government in the Territory. Blain's many amendments which sought to confer more independence on the Council were all defeated.

Despite the limited competence and status of the Legislative Council throughout its career to 1974, its role was vitally important in the later course of constitutional development. Not only did it provide the most significant forum for the articulation of local political demands but it also acted as a catalyst for continuing reform. Obviously, the prime advocates were the elected (later joined by the non-official nominated) members but their claims were supported at times by some or all of the official complement in the Council,
NORTHERN TERRITORY LEGISLATIVE COUNCIL

INAUGURAL MEETING, DARWIN, 16th FEBRUARY, 1948 — MEMBERS

Standing: Mr. L. H. N. Norrie, Dr. L. G. McEwen, Mr. W. S. Ryan, His Honour the Administrator (Off. A. B. Dean), Mr. H. Luke, Mr. R. W. Cross, Mr. F. C. Huxley.

Standing: Mr. I. J. Taylor, G.P.O. Agent; Federal Parliament, Canberra, Mr. R. B. Loykin, Mr. L. C. Lewis, Dr. W. H. Webster, Mr. F. H. Hoy, Mr. R. C. Ward, Mr. H. C. Barlow, Mr. W. F. A. Hatton, Mr. D. M. Thompson (First to the Legislative Council, 1931).

Plate 3: The first Legislative Council in February 1948 (Legislative Assembly)
Plate 4: Opening the new Legislative Council building in March 1955. The Administrator, Frank Wise, and Paul Hasluck, Minister for Territories, officiate. (Legislative Assembly)

Plate 5: The Legislative Council in session in the 1950s (Legislative Assembly)
even if that contribution was understandably less strident and often at the informal level. The elected members became the unchallenged champion of constitutional advance and, in that role, forged what was to be accepted as the authentic Territory political ideology, characterised by a deep faith in the Territory’s future and a fervent commitment to the region’s constitutional progress. According to the ideology, Canberra’s heavy, albeit generous, control was inimical to the Territory’s legitimate aspirations for self-determination and its eventual and inevitable claim to statehood within the Australian federation. The bureaucracy in Canberra and in the Territory was cast as the major impediment; as well as being wasteful, inefficient and expansionist, it was seen to be dedicated only to preserving its power and influence. Buttressed by the ideology and their status as parliamentarians, the elected members, particularly after the mid-1950s, mounted concerted assaults on the prevailing political and administrative system. It was their insistence, endurance and strategy rather than the willingness of the Commonwealth to relinquish control which was the salient reason for successive reforms.

To 1972, the pattern of constitutional change was largely one of increasing the elected component of the Legislative Council although, at the same time, Canberra was adamant that adequate control should be maintained over it. Other developments were the creation and expansion of municipal government and the introduction of a small but circumscribed measure of local participation in executive matters. In retrospect, many Councillors have concluded that, for much of the period, far too much significance was given to the campaign for a more fully-representative legislature and insufficient attention accorded to the expansion of executive and financial authority and the devolution of powers. A more balanced approach was, however, formulated and pressed from the later 1960s.

After the defeat of the Labor Government in 1949, Territory affairs until 1972 were controlled by successive Coalition (Liberal and Country Parties) administrations; during that long regime, three departments - Interior until 1951, Territories from 1951 to 1968 and Interior again from 1968 to 1972 - and six Ministers were involved. Coalition policy towards constitutional development throughout was fundamentally consistent with the basic principle espoused by both Labor and non-Labor in the 1947 debates, that increased local control was dependent on socio-economic advance and the achievement of greater financial self-sufficiency. For most of the period, the long-term constitutional objectives of the Coalition, at least in rhetoric, was reasonably clear, first the gradual attainment of responsible government and then statehood. Some confusion did arise on the question of boundaries of the new State. For example, Paul Hasluck, Minister for Territories from 1951 to 1963, counselled against fitting the Territory as it existed into the Australia of 1950, suggesting instead the future creation of ‘a North Australian State’ including parts of Western Australia and Queensland. However delineated, an explicit commitment to statehood certainly survived into the mid-1960s. In 1966, reference to the Territory’s ‘destiny --- in time to develop into a State of Australia’ was included in the Governor-General’s speech opening Parliament. But, certainly after 1968, attachment to the statehood objective, at least at the formal government policy level, became conspicuous by its lack of enthusiasm.

Major reform of the new constitutional order did not occur until 1959. Within the Council, the elected members frequently criticised the inadequacy of the constitutional and administrative arrangements; they were particularly incensed by their minority position in what came to be known as the ‘seven-six’ period. The only changes of any substance to the Northern Territory (Administration) Act before 1959 were the ability granted to the Commonwealth to disallow parts of ordinances, a measure which enabled more flexibility of legislative control and which was less time-consuming, and the disbarment of all government officers from elective candidacy. Of greater moment, however, was the re-establishment of elected municipal government in the Territory, a
measure which had been promoted by the Commonwealth since 1953 as a necessary precondition for accelerated constitutional progress. Darwin, whether reluctantly or not, accepted municipal responsibilities in mid-1957(35) but Alice Springs’ residents resolutely refused to entertain them. Consideration of and interest in Territory issues in Parliament before 1958, despite the efforts of Jock Nelson, the Labor member who had defeated Blain in 1949, to argue for the improvement of the Council’s and his own position, was slight. Dissatisfaction with the Council’s situation increased markedly after 1955, precipitating a concerted and determined campaign for reform. After Minister Hasluck had agreed to give careful attention to any proposals for reform, a Select Committee of the Council was set up to inquire into the ‘necessity or otherwise for constitutional reform in the Northern Territory’. Its establishment was supported by both elected and official members; indeed, the latter group provided two of its five personnel, including the chairman.

In its final report,(36) presented in November 1957, the Committee concluded that, on the basis of the improved financial capacity and the population growth of the Territory and on a comparative analysis of contemporary constitutional development in British dependencies and Papua New Guinea, some change was necessary. But its recommendations were by no means radical. Representation in the Commonwealth Parliament was to be strengthened by granting the Territory member full voting rights and by providing for a Senator of equivalent capacity. Various modifications were proposed to the assent and disallowance clauses which would render them, in the Committee’s view, less subject to arbitrary decision by the government. On the question of Council membership, the report suggested that the elected element be increased by one (to parity with the official bloc) and that a later increase should be considered when experience of the new arrangement ‘shows that the people ... are capable of managing their own affairs’. However, any further increase should not be sanctioned without being approved by a Territory referendum. Other recommendations dealt with the role of the Administrator - his instructions should henceforth be given by the Governor-General rather than the Minister - and with the participation of the Territory in the grants made under the Federal Aid Road Grants Act. Finally, two innovative proposals relating to Council involvement in executive and financial affairs were put forward. One argued for the establishment of an advisory Executive Council and the other for control over spending of locally-sourced revenue.

Disillusioned by what they interpreted as undue delay in dealing with the report, the elected members sought to put pressure on the federal government by resigning in April 1958 as a gesture of protest. In the subsequent election, conducted on the single issue of constitutional reform, they were returned, all but one unopposed. Hasluck, concerned with the adverse media and parliamentary reaction to alleged government inaction and the Council’s accusations, hastened to summon the entire membership to Canberra to discuss the recommendations. From those discussions in July 1958 emerged the reforms contained in the Northern Territory (Administration) Amendment Act of 1959. The changes finally accepted, although addressing several of the Select Committee’s major concerns, were very different from the recommendations themselves. In the first place, the new composition of the Council went considerably beyond the Committee’s proposal. Two elected and three non-official nominated members were added bringing the total to seventeen; the expansion was to provide wider representation of both population and economic interests. Although the Administrator retained his deliberative and casting votes, it was then possible for the elected members to control the business of the chamber by securing the support of but one non-official member. But the legislative competence of such a majority continued to be constrained by strict reservation and disallowance procedures even though the provisions by which ordinances could be disallowed by either House of Parliament and subject to scrutiny by the Standing Committee on Regulations
Plates 6-9: Prominent advocates for Territory political development in the Legislative Council
Dick Ward (top left); Ron Withnall (top right); Bernie Kilgariff (bottom left); Tiger Brennan (bottom right)
Plates 10-12: Prominent advocates for Territory political development in the Legislative Council
Neil Hargrave (top left); Fred Drysdale (top right); Goff Letts (bottom)
and Ordinances were dropped. At the same time, there were some changes to facilitate reconsideration by Council of bills to which amendments were required and to ensure tabling of reasons for non-assent before Parliament. The Committee's Executive council proposition was not taken up but the government did agree to the creation of an Administrator's Council consisting of the Administrator, two official members and three others of whom at least two were to be elected members. Its role, to advise on any matter referred to it by the Administrator or specified by ordinance, was a pale imitation of that proposal, both actual and potential, for the Executive Council. No action was taken on the local finance issue but Hasluck, whilst addressing the constitutional difficulties raised, did emphasise that, at that stage, the question was still being considered and that devolution of control had not been 'rejected or accepted'.(37)

In an associated bill (the Northern Territory Representation (Amendment) Bill 1959), an extension to the voting rights of the Territory member was granted. Henceforth, he could vote on all measures relating solely to the Territory or any motion for disallowance of regulations made under an ordinance. Unless that change had been made, the member would have been entirely disenfranchised as his previous entitlement had been rendered obsolete by the removal of the power to disallow ordinances from Parliament. Full voting rights, supported by the Council and the Labor Opposition in Canberra, was denied on the traditional grounds that the small size of the Territory electorate did not justify equality of status or the potential ability to determine the fate of a federal government. No government support was accorded to the proposal for Senate representation.

Reaction to the amendment in the Council was, as would be expected, hardly enthusiastic; among the elected members, there was undisguised resentment at the failure of the government to heed either the Select Committee's or the Council delegation's representations. Although the criticisms were wide-ranging, particular dissatisfaction was directed towards the absence of any measure allowing local participation in the financial or administrative spheres. The Council subsequently adopted a motion which described the package as 'inadequate',(38) a sentiment supported by four of the official members. Similar views had already been expressed in Parliament by Labor spokesmen.

Given the expressed disenchantment of the Council with the 1959 package and the government's strong reaffirmation of its evolutionary and progressive approach to constitutional development, there was small prospect that the demand for continuing reform would abate. Indeed, in the post-1959 period, the Council conducted a vigorous, relentless and often clever campaign to promote change. Yet, they failed to achieve any substantial concessions from Canberra until late 1972. Even then, they fell far short of the Council's expectations.

The perceived deficiencies of the politico-administrative system which had, in large part, spawned the early Council protests were left substantially unaffected by the 1959 reforms. Not only did they survive but their impact, seen from the elected member's perspective, also grew increasingly more onerous and oppressive throughout the post-1960 period. Several factors contributed to what was interpreted as an accelerating bureaucratic ascendancy and a more rigid process of remote control.

Significant expansion occurred during the period in the numbers of public servants involved in Territory affairs both locally-based and employed interstate. Although they had existed within the administrative structure, in some form or other since 1911, the two broad areas of intra-service tension - between operational and clerical officials locally and between those located in Darwin and Canberra - were intensified by the expansion. At the local level, the clerical function, both in size and status, was dramatically augmented at the expense of the operational, a development which often created acrimonious debate,
Plates 13-16: Territory MHRs, 1922-80
Harold Nelson, MHR 1922-34 (top left); Adair Blain, MHR 1934-49
(top right); Jock Nelson, MHR 1949-66 (bottom left); Sam Calder,
MHR 1966-80 (bottom right)
particularlly within the Northern Territory Administration. (39) Concurrently, Territory-based units were steadily becoming more subordinate to and more closely-controlled and directed by the burgeoning corps of southern-based officials. Whether the perception was accurate or not, it was widely assumed by the elected members (and many local officials) that policy on constitutional issues was determined by the Canberra bureaucracy.

Political rhetoric aside, the government stance on constitutional development noticeably hardened in the 1960s. When Hasluck shed responsibility for Territories in late 1963, his support, always cautious and sceptical but nevertheless influential, was lost. His successors, all relatively junior and inexperienced Country Party ministers (‘Ceb’ Barnes 1964-8, Peter Nixon 1968-70 and Ralph Hunt 1970-72), were certainly both less interested in constitutional matters and less supportive of the claims of the elected members, who came to regard them largely as ciphers of bureaucratic power. Although Hasluck’s attitude was not appreciated at the time, he later was compared favourably to his successors. To one of his persistent and most vocal adversaries, ‘Tiger’ Brennan, he was ‘a good old uncle’ and ‘the only Minister who (had) done any good for the political advancement of the Territory’. (40) Yet, even Hasluck, in his final years as minister, found it difficult to sway Cabinet opinion; later ministers, even if they had favoured other proposals, were constrained by the reluctance of Cabinet to concede significant change.

Although government policy did undergo some modification during the period, change was always reluctantly conceded. Left to its own devices, the government might well have done nothing but it was continually harried by the Legislative Council and bound by its earlier acceptance that there should be regular reviews of the constitutional question. Up to the late 1960s, increasing emphasis was given to the desirability of extending municipal government to other population centres as a necessary precondition of wider constitutional advance and of creating statutory authorities to administer special functions. (41) Both were designed to increase local participation (several elected Councillors served on the Darwin City Council and on statutory bodies) and, of course, to transfer a portion of the financial burden. Transitional local government bodies were set up in Alice Springs, Katherine and Tennant Creek in the 1960s but, in the event, only Alice Springs (in 1971) had accepted full municipal devolution by 1972. (42) Later in the 1960s, the pivotal government position, in the face of an escalating campaign for some measure of executive authority, was focused upon the need to ensure local financial responsibility for any functional transfer.

The post-1959 arrangements, in practice, represented little advantage to the elected members. While they, with the support of their non-official nominated colleagues, could introduce and pass their own legislation and amend or defeat official bills, the government retained ultimate control through its assent and disallowance powers and through its potential capacity to pass Commonwealth legislation on Territory affairs. (43) Indeed, after 1960, the legislative controls were used considerably more frequently. By all accounts, the Administrator’s Council, both because of its composition and the limits on its competence, was never accepted as anything but a pallid substitute for real executive authority.

The campaign for further progress by the non-official members, sometimes supported albeit tacitly, by at least some officials, was advantaged by their majority position after 1960. It ensured the precedence of and eventual Council approval for constitutional action. In nearly every sitting, censure motions were adopted and a large part of debating-time was concerned with constitutional grievances. A wide range of tactics was employed including regular delegations to Canberra to discuss issues with relevant ministers (there were four between 1961 and 1968), another Select Committee (on Political Rights) in 1963, an address to the Governor-General and the defeat of official legislation. Two other
pre-1968 actions were of particular interest. In August 1966, the Council carried a no-confidence motion against Minister Barnes and, in August 1962, a remonstrance, an archaic device of the Westminster Parliament, setting out the several constitutional grievances, was despatched to Canberra where, although it did not impress the government, did achieve some media interest and publicity for the Council’s demands.

Some concessions, however, were won. Council was empowered in 1962 to define its own privileges, immunities and non-legislative powers and, in 1965, the Administrator was supplanted as President by an elected member. Of more significance were two decisions in 1968. First, the non-official nominated group was replaced by three additional elected members although, at the same time, the veto power was extended to permit withholding assent from part of a bill. Secondly, the Territory Member of the House of Representatives was accorded full status and voting rights; it was no coincidence that the long-sought equality was conceded only after the seat had been won by one of the Coalition partners. (The Country Party’s Sam Calder succeeded Jock Nelson, who had retired, in 1966). But the reality of government control was unaffected; the more far-reaching reforms demanded - a fully-elected (or non-official) Council, a local executive council, full legislative, executive and financial control over a specified area of Territory affairs and a separate department for Territory affairs, were constantly rebuffed. Nor would Senate representation be countenanced.

Understandably, the measures were dismissed by the elected Councillors as woefully insufficient. By early 1970, their initial optimism that the transference of Territory affairs to the Department of the Interior would diminish remote control, curb bureaucratic interference and promote constitutional development shattered, the elected members reinvigorated their campaign. Their first salvo was a request for an immediate inquiry into the Territory’s political and administrative arrangements conducted by ‘an independent, competent authority’; the usual litany of grievances was suggested as the terms of reference.(44) Consideration of the request took its customarily long time to process in Canberra and, in an attempt to expedite the reply, the elected members kept the Council in session, by a variety of devices, for four months; it only formally adjourned after the response had been received (in mid-May) and debated.

In his reply, Minister Nixon, after reiterating the major principles of government policy and critically contesting most of the claims made in the Council debate, refused the request. He argued that

the present framework represents a reasonable balance between opportunities for the elected representatives of the Territory community to influence activities of Government in the Territory and, on the other hand, the control which the Commonwealth Government must retain while it remains responsible for the executive government of the Territory and for providing the public finances necessary to meet the costs of administration.(45)

Somewhat more frankly, he noted in his Cabinet submission that

[i]f an enquiry is held there would be a strong persuasion on those conducting it to recommend changes which would give the elected members more authority. --- The likelihood of an enquiry bringing forward unacceptable recommendations is, I believe, very strong.(46)
Plate 17: Harry Chan, the first elected President of the Legislative Council, 1965
(Legislative Assembly)

Plate 18: The last Legislative Council, 1971-4
(Legislative Assembly)
While not opposed in principle to local executive authority for designated functions, he saw too many obstacles to that course of action. However, in an attempt to improve administrative processes and to increase local participation, he did support changes to the administrative system, an extension of municipal government and a widening of the consultative role of the Administrator’s Council (including some opportunity for all elected members to modify or influence public works projects).

The minister’s reply predictably was considered quite unacceptable and, to maintain pressure upon the government, a Council delegation was despatched to Canberra to lobby for ‘a suggested minimum entitlement’ of constitutional change. After considerable confusion on and argument about what precisely had been agreed to during the ministerial discussions, the outcome was the establishment of a joint study group comprising elected Councillors and Commonwealth officials to examine proposals for the progressive devolution of executive, administrative and financial authority. Although there was a high level of scepticism among the elected members about its utility and propriety, the proposition was finally (and reluctantly) agreed to in early 1971. Two meetings were held in mid-year but it was soon apparent to most of the participants that the exercise served no purpose other than to reaffirm the widely divergent positions of the government and the elected members; to some Councillors, the experience simply justified their initial view that the group had been intended largely for ‘stone-walling’ purposes. Thus, the elected members returned once again to the conventional practice of seeking and securing ministerial discussions.

In the March 1972 meeting, the government, formally for the first time, conceded the principle of transfer of limited functions to local control. On the other hand, it insisted on the retention of Commonwealth authority ‘in cases of special concern’ and refused to define ‘the ultimate (constitutional) destination’ of the Territory. Subsequently, in June, the Council requested that a firm offer be made, accepting concurrently the need for local financial responsibility. Most uncharacteristically, the government moved quickly to put together a package which was finally submitted to Parliament and to the Council in October 1972. However, the task was relatively simple as much of the pertinent material had already been collected and considered by a series of interdepartmental committees since 1964. Of some consequence also was the insistence by Minister Hunt that it should be completed expeditiously and the imminence of the forthcoming federal election.

Given the Commonwealth’s conservative approach to constitutional development, the offer, as expected, was limited and cautious. A range of local functions (more than thirty, including municipal and community services, social affairs, business undertakings, urban land, police and traffic, lower courts, housing and several statutory authorities) and revenues (stamp duties, succession duties) was proposed for transfer to an Executive Council. On those matters, there would be no Commonwealth control. However, Canberra was to retain executive responsibility and overriding legislative authority on pivotal areas such as primary industries, rural land, mining, education, health, transport and Aboriginal affairs. In addition to the retention of the veto and reservation powers, a capacity to enact regulations where the Council failed to pass required government measures was suggested. The elected component of the Council was to be increased although some official members (who would not participate in debate on local matters) would remain to introduce and support government business. To support the Executive Council, the existing Northern Territory Public Service was to be expanded. Financial arrangements broadly similar to the prevailing federal model were envisioned; the Territory was expected to make an equivalent revenue effort to that of the States.

Although the general tone was one of disappointment with the offer, reaction in the Territory varied markedly in the degree of condemnation. On the one hand, those
politically supportive of the federal government, whilst stating reservations, counselled fair and close consideration; on the other, opponents characterised it as miserly and totally unacceptable, usually commenting acidly on the timing of the other. To them, it was simply 'an election gimmick'.(49)

That split was very evident in the Council where the Country Party members took the former line and the Labor and Independent members the latter.(50) Indeed, that divergent approach to constitutional development had become increasingly obvious since 1969; the era of solidarity, so prominent in the first twenty years of the Council, had fractured largely over the strategic issue of timing and speed of reform. However, the longer-term objectives of fully-responsible government and ultimate statehood remained joint concerns. In Canberra, the Labor Opposition vehemently attacked the parsimony of the offer.(51) Debate within the Council did not take place until mid-December; by that date, there had been a change of government and therefore, the proposal had lapsed. The Council simply noted its receipt.

At the same time, an early intention was given that the Council would continue its pursuit of constitutional advance with the new Labor administration as diligently as it had in the past; the Prime Minister was invited to indicate Labor's attitude and to arrange an early meeting of ministers and Councillors. With that action, the first step of a new chapter in the long-running saga had been taken.

Endnotes

1. In February 1846, a Colony of North Australia was established but it was revoked in December 1846.


3. SAPP, 113/1863.

4. SAPP, 113/1883.

5. Significant among them were laws concerning the Chinese population of the north, gold-mining activity and the port in Palmerston (the designation of Darwin from 1869 to 1911).

6. For example, C J Dashwood was the longest-serving with nearly thirteen years of service. For a full list of Residents, see Heatley 1979, 201.

7. For a full list of ministers, see Donovan 1981, 233-4. There were thirty-seven separate ministries between 1863 and 1910. At one time or other, Territory affairs came under the Commissioner of Crown Lands and Immigration, the Minister for Education (sometimes including additional functions), the Treasurer, the Chief Secretary, the Attorney-General, the Premier and the Honorary Minister.

8. Results of the elections can be found in Jaensch 1974, passim.

9. For accounts of the transfer process, see Borrow 1955-6, Wright 1969 and Donovan 1981.

10. The monetary terms agreed were $7,862,172 in respect of Territory debts and $4,478,924 for the railway.
11. The debate in the Northern Territory (Administration) Bill are in CPD, 59, 9 November 1910, 5786-833 and 16 November 1910, 6262-9.

12. See, for example, the Administrator’s Reports, PP 240/1914-7, 31/1917-8, 119/1920-1. See also Sir George Buchanan, Northern Territory Development and Administration, Report, PP 48/125, W L Payne and J W Fletcher, Report of the Board of Inquiry to Inquire into the Land and Land Industries of the Northern Territory of Australia, 10 October 1937, PP 4/1937 and Abbott 1950, especially 195-205.


15. CPD, 88, 17 July 1919, 10804.

16. CPD, 93, 15 September 1920, 4527-625.

17. CPD, 99, 14 September 1922, 2253. The Territory MHR, moreover, was not to be counted for the purposes of quorums or majorities nor could he become Speaker or a Chairman of Committee.

18. See Heatley 1981 for an overall account of the course of Territory federal representation.

19. Sir George Buchanan, Northern Development and Administration, PP 48/1925. Buchanan, a prominent British engineer, was originally commissioned to study transportation facilities but, in the end, he submitted a second report which was more wide-ranging.

20. Ibid., 4-5.

21. The debate on the repeal of Act can be found in CPD, 127, November/December, 1930. See especially 1299-306.


23. Ibid., 66-7.

24. CPD, 158, 8 December 1938, 2983.

25. The pre-existing arrangement by which health and Aboriginal affairs were administered under one branch of the NTPS was ended. A Director of Native Affairs was appointed in 1939.

26. The branches were: Administrative, Mines, Native Affairs, Education, Police, Prisons, Lands and Survey.
27. For reasons behind the abolition, see Heatley 1979, 116-8.

28. The Territory seat had been won by A.M. Blain (Independent) in 1934; he defeated the ALP incumbent, Harold Nelson, who had joined the Labor Caucus in 1923. Contemporary opinion held that the 1936 change was a sop to Blain who had promised to resign if he did not receive a vote in the House.


31. See, for example, the contribution of John McEwen, CPD, 192, 5 June 1947, 3596-73.

32. Ibid., 3561.

33. CPD, R19, 29 April 1958, 1211 and 13 May 1958, 1691.

34. CPD, R58, 12 March 1968, 9.

35. For an account of the advent of the Darwin Municipal Council, see Heatley 1986a, Chapter 2.

36. Report of the Select Committee of the Legislative Council to Inquire into the Necessity or Otherwise for Constitutional Reform in the Northern Territory, 4 November 1957, mimeo, Darwin.


38. NTLCD, 4, 13 May 1959, 717.

39. Perhaps the best example of the tension was expressed in a Council debate in 1970. See NTLCD, 17, 11-2 February 1970, 11-73. See also Milliken 1960.

40. NTLCD, 18, 19 August 1971, 498.

41. Examples were the Housing Commission 1959), the Port Authority (1962), the Museums and Art Galleries Board (1965), Tourist Board (1962) and Reserves Board (1959).

42. See Heatley 1979, 126-7.

43. It used this power on only one occasion - the 1961 Northern Territory Supreme Court Act.

44. See endnote 39.

45. Reply of the government to the request of the Legislative Council for an Enquiry into the Political and Administrative Arrangements in and for the Territory, 18 May 1970, BP.

46. P J Nixon, Cabinet submission, 14 April 1970, BP.

47. NTLCD, 18, 24 August, 1971, 542.


CHAPTER TWO
THE LABOR YEARS 1972-5

As in most other spheres of its activity, the Whitlam Government’s administration of Territory affairs was reformist, energetic and controversial. There were few aspects of the life of Territorians - be they constitutional, political, economic or social - that were not affected by new government initiatives, either general policies or those designed specifically for the Northern Territory. Unfettered by the formal constraints imposed by the Constitution on Commonwealth powers and functions, the Labor Government had a freer hand to implement its programmes in the Northern Territory. That freedom was used extensively and, inevitably, it provoked considerable resentment within the Territory. Indeed, there were few occasions where government action did not antagonise large sections of local opinion. The long-standing and highly-honed sensitivity of the Territory’s political cognoscenti to the area being used as ‘a social laboratory’ by the Commonwealth was offended by the perception that Labor was intensifying that objective. Opposition was evident even in sympathetic political quarters. For example, Dick Ward, the Labor leader in the Legislative Council, complained, after only seven months of Labor administration that the Territory was being used ‘to advance the cause of the federal government and the federal parliament in respect of their case against the [states].’ (1)
Conflict between Canberra and Darwin, so long a central component of their political and administrative relationship attained an even higher prominence in the 1972-75 period.

The Territory political agenda of the 1970s and 1980s was in many ways determined by actions taken or policies initiated during the Whitlam era. Although the transcendent issues of the post-1972 years - constitutional development, uranium, Aboriginal land-rights, national parks - all originated in an earlier period, the particular political form they assumed was influenced significantly by their treatment under Labor. In historical perspective, the Whitlam era represented a major watershed in the Territory’s political development, even though the actual legal/constitutional and administrative instruments were ultimately determined by Labor’s successors in office.

Constitutionally, the Labor achievement was mixed. On the one hand, there was the inauguration of the fully-elected Legislative Assembly, the granting of Senate representation and the enquiry of the Joint Parliamentary Committee for the Northern Territory (JCNT) into constitutional development but, on the other, there was no devolution of functions or authority to a Territory executive. Moreover, several political and administrative changes were effected which ran directly counter to enhanced local control. Even though the Labor contribution was more cosmetic than real, the debate which accompanied them further energised the constitutional issue and created a climate for substantial later changes.

Labor and Constitutional Development - before 1973:

Whether in office or in Opposition at the federal level, the Australian Labor Party had, on political and constitutional issues involving the Northern Territory and on northern development generally, consistently adopted a more progressive and supportive approach than its party opponents. As noted in the previous chapter, Labor, in the pre-1945 period, had been sensitive to the demands of Territory residents and had promoted relatively expansive schemes of political advancement. At the same time, it had been scathingly critical of the obstructionist tactics and the negative attitude of the non-Labor parties.
Labor's long-standing support for local participation in the Territory's legislative process was implemented with the creation of the Legislative Council in 1947.

During its long period in Opposition after 1949, Labor increasingly aligned itself with the constitutional ambitions and demands of Territory politicians; Labor spokesmen managed to sound very much like the Legislative Councillors in their denunciation of the gradualist and cautious approach of the Liberal/Country Party Coalition. The Labor recipe for constitutional development was, at least from the late 1950s, well in advance - both in speed and substance - of government policy.

The leading Labor spokesman on political and constitutional matters was Territory MHR, Jock Nelson (1949-66), an indefatigable supporter of local demands for change. He was an early advocate of both the improvement in the status of existing representation and in extending representation to the Senate. His influence was significant in moving Labor away from the bi-partisan position on representation questions which had been maintained from the mid-1930s to the mid-1950s. By then, a clear party difference had become evident. In the wider debate on constitutional change between 1957 and 1959, Labor placed itself squarely on the side of the Legislative Council. Nelson aside, both Arthur Calwell, Deputy Leader (1951-60) and Leader of the Opposition thereafter, and Gough Whitlam, even in the late-1950s a rising force in the Labor Party, were in the forefront of advocacy on Territory issues. For example, Calwell moved in 1958 and in 1961 to remove the disabilities on the Territory MHR and, in 1956, Whitlam proposed two Senators and two MHRs, all with full voting rights.

In the 1960s, the divergence between the two major party groups became more marked with Labor becoming increasingly antagonistic to and impatient of government policy. Whitlam, in 1962, dismissed the reformed Legislative Council as 'the least representative, and most subordinate legislature in any British community' (2) and, in the pre-election phase of late 1963, Calwell committed Labor, in the event of its winning the election, to providing a fully-elected Legislative Council with a local executive controlling a range of autonomous functions (3) and full status to the Territory MHR. The latter promise was finally formalised in the 1965 platform. Similarly, a commitment to granting two Senators to the Northern Territory (as well as to the Australian Capital Territory) was included in the 1967 platform. Once official party policy, Whitlam, by then Opposition leader, proceeded to introduce enabling legislation into Parliament; his two attempts, in March 1968 and in August 1970, predictably were unsuccessful in the face of resolute government opposition. (4) The pre-1972 Labor statement of constitutional objectives was completed in 1971 with the inclusion of the long-buried promise for '[t]he Northern Territory to have a fully-elected Legislative Assembly and the question of referred powers to be one of negotiation'. (5)

After Nelson left Parliament in 1966, the role of leading spokesman of northern affairs was taken by Dr Rex Patterson who won the north Queensland seat of Dawson in a 1966 by-election fought largely over northern development issues. (6) Patterson, a public servant, had long experience of northern conditions and problems; his last position had been Director of the Division of Northern Development (in the Department of National Development). As part of his parliamentary activities, he maintained a barrage of criticism against the government's treatment of Territory demands for constitutional reform. In his attack upon the small concessions granted in 1968, he assessed the Legislative Council as being 'toothless and clawless --- devoid of any real constructive power' and accused the government of endeavouring to 'hold on to every bit of power it possesses over the Northern Territory'. (7) Subsequently, in 1971 and 1972, he elaborated significantly the Labor programme of reform. As opposed to the Coalition's 'ad hoc, uncoordinated, stop-go' (8) policies and its intention to impose 'a pseudo-colonialist type
of government, controlled by a bureaucracy in Canberra'(9), he agreed that Labor would bring in 'a step by step progressive and accelerated policy ---'(10) which would ultimately lead to full self-government. Patterson envisioned a four-phase programme; the transfer of executive control over 'obvious matters' such as police and prisons as the first step, complete authority over statutory authorities, public utilities, fisheries, motor vehicles, wildlife and parts as the second, 'thirdly, and most importantly' control over lands and minerals (but not Aboriginal affairs) would be devolved, and, finally, the transfer of treasury functions. Therefore, Labor would not only give 'the crumbs' but 'real substance' to continuing constitutional development. The precise details and timing of the programme would be negotiated with 'the people of the Northern Territory'.(11)

However, in the election campaign less than a month after Patterson's statements, the Labor stance on constitutional issues, other than those embodied in the platform became less definite. Keppel (Kep) Enderby, confident of becoming the Minister for internal territories in a Labor Government, was considerably less explicit than Patterson although he too 'was anxious that full local responsibility and control be in the hand of the Territory as soon as possible'. Discussions to that end would begin with the Legislative Councillors soon after the election. But he was at pains to point out that 'the Labor Party had no specific policy of political reform to impose on the Territory'.(12) Still, Labor did manage to instil among local politicians a greater sense of expectation of constitutional change than had the Coalition's October offer. As an election issue, constitutional reform was of little consequence. Although Labor was victorious federally, the Territory vote went more strongly to the Country Party's Sam Calder.(13) After more than two decades in Opposition and after at least fifteen years of both consistent criticism of non-Labor policy and advocacy of a more progressive approach, Labor gained the opportunity to determine the direction and speed of constitutional reform.

The Enderby Period (December 1972 - October 1973)

Kep Enderby QC, after barely scraping into the Labor Ministry at the caucus election, was given responsibility, as he had expected, for the new Departments of the Northern Territory and the Australia Capital Territory. A barrister and sometime legal academic before entering Parliament in 1970, Enderby was acknowledged to be part of the ideological 'left' of the Labor Party. Highly self-opinionated, didactic, and ambitious, he had already evoked considerable suspicion and unpopularity within sections of his own party. After a reasonably sympathetic initial reception in the Territory,(14) Enderby's style and his approach to local issues soon also antagonised the bulk of political opinion there. His transfer to another ministerial portfolio in October was regretted by few in the Territory.

In the area of constitutional development, he proved overall a profound disappointment to the Legislative Councillors. Labor's decision to create a separate Department for the Northern Territory (DNT) based in Darwin, a long-sought local demand, was welcomed. Alan O'Brien, since 1971 the Deputy Administrator and also a long-time friend of Enderby, was appointed, despite the reluctance of the Public Service Board, to head the new Department. Of the 178 Canberra public servants involved with Northern Territory administration in the superseded Department of the Interior, only two were prepared to join the Darwin-based organisation. Their unwillingness to transfer was seen by critics as vindication of the long-held claim that the Canberra officials knew little and cared less about the Territory; their demise would, it was expected, materially reduce the problem of remote control. The new bureaucratic structure, staffed largely by ex-NTA officials, was completed in mid-April.
Plate 19: Keppel Enderby, first Minister for the Northern Territory in the Whitlam government (*NT News*)

Plate 20: Alan O’Brien, first head of the Department for the Northern Territory (*NT News*)
However, other early administrative changes were opposed, often vehemently, by Territory politicians. The dismemberment of the traditional functions of the NTA, begun in the late 1960s, was accelerated by Labor. Control of the police was hived off to the Attorney-General’s Department, survey and drafting to the Department of Services and Property, civil defence to the Department of Defence, and the functions of the old Welfare Division of the NTA were split up - Aboriginal and general welfare went to the Department of Aboriginal Affairs (although the latter was returned to the DNT a year later), Aboriginal health to the Department of Health and Aboriginal education to the Department of Education. In the Legislative Council, the transfer of state-type activities to departments controlled from outside the Territory and the possible loss of legislative competence was roundly condemned by all shades of political persuasion. (15) Again, the old spectre of remote control was frequently aired. Enderby endeavoured to mollify the Council by arguing that, when executive powers were later devolved, the functions could be transferred back to local authority. (16)

The relationship between Enderby and the Legislative Council on the constitutional development issue was never smooth and it deteriorated markedly from mid-1973. Enderby’s more accommodating attitude during the pre-election period was overtaken during 1973 by a forthright and often strident exposition of the Labor ‘new federalism’ policy which emphasised the irrelevance of the existing State system to contemporary political and socio-economic conditions and promoted the cause of regionalism as a preferred structure. In particular, he argued strongly against both the concept and the practicability and wisdom of statehood for the Northern Territory. (17) That theme was also pressed by the Prime Minister in June. (18) Both believed that statehood for the Territory would be ‘a disaster’. Although that attitude grated with many of the Councillors and the local media, it was not considered at the time to be the most serious short-coming. Whatever views were held upon the ultimate constitutional status of the Territory, statehood was not on the contemporary agenda. What was of more concern was the unwillingness of Enderby or the Labor Government to spell out what they would accept. Commenting on the Enderby paper at the NT Labor Seminar at Batchelor at Easter 1973, The Northern Territory News commented:

[It] dealt very effectively with what the relationship [between the Territory and Commonwealth] would NOT be i.e. statehood, but left the positive view entirely unexpressed except for the fact that the Territory is, eventually, to have a fully elected Legislative Council. [Enderby] repeatedly ducked all attempts to get even a broad statement of attitude towards constitutional reform. (19)

Increasingly in early 1973, Enderby championed the establishment of a JCNT, a notion which he had floated in the election campaign. Modelled on an equivalent committee operating for the ACT on which Enderby had served, the proposed JCNT would act as a liaison between the Council and Parliament and be a means of gauging broad Territory opinion. Later, it was suggested that it could undertake enquiries into Territory matters including constitutional development. While not dismissing the potential value of such a body especially if its membership was widened to include Territorians, the Legislative Councillors, the Territory MHR and the local press all expressed concern that the JCNT would supersede entirely direct negotiations as the appropriate vehicle for promoting constitutional reform. One Councillor caustically dismissed that prospect as ‘planting boiled potatoes’. (20) Nevertheless, the JCNT was finally introduced and accepted by the House of Representatives on 5 April. An amendment sponsored by Sam Calder, to require the committee to report on ‘the advancement of political responsibility and constitutional reform for the Legislative Council’ (21) was defeated. However, because of Opposition moves to vary the membership of the committee and to reintroduce a reference to
constitutional development, the JCNT did not clear the Senate until 30 August. By that time, the government was prepared to accept the widening of the terms of reference to encompass a far-reaching enquiry on constitutional development. The change of attitude by the government was brought about by two factors in the intervening period.

In the first place, negotiation between Enderby and the Council had been stalemated. Under constant pressure, Enderby in April had accepted the need to discuss reform with a Council committee (comprising Goff Letts, Ron Withnall and Dick Ward, the acknowledged leaders of the three elected groups in the Council, and the President, Tony Greatorex). In early May, the Committee was asked by the Minister to prepare firm proposals for consideration; discussions took place on 7 June. The Council submission (22) reiterated demands long made: the creation of a separate political entity, a fully-elected Legislative Assembly, a responsible executive, a local public service, financial control by the local executive. Although not mentioned specifically, full state-type functions were to be transferred to local authority. The Commonwealth was to retain the power of disallowance but it should 'be exercised only on grave cause and after consultation to ensure that repeal or amendment of the offending law not suffice'. Similarly, the Commonwealth should refrain from using its reserve power of federal legislation; the submission argued that

[It]he Government should not see the Territory as a place where its members can experiment on non-federal matters - as a sort of legislative playground.

Although the submission explicitly argued that the proposals fell far short of statehood, Enderby deemed them unacceptable on the grounds that they 'approached too closely the constitutional position of the States' (23) a model which was demonstratively inappropriate given Labor's policy and the alleged deficiencies of the existing federal system. However, the Minister did agree that Councillors should have greater participation in decision-making and that the legislature and the Administrator's Council should be reformed. To that end, he undertook to ascertain more clearly the government's attitude to constitutional development and to prepare a counter-statement by early August so that more effective discussions could ensue. When the matter was debated in the Council, all elected members again expressed disenchantment with the approach of both Enderby and the government. (24) The continuation of negotiations never occurred as, by late July, Enderby had announced Cabinet's decision to give the JCNT the responsibility for determining future constitutional reform. Predictably, the decision was a profound disappointment to the elected Councillors who accused Labor and Enderby of dishonouring commitments, of deliberately employing delaying tactics and of supporting the reluctance of the bureaucracy, in Canberra and in Darwin, to shed any of its privileged position. Withnall, a prominent participant of the time, considered that Labor still perceived Territory politicians as 'the wild men of Darwin' who were unfit to handle governmental responsibilities. (25)

The second factor, and one which forced the government to proceed, however reluctantly, with constitutional enquiry, was the change to the Labor platform effected at the Federal Conference held in Surfers Paradise in July. Largely through the efforts of the NT delegate, John Waters, the Conference accepted a commitment to introduce a fully-elected legislature by 31 December 1974 and, before then, to determine its range of powers and duties. Waters' case was supported by both Enderby and Whitlam. Obviously, in the Labor view, that determination could not be consummated through direct negotiations; the JCNT, which would tap a much wider range of interests and opinions in the Territory and which would be more amenable to government control and less affected by confrontation, was a more preferable mode of reaching an acceptable outcome.
Since the 1960s, the political and administrative role of the Administrator had declined significantly. With the establishment of the Department of the Northern Territory and its Secretary based in Darwin, the position was further undermined. Thus, in June, the government decided to terminate the office on 1 August, arguing that there was 'an inconsistency in having an Administrator while a federal department had similar responsibilities' and that the Territory's constitutional development 'would require extensive modification of [his] role'. Until an appropriate replacement position was arranged, Alan O'Brien as Secretary would serve as Acting-Administrator. However, he would not exercise the power of assent to ordinances which would be taken over by the Governor-General-in-Council. It was anticipated that the new office would not be created until agreement on constitutional changes had been concluded; Enderby considered that it would take over a year before that situation was reached. Reaction from the elected Councillors was mixed. Although most recognised the move as inevitable and as a harbinger of future constitutional advance, there was, at least among non-Labor members, some resentment at the precipitousness of the decision and the vesting of assent powers in Canberra. Fred Chaney, the incumbent since 1970 (and a former Liberal Minister) duly left the Administrator's post in August. But the termination proved to be premature. Given the provisions of the unamended NT (Administration) Act by which the Administrator was required to give assent to legislation and the June decision to remove that power from the Acting-Administrator, over thirty unassented bills had accumulated by December. By that time, the new Minister, Rex Patterson, had determined that a new appointment to what was an unmodified position was necessary. Jock Nelson, Mayor of Alice Springs and former MHR, took up the position on 4 December, a preference which won widespread approval in the Territory. Nelson, himself, when accepting the position, expressed a hope that his occupancy would be short; he wanted the post to be abolished as soon as possible. To Ron Withnall, Nelson's appointment was a remedy to 'a piece of Enderby nonsense.'

During the Enderby period, the elected Councillors placed considerable pressure on the Minister to expedite constitutional reform. The prime strategy of direct negotiations proved unsuccessful but, in other ways, the Council succeeded at least in discomfiting Enderby. One was the continued refusal to pass increased stamp duties. Since 1971, the Council, through its elected majority, had consistently adjourned consideration of the measure, arguing that it would only deal with it if acceptable proposals for constitutional progress had been settled beforehand. Legislation to raise the level of stamp duties to that pertaining in the ACT was again introduced in early October but was given the same treatment. That ploy was repeated several times later in 1973 and in 1974 and lapsed with the 1974 elections. A second tactic was to delay or to refuse appointments to vacancies in the Administrator's Council.

On two other parts of its political agenda for the Territory, the Labor Party did move more quickly. In May, legislation to grant two Senators to the mainland Territories was introduced; it was defeated in the Senate. Resubmitted in September and in July 1974 it met the same fate and only passed at the Joint Sitting following the 1974 Double Dissolution election. After surviving legal challenge, the Act allowed Territory Senators to be elected first in December 1975. Although the Senators were accorded full equality of status in the chamber, their term of office was not the normal six years; they had to face re-election at each House of Representatives election. The second initiative, albeit introduced somewhat later (in November), was the constitutional proposal enabling Territorians to vote, as part of the national tally, in referenda. However, Labor, aware of its potential overall support, bracketed it with a proposal to vary the majority provisions of S.128, a much more controversial measure. Predictably, the composite referendum was opposed strongly by the federal Opposition and the States, ensuring its defeat in May.
1974. If it had been put alone, most observers considered that it stood an excellent chance of success.

Another development of some potential significance to the Territory's constitutional status was the inaugural meeting of the Australian Constitutional Convention, held in Sydney in September. The NT was represented by two Legislative Councillors (Withnall and Ward) and two local government delegates. In the agenda, items relating to the procedure for the creation of new States, the constitutional provisions affecting Territories, Territory Senators and the right of Territorians to participate in national referenda were included. It was hoped that, through discussion, resolution and ultimately constitutional amendment, the process of constitutional advancement of the Territory would be clarified and expedited. Subsequently, the items were referred to a Convention Sub-committee for recommendations. They were submitted to the second Convention meeting in Melbourne in September 1975. Although no recommendation was made on procedures for creation of new States, the other Sub-committee proposals were broadly supportive of the Territory's position. Most of the formal recommendations were adopted by the full Convention. However, except for the opportunity afforded to discuss the NT's constitutional grievances and aspirations, the Convention was (and remained throughout its existence) largely peripheral to the mainstream of constitutional debate and action relating to the Territory. (32)

Enderby's sudden (and for him, unexpected) transfer on 9 October owed little to his activities on the constitutional question. His stance, though invariably presented ineptly, mirrored the official Labor attitude of the period. Labor policy on a range of issues was proving distinctly unpopular in the Territory and Enderby, as the Minister, was unfortunately and often mistakenly saddled with the prime responsibility. But, of even more significance was Enderby's ACT Ministry. As member for the area, he was thought to be alienating electoral support by his association with general Labor policies and through his own maladroitness. He was moved to Secondary Industry and, in his place as Minister for the Northern Territory, Rex Patterson, who also held the Northern Development portfolio, was appointed.

The Joint Committee on the Northern Territory, 1973-4

The first report of the JCNT was presented to Parliament in late November 1974. For well over a year, the issue of constitutional development was largely confined to the Committee's activities. Given the policy commitment to establish a fully elected Legislative Assembly by the end of 1974 and, more importantly, the effluxion of the Council's three-year term in October, the original intention was to report by early 1974. However, a combination of factors - a late start to deliberations, other parliamentary duties, the unexpected amount of work involved and the interruption caused by the federal elections in May 1974 - rendered that deadline unattainable. Before the JCNT had finished its task, the government had, in July, legislated for the fully-elected Assembly and elections had been conducted for that body in October. Thus, the role of the new Assembly, rather than being pre-determined, was not to be settled until well after its inauguration.

The terms of reference for the JCNT's enquiry, accepted in August, involved an examination of measures 'that might be taken in the long and short term to provide --- responsible self-government in relation to local affairs ---'. (33) Several guidelines were included. First, the Committee was to make recommendations on the 'appropriate divisions of legislative and executive responsibility at the national and territorial or other level' and on the relationship between a local executive and the Commonwealth government. Secondly, consideration should be given 'to the size, composition and
diversity' of the Territory's population and, in particular, to 'the special difficulty of providing for effective participation by the Aboriginal people in a political system which is alien to their political culture'. The third of the terms of reference required the Committee to take account of the extent to which Territorians wanted to accept increased responsibility. Finally, financial principles and arrangements pertinent to any constitutional reform were to be examined. Although the terms were not unduly prescriptive and narrow, their clear intention was to constrain the JCNT's enquiry and subsequent recommendations within the framework of Labor policy.

As with all parliamentary committees, the JCNT had a government majority. Of the five Labor members, three (A W James, the Chairman, J Fitzpatrick, and L G Wallis) were MHRs and two (J B Keefe and G T McLaren) were Senators. From the Opposition, the Country Party members were S E Calder MHR and Senator J J Webster and the Liberals were C R Kelly MHR and Senator J E Marriott. Webster was replaced by Senator G Sheil after the 1974 election. Nearly all had had some prior interest in or experience with the Territory affairs or with north Australian conditions, usually as members of parliamentary delegations, particularly the Public Works Committee. Although the level of participation, both in attendance and in involvement in Committee work, varied considerably among the members, each contributed his own personal style and set of political perspectives. What emerged within the Committee was vigorous and sometimes heated debate and political confrontation. Sam Calder frankly conceded that all members were 'fairly political' in their approach. (34)

The JCNT met formally on twenty-two occasions to consider submissions and to interview respondents between October 1973 and September 1974; twelve were spent in the Territory and the remainder in Canberra. In addition, three sub-committees visited various Aboriginal communities for three days. During the formal hearings, sixteen government instrumentalities, ten of the elected Councillors (some more than once), a wide range of groups from the Territory representing union, party, economic, administrative, community and Aboriginal interests, two academics, an ex-Administrator and eight individuals gave evidence. A consistent observation of committee members was the absence of wide or deep public concern with constitutional issues. (35) Just as consistently, most Territory witnesses argued that they represented broad community opinion and the lack of involvement by the general public was no indication of disinterest. In all, the evidence ran to 3,276 pages of transcript.

As the evidence presented included nearly all shades of opinion on constitutional development, the JCNT was faced with a mass of conflicting viewpoints. However, certain broad generalisations can be drawn. Although they conceded that some devolution of minor elements might be possible and that local participation was desirable, federal government instrumentalities, with the exception of the Departments of Health and the Northern Territory, argued strongly for continued Commonwealth control of their basic functions. In doing so, they contended that their activities were of largely national importance and, even if they were not, federal control of policy and administration was preferable to whatever was created locally. Territory-based opinion ranged from greater integration into central government administration, to opposition to any change, to a series of proposals for differing levels of local functional control, to full self-government and, finally, to almost immediate statehood. The majority stance was the intermediate option of partial self-government although there was no consensus on the type or number of functions to be transferred to a Territory executive. Most supporters of that scheme envisioned a gradual expansion of the initial grant of local authority to either self-government status or eventual statehood. For its part, the Legislative Council submission reiterated the by-then familiar case for the creation of a separate political entity and the
transfer to it of the full range of State-type legislative and executive powers. It supported the establishment of a new State 'in due course'. (36)

Given the diversity of evidence presented to the Committee and the often stark conflict in the approaches and opinions of the Committee members, observers found it difficult to predict what the final report would contain. Several elected Councillors admitted during 1974 to some pessimism about the possible outcomes of the Committee's deliberations. They believed that the Labor Government generally had set its face against effective reform and, even if some Labor committee members were expected to be more sympathetic to Territory aspirations, that the general attitude would prevail. (37) That conviction was strengthened after the October 1974 Legislative Assembly election at which Labor failed to secure even one seat. Ron Withnall, one of two Independents elected, decreed the result 'a tragedy' and unlikely to make [Labor] favourably inclined toward the new Assembly. (38) More in hope than expectation, The Northern Territory News suggested '[I]t would be churlish and vindictive for the government to refuse powers to the Assembly because it is dominated by another party'. (39)

Yet, when the report emerged, it was widely accepted as fair and reasonable. Even those who had counselled more extreme policies conceded that it was a responsible, though cautious, document which set out effective guidelines for future development. The Northern Territory News was almost alone in its dismissal of the report; it editorialised that '[a]fter 19 months the Joint Parliamentary Committee on the NT has given us nothing.' (40) On the other hand, Goff Letts, then Majority Leader in the Legislative Assembly, complimented the report as 'thoughtful and useful'. (41) The earlier fears about the report's contents were proved, to most, unwarranted.

There have been several explanations about the reasons for the report's relative liberality. Sam Calder contended, in fact, that the non-Labor members of the Committee were primarily responsible for the final drafting and that the Labor members were too disinterested to object or put an alternative view. (42) In a rather more charitable view, Letts considered that the benevolence towards the Territory of most of the Committee - Labor and non-Labor - was the key impetus. (43) However, a third line of argument is persuasive. As noted above, for a long time the Committee had appeared quite uncertain about reform proposals. What it clearly needed was an acceptable programme and that was given to it by the DNT submission of mid-September 1974. It was skilfully presented and packaged by Alan O'Brien and the Committee embraced it gratefully. Col Stephens, O'Brien's assistant on constitutional development matters, in recounting the situation, stated:

O'Brien (by mid-1974) had got an idea of a self-government concept which he thought would be acceptable to a Labor Government and also might be achievable in bureaucratic terms. His strategy was to offer the Department of the Northern Territory as a 'bellwether' and [sell] a shared authority concept. He sold it beautifully to the Committee ----. We thought that was about as far as we could go, given the political climate of the time. (44)

Except for a dissent from Senator Keefe which proposed six separate Aboriginal seats (in addition to the nineteen general electorates already decided upon), the report was wholly endorsed by the Committee. It stressed that any significant change in the Territory's constitutional status would be a lengthy process and that the rate and the extent of change should be subjects of negotiation between the Territory and the Commonwealth. A progressive transfer of a wide range of local functions and revenues was recommended but 'for the time being' the Commonwealth should retain control of important state-type activities like rural land, mining, health, education, companies and the Supreme Court.
Plate 21: Rex Patterson, Enderby’s successor as Minister for the Northern Territory
(NT News)

Plate 22: Goff Letts, the Majority Leader (left) and Jock Nelson, the Administrator in 1975
Other areas such as roads, police, national parks and urban development should, in the short term, be controlled jointly. In all fields where the Commonwealth was to have authority, emphasis was placed upon the need for full cooperation with Territory administrators and legislators and as much local involvement as possible. Although some limitations were suggested on areas of non-local responsibility, full legislative power was to be retained by the Assembly. Other recommendations related to the financial and administrative adjustments which were contingent on the devolution of authority. In order to promote consultation and coordination, two mechanisms - one Commonwealth Minister (and Department) having executive responsibility for all state-type functions retained by Canberra and a committee of the Minister for the NT and Territory ‘Ministers’ - were proposed. Except for the degree of legislative control over non-local activities and the concept of shared authority, the Committee’s recommendations were similar to the 1972 Coalition offer on constitutional reform.

By the time the report was tabled, three years of Labor administration had transformed the administrative and political landscape in the Territory. As a result, Labor’s electoral stocks had fallen dramatically; its approach to constitutional development was inevitably affected.

**Labor and the Territory, 1972-4**

In a speech delivered in Darwin in mid-1973, Prime Minister Whitlam claimed that his government would usher an era of ‘enlightened administration’ into the Northern Territory.(45) Similarly, Enderby, in January, had declared that it was his intention to make the region ‘a showcase’. (46) Whether Labor policy was in fact ‘enlightened’ and whether Labor did contribute to forging a ‘showcase’ are both debatable and ultimately ideological questions but what was unarguable was the political costs of Labor’s treatment of the Territory. Indeed, there were few occasions where government action did not antagonise large sections of Territory opinion.

Under Labor, there was a continuing commitment to Territory development but its focus moved sharply in favour of social rather than economic development. Budget allocations rose quickly; from $139.3M in 1972/3, normal expenditure was estimated to rise to $325.2M, an increase of about 133 per cent. A large portion of that growth was directly attributable to the greater emphasis Labor placed upon Aboriginal advancement, health and education programmes. While due allowance must be made for inflationary effects and the markedly enhanced administrative costs (particularly the numbers of public servant which burgeoned by 14.5 per cent in 1973-4 alone), the budgetary increase was impressive. While Territorians generally welcomed the commitment and the higher expenditure, there was widespread dissatisfaction on particular policies or on their manner of implementation.

For much of 1973-4, the two basic primary industries of the Territory - mining and pastoralism - were depressed. Although general economic recession brought about by low prices and reduced world demand was one factor, both industries accused the government of insensitivity to their problems and of following policies which exacerbated them. In particular, they pointed to the unwarranted withdrawal in the 1973 budget of a number of concessions and subsidies, to the absence of any positive assistance or clear-cut programmes and to misguided general economic policies.(47) On the other hand, the service and construction industries, fuelled by rapid population growth and government spending, enjoyed buoyant circumstances. But, even there, electoral capital was not forthcoming for Labor.
Labor's Aboriginal policy, based upon self-determination, land-rights and improved social and economic conditions, received a mixed reception. Although much of the non-Aboriginal community welcomed the new initiatives and even the proposals of the Woodward Commission on land-rights, there was considerable disenchantment with implementation and administration, especially in areas away from Darwin. To many non-Aborigines, the amount of money expended on Aboriginal welfare and development was profligate and ill-advised; it was also compared unfavourably to the government's alleged lack of concern in ameliorating other problems. Such sentiments lay behind the establishment in early-1973 of the Katherine-based Rights for Territorians group (or 'Rights for Whites' as The Northern Territory News dubbed it). Fears were also expressed on the effect of land-rights on the Territory's economic progress, especially in relation to mineral development. The situation was not made easier by the extreme sensitivity of many Territorians on racial questions and its pricking by several incautious statements by government ministers (48). Nor, finally, did the increased assertiveness of Aboriginal organisations and spokesmen on land-rights and the general place of Aborigines within Territory society improve non-Aboriginal attitudes.

Relations between the Labor Government and the elected members, but most particularly the non-Labor Councillors,(49) were seldom harmonious. It had long been a contention of the elected members that non-federal legislation was the prerogative of the Council. Early in the life of the Whitlam Government, there seemed some prospect that Labor would resort to passing federal laws on areas of local concern which it considered would not be supported in the Council. All elected members in April 1973 endorsed a motion deploiring that possibility.(50) However, during 1973 and 1974, Labor relied on a voting combination of the official bloc and ALP Councillors to bring into effect much Labor-oriented legislation; the abolition of the death penalty, the introduction of rent control, the reactivation of price control, land acquisition and a moratorium on freehold of urban land were salient examples. Commenting on the tactic, Fred Walker (at that time Clerk of the Council) wrote:

*Whether --- the ALP members were justified in breaking with the long-standing principle that it was wrong to enact legislation opposed by an elected majority, is open to question (but) it certainly represented a change of attitude ---.(51)*

What was apparent was that the period witnessed some of the bitterest debates in the Council's history. The issue of land acquisition of freehold lands around Darwin for future urban planning purposes was a *cause celebre* in 1973 and one which continued to give occasion to some elected members to snipe at the Labor Government in 1974. Since 1970-1, freehold had been implemented by land developers and small-holders. The Pak Poy Report 1971, commissioned by the previous government, recommended acquisition, an action taken up in 1973. The Labor decision to acquire thirty-two square miles angered many land-owners whose grievances were supported by the Council and the Opposition in Canberra.(49) Enderby's handling of that issue was a major factor in his declining popularity in the Territory.

Enderby's successor, Rex Patterson, was considerably more popular with Territorians but, even with his known sympathies for northern development, he often found that, in defending aspects of Labor policy, that popularity was threatened. A peppy, forthright individual, he also strained personal relationships with Territory politicians on several occasions. Further concern was expressed at Patterson's infrequent visits to the Territory during 1973-4 and the almost clandestine manner in which he organised and conducted them. But, by all accounts, he was much more persuasive and effective articulator of Territory interests in the Labor Ministry than Enderby had been. His rapport with
Whitlam was an important factor in buttressing his position; on political and constitutional issues, his greatest achievement was the decision to introduce the fully-elected Legislative Assembly.

In the double-dissolution election in May 1974, Labor's standing appeared to be improving. Its vote, in two-party-preferred terms, had increased by about two per cent from the December 1972 result. That performance gave the local Labor branch considerable confidence in its expectations for the first Assembly elections and was an additional spur in its support for significant constitutional reform.

Despite its early expectation that the redistributed electoral boundaries and the introduction of optional preferential voting would not be a disadvantage, the October 1974 Assembly election was an unmitigated disaster for Labor.(52) It failed to win even one seat and attracted only 30.5 per cent of the valid vote. Labor's showing in both urban and rural regions was equally poor and, surprisingly to many observers, its share of the Aboriginal vote was well below 50 per cent. On the other hand, the Country-Liberal Party (CLP) (formed in mid-1974 by an amalgamation of the Country Party and Liberal political interests), with 49 per cent, gained seventeen seats. (The other two were retained by sitting Independents). Although institutional factors, the peculiar socio-economic structure of the Territory and the condition of the two major parties (53) played significant roles, the really substantial issue of the election was the performance of the Whitlam Labor Government both nationally and in the Territory. Territorians judged it harshly (as did other constituencies - Queensland and the ACT - in elections about the same time). Constitutional development did not emerge as a contentious question as both major parties supported that broad objective. In any case, the JCNT's inability to prepare its report before the election prevented the issue from becoming prominent. All the major parties could do was to commit themselves to major reforms and claim that their opponents would be less charitable in their treatment of the Territory. The lack of firm and detailed party positions on constitutional development and thus an appreciation of what powers and functions the Assembly would possess was trenchantly criticised by the local media, some of the candidates and the federal Opposition. A second grievance, felt particularly by Assembly aspirants, was the failure to introduce before the election new salary and allowance conditions for the Assembly members.(54)

While the latter question was to be settled quickly, the former - the future role of the new Assembly - remained the salient constitutional issue and point of political conflict between Darwin and Canberra for the last year of the Labor Government. It was still unresolved when Prime Minister Whitlam was dismissed in November 1975.

Labor's Last Year, 1974-5

The newly-elected and CLP-dominated Legislative Assembly was convened for the first time in mid-November. At that meeting, Goff Letts, the Majority Leader,(55) announced his fellow Executive Members; of that group of seven, five were given the more senior positions on the Administrator's Council.(56) Apart from organisational matters, the Assembly agreed upon the need for urgent discussions with the Commonwealth on the Territory's future form of government and introduced a bill to secure staff for the Executive Members. A harbinger of future conflict between the Assembly and the Labor Government was the near-unanimous attack upon the proposed federal legislation on national parks and wildlife conservation as an unwarranted intrusion in local Territory affairs, a usurpation of functions hitherto carried out by a unit of the DNT and the NT Reserves Board, and a diminution of the Assembly's legislative role.(57) Conflict over that issue proved to be a regular feature of inter-institutional relations in succeeding years.
Plate 23: The first Speaker of the Legislative Assembly, Bernie Kilgariff (Protocol)

Plate 24: The first fully-elected Legislative Assembly, 1974. Goff Letts, Majority Leader, speaking. (Legislative Assembly)
After the tabling of the JCNT report, the DNT and the Majority Party moved quickly to respond to its recommendations. Indeed, even before the report’s publication, the DNT had decided to create a new Division of Constitutional Development; as The Northern Territory News commented: ‘(it) was apparently planned and approved, without even discussion with members of the NT Legislature, let alone the public’. (58) In December, Col Stephens, who was to play an important role in the subsequent course of constitutional development, was appointed as the Division’s head. At the same time, long-time administrator, Frank Dwyer, was promoted to a newly-created position of Deputy Secretary and Martyn Finger (the former Assistant Administrator) with David Hogan (former Officer-in-Charge of the Legislation Branch) were detached to take up positions in early January 1975 with the Executive Members. Letts welcomed the prospect of senior staff but, as he was to do throughout 1975, complained bitterly at the government’s failure to provide suitable office accommodation and support staff. (59) Detailed research also was initiated within the DNT on aspects of JCNT’s report. (60) Just before Christmas 1974, the government announced that Alan O’Brien and Col Stephens would embark in January on a four-country tour (Brazil, India, Canada and the USA) to study constitutional development. Both the local media and Goff Letts roundly criticised the move, arguing that such a tour should be undertaken by Assembly members. (61)

During a visit by Patterson to Darwin in mid-December, the Majority Party presented a detailed response to the JCNT report. (62) Generally, the report was considered ‘a very useful working document’ but there were some deficiencies. The Majority Party opposed the suggestion that the Governor-General (in-Council) be given an overriding power to make regulations (S.54c) in the event that the Assembly failed to pass acceptable legislation relating to functions remaining within the executive responsibility of the Commonwealth. The existing legislative system should remain in place. Moreover, three activities - police, administration of urban and rural land and mining - identified in the report as either ‘of national significance’ or suitable for shared responsibility should be exclusively controlled by the Assembly. A time-table for transfer was included. That involved the immediate implementation of the S.118 consultative mechanisms, early legislation to provide for legal standing of Executive Members and NT Public Service departments, the transfer of statutory authorities within three months and, within a year, transfer of all functions (in S.70b) - including land and mining - recommended for local control. In addition, the submission argued for the early establishment of commissions for health and education, institutions which had been regularly discussed since 1970. (63) On the question of finance, the Majority Party stressed the need for a local Treasury and permission to employ consultants from State governments to advise on and assist with the crucial negotiations with the Commonwealth. In recognition that devolved responsibility would entail increased local revenue, an undertaking was given to look seriously at the level of ‘state-type’ taxes and charges. However, as many functions were to be retained by the Commonwealth, the appropriate level should take account of the long-established nexus between control and taxation. Finally, the submission claimed membership (initially on an observer status) of all relevant intergovernmental councils.

The course of constitutional development was rudely shattered on Christmas Eve by Cyclone Tracy which demolished Darwin and dispersed the majority of its population. In its political effects, the ‘post-Tracy’ period contributed to strained relations between Canberra and the Territory. Most residents and local politicians agreed that the federal government’s response to the Darwin tragedy was swift and generous in terms of immediate relief, the commitment to rebuild and compensation. However, there was bitter criticism of the manner in which the problems of reconstruction was approached. As usual, the major articulator of discontent with government action was the Assembly but it represented much wider frustrations in Darwin. Of prime concern were the delays and confusion in planning and reconstruction, the implementation of the emergency permit
system and the liberal treatment of the public service component of the population. Both the Majority Party and the Independents accused the government of using the disaster as an excuse for postponing constitutional reform, for overriding legitimate legislative processes and for fastening the grip of the federal bureaucracy on the Territory even tighter. For a time, it seemed as if the DNT would be disbanded; only skilful bureaucratic and ministerial politics by O’Brien and Patterson prevented the Public Service Board from doing so. Moreover, until at least mid-1975, there was constant pressure by other federal departments and instrumentalities either to expand their activities in or to the Territory. Conflict between the Assembly and the government over the use of the veto to Territory legislation (relating to liberalisation of the permit system and the extension of the Darwin City Council’s term of office) and over laws being passed in Canberra rather than Darwin was frequent. So also were the allegedly injudicious and politically-motivated appointments to reconstruction agencies, particularly the Darwin Reconstruction Commission (DRC) and the associated Darwin Citizens’ Advisory Council. To the Assembly and the Darwin City Council, it often appeared that their representative charter was being willfully disregarded. Perhaps rather unfairly, Rex Patterson as Minister, came under concentrated attack for his handling of the ‘post-Tracy’ situation; his early popularity within the Territory receded markedly during 1975.

Patterson, much to the indignation of the Majority Party, decided in early February to reconvene the JCNT in order to consider the need to vary any of the recommendations because of the imbalance in electorates, the establishment of the DRC and the sufficiency of administrative capacity. The Committee met for three days (two in Darwin and one in Canberra); evidence was received from current and former local legislators and Darwin Mayors, the Labor Party, business organisations and the DNT. Nearly all witnesses contended that there was no reason to delay implementation of the constitutional development process even if the timetable for transfer might be affected by the administrative dislocation contingent on Cyclone Tracy. However, there was broad agreement that transfer of S.70(a) (Statutory Authorities) functions should begin almost immediately. In the second report,(64) tabled in late-May 1975, the 1974 recommendations were re-affirmed; the only change of substance - that control of urban land in Darwin was to be administered by the DRC for five years - was predetermined by the Commission’s enabling legislation in February. At the same time, particular emphasis was given to the urgency of establishing the consultative mechanisms of S.118 as they were seen as essential in expediting the transfer of functions. For its part, the DNT admitted that the prospects of Cabinet approval for S.118(a) - that one Minister have executive authority for all ‘state-type’ functions retained by Canberra - were not encouraging.(65)

While the second JCNT enquiry was taking place, the Majority Party maintained its criticism about delay. Frequent protests were made about the non-activation of the consultative machinery, the lack of staff and facilities (the transfer of Finger had been aborted by Cyclone Tracy) and the general treatment of the Assembly and the Territory by the Commonwealth.(66) As a tactic to try to force the hand of the government, bills were again introduced to provide for the formal creation of the Executive Council and for ‘ministerial’ authority over NT Public Service departments. However, they were later found to be ultra vires the NT (Administration) Act. When the second report became available, Letts called for immediate and positive action suggesting, as a first step, negotiations between Patterson and a committee of three from the Majority Party.

Relations between the Assembly and the Commonwealth were further strained in mid-year by the decision to incorporate the DNT and the Department of Northern Development into one new entity, the Department of Northern Australia. As a consequence, senior officers (O’Brien and Stephens among others) were to be relocated from Darwin to Canberra.
Even though Patterson defended the relocation on the grounds that the wider responsibilities of the new department necessitated the residence of the officers in Canberra and denied that it involved the reimposition of remote control, the Majority Party at least remained unconvinced of such arguments preferring to believe that the Labor Government’s actions were motivated by distrust of the Assembly and disinterest in constitutional development. Patterson’s argument that one of O’Brien’s major tasks in Canberra would be ‘to spear-head the timetable for the hand-over of responsibilities’(67) was treated with scepticism. From June to August, a furious interchange of charge and counter-charge about the Labor Government’s commitment to constitutional reform took place between Patterson, Letts and the local media.(68)

In Canberra, however, some attention was being given to the question. An interdepartmental committee (IDC), headed by O’Brien, met in late July and early August to consider the JCNT reports and to develop proposals for Patterson to take to Cabinet. From all accounts, the IDC recommended an immediate start to the transfer of S.70(a) and some S.70(b) functions and agreed generally with the direction of the JCNT proposals. However, there were persistent rumours that there was strong opposition from Ministers and departments (other than the DNT) to the loss of any activities in the Territory in the longer-term. Cabinet considered Patterson’s submission in early September and threw it out. In recounting Patterson’s description of the meeting, Col Stephens commented:

*The item came up on the agenda and Gough (Whitlam) asked, ‘Well, does anyone support this?’ Patterson looked around the table and there was not one and there was no comment. He looked at Gough and asked, ‘What do I tell them?’ Fred Daly leaned across and said, ‘You know what to tell them, Rex!’ That was it --- the sum total of the consideration of the self-government submission. They were just not going to wear anything, any self-government for the Northern Territory for whatever reason.*(69)

The fears of Letts and his colleagues had been borne out.

Until the dismissal of the Whitlam Government, debate on the constitutional development issue continued unabated. In the Assembly, various tactics were employed to try to ascertain the government’s intentions; officially, there had been no communication of Cabinet’s rejection of the September submission. A petition was sent to Parliament complaining about the unwarranted delay and plans were made to organise an Assembly delegation to put the Territory’s case to the Senate. In a rerun of earlier legislative strategy, a bill purporting to authorise the transfer of S.70(a) functions was introduced. Increasingly, support was being sought and given by the federal Opposition parties to the Territory’s claims. Even the local Labor Party indicated its impatience with the government’s tardiness although, at the same time, it accused the Majority Party of intemperance towards Canberra and counter-productiveness in its efforts to secure commitment. Constitutional advance, despite the acrimonious exchanges between Labor in Canberra and the CLP in Darwin, was still a bipartisan objective in the Territory. Indeed, in August, a joint party letter had been sent to Patterson advocating a common approach to the devolution of powers.(70) Responding to attacks, Patterson and his successor (from 21 October), Paul Keating, argued that the constitutional issue was still under active consideration but circumstances, especially the political crises caused by the deferral of supply in the Senate, deflecting government consideration. After two years of fielding complaints from Territory politicians and the media, Patterson must have welcomed his shift to Agriculture!

Apart from the general constitutional issue, two other topics gave rise to heightened rancour in the last two months of the Labor administration. The first was the
announcement that the NT Police Force would be amalgamated into an Australian force within the Department of Police and Customs. Control of local police had long been a point of contention in the Territory with the Assembly consistently pressuring its claim for authority. Aboriginal land-rights was the second. The Majority Party hotly contested the right of federal Parliament to pass such regional legislation and accused the Labor Government of failing completely to consult Territorians on the subject. Lets alleged that the government was 'white-anting' the rights of Territorians and acting counter to recommendations of the JCNT.(71) In late-October, the Assembly decided to send a delegation to Canberra to attempt to delay the bill so that Territory views could be taken into account. Like so much else, however, the land-rights issue was overtaken by political events in Canberra. But it was to remain a vital point of contention between local politicians and federal governments - both Coalition and Labor - well into the future and it played a significant role in the later course of constitutional development.

Labor's control of Territory affairs ended abruptly on 11 November. The dynamics of the ensuring election campaign and the result of the election itself would have a profound impact on the nature and direction of the Territory's constitutional future.

Endnotes

2. CPD, R37, 27 November 1962, 2581.
4. Details of the debate are given in Heatley 1981, 16.
7. CPD, R58, 30 April 1968, 928-9.
8. CPD, R74, 4 November 1971, 2971.
10. CPD, R81, 11 October 1972, 2400.
11. Ibid., 2400-2.
13. Calder received 54.5 per cent of the two-party-preferred vote.


30. For an account of the debates, see Heatley 1981, 16-17. Until 1980, the filling of casual vacancies was also different. A by-election, rather than appointment by the Legislative Assembly, was provided.

31. Instead of requiring a majority in more than half the States (i.e. four of six), the proposal would have reduced it to a majority in only three States.


36. Not all elected members agreed with that approach. For example, Dawn Lawrie argued for Commonwealth retention of control of national parks.


41. Telegram, Letts to James, 26 November 1974, CS 77/264, NTAS.

42. Calder, interview, 1986.

43. Letts, interview, 1986.

44. Stephens, interview, 1986.


47. For the industries’ attitudes, see Transcript of Evidence, JCNT, 1597-1687 (Chamber of Mines), 1957-2018 (Cattlemen’s Association) and 2576-2620 (Northern Territory Cattle Producers’ Council).

48. See, for example, Senator Cavanagh’s comments that Alice Springs was on the brink of racial warfare and that the police were using terror tactics against Aborigines. *The Northern Territory News*, 3 and 4 March 1975.

49. The 1971-4 Council had three ALP, five Country Party and three Independent members (two of whom were anti-Labor). Thus, the pro-ALP group numbered four and the non-ALP group, seven.


51. Walker 1984, 118.

52. For an analysis of the 1974 election, see Jaensch and Loveday 1979.

53. Labor was virtually leaderless during the election. Dick Ward, the popular long-time leader, withdrew shortly before the election to take up the position of interim Aboriginal Land Commissioner and Supreme Court Judge. Labor candidates ran substantially separate and uncoordinated campaigns.

54. Councillors received $7250 per year plus an electorate allowance. In August, Patterson had failed to convince Cabinet to raise the amount. Rather, an independent tribunal was allotted that task; although scheduled to be completed before the election, it missed that deadline.

55. The term, ‘Majority Leader’, was suggested in a paper on the operation of the new institution prepared by the Clerk of the Council, Fred Walker, on 23 July 1974.

56. The Executive Members were: Letts (constitutional development, rural land, primary industry, public service); Paul Everingham (Deputy Majority Leader, finance and law); Grant Tambling (community development); Liz Andrew (education and consumer services); Ian Tuxworth (resource development), Roger Ryan (transport and secondary industry); and David Pollock (social affairs). Pollock and Andrew were not members of the Administrator’s Council.

57. The federal bill, finally introduced in October 1975, provided for the establishment and management of Territory parks and reserves by the Commonwealth, the
redeclaration of any of the Territory’s existing parks to bring them under the legislation and the creation of the Australian National Parks and Wildlife Service.


60. See, for example, Northern Territory Constitutional Reform Studies Group, Department of the Territory: Local Government Bodies, Licensing Boards other Authorities and the Northern Territory Public Service, mimeo, Darwin, 10 December 1974.


62. Submission on Transfer of Powers, 23 December 1974, CS 77/264, NTAS.


64. JCNT, Constitutional Development in the Northern Territory, Second Inquiry, Report, Canberra 1975.


66. See, for example, Letts’ speech, ‘Political Involvement of the Northern Territory in Modern Federalism’, to the National-Country Party Convention, reported in *The Northern Territory News*, 5 May 1974. The speech notes are in TP, NTAS.


68. See reports in *The Northern Territory News*, 8, 9, 22, 23 and 24 July and 7, 13 and 21 August 1975.


70. E.A. Robertson and Letts to Patterson, 19 August 1975, TP, NTAS.

CHAPTER THREE

SELF-GOVERNMENT: THE FIRST STEPS,
NOVEMBER 1975 - AUGUST 1977

After the hiatus of 1975, constitutional development regained momentum during 1976-7. Under the new Coalition Government the rate of development, after an uncertain beginning, accelerated markedly. Prime Minister Fraser’s 1975 campaign commitment of ‘statehood in five years’ dramatically changed the Commonwealth’s traditional approach. Since the 1940s, constitutional advancement had always been closely associated with concepts of economic growth and financial viability. The nexus between constitutional reform and the Territory’s capacity to generate internal revenue - or pay its own way - had been the fundamental tenet of Commonwealth policy and the prime argument for slow and incremental change. Both the 1972 Coalition offer and the JCNT’s prescriptions were firmly in that tradition. Fraser’s promise, however, effectively severed the nexus; constitutional development was to proceed rapidly and without the viability preconditions.

During 1976 and 1977, the essential elements of self-government were established. Although the later evolution of constitutional development did not rigidly follow the procedure determined during that period, there were no radical departures from the basic guidelines. Goff Letts did not survive in office to see self-government inaugurated but, for his dedication to the concept and the effort he expended in promoting its achievement, he has been fairly called ‘the father of self-government’.

As well as the fashioning of the self-government principles, the period was significant in implementing policies which were to have an immense impact on the NT’s subsequent political and constitutional history. They involved Aboriginal land-rights, uranium mining and national parks’ administration, salient issues of political conflict between the Territory and the Commonwealth from the mid-1970s. Although much of the debate on the three policy-areas took place independently of the constitutional question, they were an integral part of the self-government process. Indeed, their implementation was a necessary prerequisite of self-government.

The period covered in this chapter began and ended with an election, each of which was important for self-government. In the December 1975 federal poll, Fraser’s promise provided the catalyst for revived action on constitutional development and, in the August 1977 Legislative Assembly election, self-government survived perhaps its strongest test, the judgement of the Territory electorate.

The 1975 Election:

Constitutional issues, although they played a substantial role in the campaign, probably had little direct bearing on the actual outcome of the election in the Territory. As in the rest of Australia, the electorate in the Territory moved strongly away from the Labor Party. Despite its fielding of an attractive candidate for the House of Representatives - Jock Nelson, who had resigned from the position of Administrator to contest the election - Sam Calder easily retained the seat with about 55 per cent of the vote. Labor fared worse in the Senate election (1) - the first Territorians had voted in since 1910 - gaining, in two-party preferred terms, only about 42 per cent of the vote. Indeed, the successful Labor Senator failed to secure a quota (about 34 per cent) on his primary vote. Both results reflected the electorate’s disenchantment with Labor’s policies both locally and nationally.
During the campaign, Labor perceived no need or advantage in elaborating its constitutional platform, preferring to stand on what it considered to be its reasonable record of achievement. Thus, it promised, if elected, to expedite the recommendations of the JCNT report and begin the transfer of executive powers 'forthwith'(2). Labor spokesmen argued that the process of orderly phased development would have been initiated earlier if it had not been derailed by the constitutional crisis of October and November. Keating, the former Minister for Northern Australia, contended that a cabinet submission along those lines had already been prepared.(3) However, the bulk of Labor comment was not concerned with the promotion of its own approach but with attacking the position adopted by its political opponents.

From mid-1975, the Opposition had been increasingly critical of Labor's failure to endorse and activate the JCNT proposals. Prompted uneasingly by the Majority Party in the Territory, the Coalition expressed full support for the proposals, claiming that, when returned to government, it would immediately implement them.(4) Within the context of the Coalition's evolving 'new federalism' policy, which sought to wind back the long-term centralisation of power in Canberra by giving greater powers, responsibility and financial capacity back to the States, a firmer ideological allegiance to progressive constitutional development for the Territory was being established. Occasionally, references was made to a longer-term commitment to Territory statehood. But no firm target-date was mentioned; as Doug Anthony, the Deputy-Leader of the Opposition, exemplified in late-October, statehood was seen as dependent upon 'the Territory's political progress, its population and economic problems'.(5)

However, the situation was transformed by Malcolm Fraser's speech to a rowdy public meeting at the Darwin Civic Centre on 18 November. His commitment to 'statehood in five years' came as a bombshell to almost all present, including the local parliamentarians. According to a senior official, it also 'astounded' the DNT.(6) Fraser later claimed that it was 'one of the best kept secrets of all time'.(7) Although he maintained that work upon the new policy had been going on 'for some considerable time', many observers disputed that provenance, preferring to believe that it was a spur-of-the-moment decision made on the plane enroute to Darwin.(8) Less charitably, that version was embellished by reference to the influence of a surfeit of scotch whisky. However, in Goff Letts' view, Fraser's account was correct. Letts had, in a telephone conversation some time before Fraser's Darwin trip, been forewarned of the commitment.(9)

Although generally welcoming the positive and supportive approach of Coalition policy, non-Labor opinion in the Territory was very sceptical of the statehood pledge. Ron Withnall saw it as 'a rather ridiculous promise, politically impossible and inept' and Grant Tambling as 'very rash, unpremeditated'.(10) When he learned of Fraser's intention, Letts argued strongly against the proposed time-frame. His recollection of the conversation was:

Fraser said, 'You're going to get statehood ---- within five years. That's what we're going to campaign on'. I said, 'Oh yes. Well hang on, just a minute. Statehood beaut but five years? Let's not put a fixed time on it that we may not be able to achieve or may not even want. --[Statehood] is beaut as an objective but don't give us that bloody five-year line because I think we want to test this out a bit on the people of the NT. They won't mind it as an objective but don't set a too short a term on it. [But] he said, 'I'm sorry, Goff, but the press release had already gone out'. I said, 'Well, I wish you'd have just talked to me before you did it; we could have just changed a couple of words and then I would have been totally happy with it'.(11)
Plate 26:  Evan Adermann, Minister for the Northern Territory, 1976-8 (NT News)

Plate 27:  Adermann and the new Administrator, John England, 1976 (NT News)
Labor reaction was predictably hostile. Jock Nelson labelled the offer of statehood as 'another fraudulent election gimmick without substance' and Dawn Lawrie, the Labor-leaning Independent, as 'a typical political carrot'.(12) In their major campaign meeting in Darwin on 26 November, both Gough Whitlam and Paul Keating savaged the Coalition stance, concentrating their attack on its incongruity with earlier policy and on its economic effects on Territorians. Typical of their criticism was Keating's statement that '[u]nder Fraser's proposal every person in the Territory would be taxed to bankruptcy'.(13)

No doubt motivated by the immediate reaction and sensitive to the electoral repercussions of his statehood promise, Fraser moved quickly to qualify it. Even before he left Darwin, he was emphasising that the five-year time-frame was 'only a guideline' and that the Territory would not be forced into statehood. 'We will only give the Territory statehood when the people are prepared and willing to cope with the responsibility'.(14) That less definitive line was pressed consistently by CLP and Coalition spokesmen throughout the remainder of the election campaign. Parliamentary representation for the new State never became a major issue although Fraser did indicate a view that it should be largely determined by the Territory's population and that Senate representation should be, in some way, balanced with the number of House of Representatives' seats.(15)

With the comprehensive Coalition victory in the 11 December election, the constitutional commitments moved from the realm of campaign rhetoric to that of practical politics. What emerged was a markedly different outcome than 'statehood in five years'.

**Constitutional Development, The First Stage, 1976:**

Although there was some initial interest in the question in early 1976 by the DNT and the Attorney-General's Department, Fraser's promise of 'statehood in five years' was never taken seriously by the Majority Party in the Assembly, most federal Ministers or the public servants. Letts and his colleagues did not favour the proposal and actively sought to reinterpret the commitment to mean the achievement of 'responsible self-government'. As Fraser had done in the election campaign, his Ministers adopted the position that statehood was to be seen as an ultimate objective with no definite time-scale set out.(16) Even Evan Adermann, the new Minister for the Northern Territory, after appearing to accept the commitment at an early stage, quickly fell into line. On the attitude of the public service, Col Stephens recollects that:

*The general view, if not in the DNT but certainly within the Canberra bureaucracy, was that [Fraser's] announcement was intended to mean self-government in five years and probably only limited self-government by then.*(17)

To all intents and purposes, for the major policy-makers, the objective of 'statehood in five years' had been dismissed from the policy agenda within a few short weeks. But it did remain a vital subject of inter-party and intra-community debate during the period to 1977.

The new government's first year in office was a grave disappointment to Letts and the CLP in respect of constitutional development. Looking back, Letts remembers 1976 as 'a year which became progressively more frustrating as every step that needed to be taken took twice as long as we felt that it should'.(18) However, despite the disenchanted mood of the Territory politicians at the time, the groundwork was laid during 1976 for the first transfer of functions on 1 January 1977 and arrangements initiated for later devolution.
The administrative reorganisation, one of the first actions of the new Commonwealth government, was welcomed by the Majority Party. It reversed several Labor innovations which, at the time, had been strenuously opposed in the Territory. Most significant were the recreation of a separate Department of the Northern Territory (with its senior officers located in Darwin) and the return of the Police Force to Territory administrative control.

But, imbued with high expectations of immediate and substantial action, Letts very rapidly lost patience with what he saw as governmental inertia and confusion. In a telex on 9 February, he demanded from the Prime Minister both a clarification of policy in view of a series of allegedly conflicting statements by various ministers and a positive policy direction. Furthermore, he threatened an indefinite recess of the Legislative Assembly if the requests were not met.(19) Fraser was quick to reply; he reasserted his government's commitment to the concept of statehood and the objective of providing the Territory 'with the maximum degree of autonomy in the shortest possible time'.(20) At the same time, in a joint statement, Adermann and Letts announced the establishment of a Consultative Committee, comprising the Minister for the NT and the seven Executive Members; that committee, a major recommendation of the JCNT's reports, was seen 'as a landmark and a significant commencement in the constitutional development of the Territory'.(21)

Notwithstanding that welcome response, there were other irritants. Despite constant demands, Letts was unable to secure agreement for new staff positions to support the Territory Executive until mid-April. As an expedient, a bill creating a statutory authority attached to the Assembly itself which could employ staff was introduced but later withdrawn.(22) But the dispute over staff continued to the end of 1976. Similarly irksome was the delay in making clear when legislation would be introduced to enable recognition of the new Territory Executive and to facilitate a transfer of powers.(23) However, that also was resolved in mid-April with the announcement that amendments to the NT (Administration) Act would be introduced in Parliament in May. Other initial problems were the Territory's demand for input into the estimates for 1976-7, the delay in assenting to legislation and the failure, despite assurances of an early appointment, to provide a new Administrator. Again, solutions although, as for the estimates' situation, not always satisfactory from the Territory's point of view were forthcoming by mid-year. In the case of the Administrator, John England, a former Country Party MHR, was appointed to the position in May and took up office in early-June. But, one irritant remained and that was not removed until December. For reasons that mystified Letts, the transfer of Martyn Finger to assist the Territory Executive was long delayed. To Letts, the delay was 'a symbol of the Commonwealth's unwillingness to press ahead'.(24)

The Consultative Committee, which first assembled in March, met only five times in the period up to the 1977 Assembly election (March, April and September 1976 and February and April 1977). Originally, the concept called for at least bi-monthly meetings, a standing committee of officials and an effective role in coordination, consultation and policy development. While it did provide a forum for discussion of a range of issues pertinent to Territory/Commonwealth relations, it never became more than that. To Col Stephens, who served for much of the time as its administrative officer, the Committee was 'only a talkfest and it had no effective role in policy formulation'. That also was the recollection of most of the Executive Members.(25)

The real work of negotiation took place between federal ministers, senior public servants and Letts and Grant Tambling, who had become Deputy Leader after the departure to the Senate of Bernie Kilgariff.(26) Evan Adermann, despite his position, never became a vitally important cog in the constitutional machinery, rather he readily accepted the advice from his department (particularly Stephens) and his staff and took his riding instructions from other more influential ministers, notably Senator John Carrick in his position of
Minister assisting the Prime Minister in Federal Affairs and the National-Country Party (NCP) senior Ministers (Doug Anthony, Peter Nixon, Ian Sinclair and Ralph Hunt). Carrick was always sensitive to the commitment given by Fraser and played a leading role in supporting constitutional devolution in Cabinet. As the lowest-ranking NCP Minister and, by all accounts, an amicable, dedicated but lack-lustre personality, Adermann had little independent authority or influence. His Departmental Secretary, Ray Livingston, who succeeded Alan O'Brien in December 1975,(27) likewise played a relatively minor role in constitutional matters although estimations of his contribution vary widely.(28)

The changes to the NT (Administration) Act were introduced in mid-May and had passed all parliamentary stages by early-June. They met no opposition from the Labor Party which deemed the amendments to be fully in line with the bipartisan recommendations of the JCNT's reports. As Adermann explained; '[the] immediate aim is the transfer of executive responsibility for the Northern Territory Public Service and a large number of Northern Territory statutory authorities ---'.(29) To achieve that limited objective, the amendments provided legal recognition for the Executive Members and an Executive Council (which replaced the old Administrator's Council). The Administrator, after consultation with the Minister, was empowered to determine the number of Executive Members and their designations and functions. Although the Executive Members were still to be subject to the directions of the Administrator, such directions were not to be given until the Executive Council had the opportunity to tender advice. Reasons for a refusal to accept advice had to be laid before the Assembly within a specified period.

While Letts agreed that the Territory had been consulted about the amendments and generally supported them, he noted:

_I have already asked for more than this bill represents. This bill does not go as far as I and the other Executive Members would like to have seen it go, but it does represent an achievable and significant step in the right direction--._(30)

To have tried to go further at that stage, Letts admitted, would have raised substantial administrative and financial difficulties which would have delayed any transfer significantly. Predictably, the limited nature of the amendments, and particularly the continuing control by the Minister and the Administrator, was trenchantly criticised by Ron Withnall.(31)

Planning for and negotiation about the first transfer continued intensively for the next four months. Considerable work at departmental level was undertaken and by mid-September, a Cabinet submission had been prepared. On 21 September, by Decision No. 1541, Cabinet endorsed the transfer and the establishment of an interdepartmental committee (DNT, Prime Minister and Cabinet, Attorney-General's, Public Service Board and the Treasury) to consider all aspects of further constitutional development. Furthermore, in line with recommendation 118(b) of the JCNT reports, it was agreed that the DNT should be responsible for coordinating all Commonwealth undertakings of a state-type nature in the Territory. Letts particularly welcomed the latter move because he saw it as

_an essential pre-condition for an orderly transition to self-government and --- a clear indication that the proliferation and fragmentation of largely autonomous Federal Government agencies in the Northern Territory over recent years would now end._(32)

Those decisions were announced publicly in statements by Letts and Adermann on 24 September. Significantly, one additional Cabinet proposal - agreement in principle that all
state-type functions be devolved on the Legislative Assembly in approximately three to four years - was not specifically cited at that stage. Full disclosure of that more far-reaching and sensitive decision was deemed inappropriate as it could prejudice acceptance of the first transfer.

The full list of functions to be transferred on 1 January 1977 were:

1. Existing NT Public Service: Administrator's staff, Legislative Assembly and Executive Members' staff, Police Branch, Prisons Branch, Fire Services Branch.

2. Statutory Boards and Authorities: Tourist Board, Port Authority, Museums and Art Galleries Board, Betting Control Board, Consumer Protection Council, Primary Producers' Board, Architects' Board, Electrical Mechanics' Licensing Board, Parole Board, Housing Commission, Bush Fires Council, Building Board, Trustees of Recreation Reserves, Dental Board, Medical Board, Optometrists' Board, Pharmacy Board, Nurses' Board. (Those DNT units involved in a support/policy role for the transferred boards and authorities were also transferred).

3. Elements of DNT: Part of Legislation Branch, Local Government, Library Services, Civil Defence and Emergency Services, grants for community activities, correctional services, water supply, electricity, sewerage services. (Later, the Motor Vehicle Registry was added to the list).

As the initial transfers concerned largely the operations of the DNT, they did not attract much interest or opposition from other Commonwealth departments with activities in the Territory. Indeed, the DNT itself was quite content; it lost very little of its real authority and, as Stephens noted, was getting rid of 'a series of headaches' in the statutory authorities which he deemed to be almost uncontrollable administratively. Moreover, the deal did not involve, for the most part, any difficult financial readjustment. There was no assumption by the Executive Members of full financial responsibility and no separate Territory fiscus or consolidated revenue; the functions were to be administered within the constraints of the established 1976-7 estimates. For 1977-8, however, a 'one-line' budget was to be provided for transferred functions. Of course, negotiations, and sometimes dispute continued over financial questions. For example, in 1976, Tambling attempted, in the end unsuccessfully, to extract a commitment from the Commonwealth to hand over fully all programmes in the Territory operating before the end of 1976 'without prejudice to the appropriations available for administration by the NT Executive'. His threat that such a commitment 'must be a pre-requisite to the acceptance of any transferred function' was not carried through.

Between September and January, considerable work had to be completed for the transfers to be effected. Legislatively, several Territory ordinances were required; the most significant was the Public Service Ordinance in which created a new Northern Territory public service. It determined the initial structure (departments, authorities and units), the role of 'departmental' heads and a new Public Service Commissioner and broad conditions of service. At the end of December, an interim (for six months) Commissioner took up office; he was Fred Grey, a retired Public Service Board Inspector. Grey moved immediately after appointment to begin to process the immense amount of regulations required for an efficient and effective service.

Throughout the period of the transfer negotiations, both Commonwealth and Territory participants paid particular attention to the staffing ramifications. Care was taken to assure officers that their existing rights and entitlements (including re-entry to the
Plate 28: Goff Letts (right) and his deputy, Grant Tambling, celebrating the announcement of the transfer of the first powers in September 1976 (NT News)
Commonwealth Public Service) would be protected, close liaison was maintained between the DNT and the Public Service Board, and consultations with employee organisations were undertaken. However, in October and November, the old fears of the major unions (ACOA and APSA), reminiscent of their opposition in 1973-4 to constitutional development, resurfaced. In the vanguard was Paul Munro, Secretary of CAGEO (the joint public service body), who was bitterly opposed to the transfers and who conducted a long and acrimonious exchange with Adermann and Letts on the subject. His position was undercut by the belated support of two of CAGEO’s constituent members, ACOA, (led by its secretary, Norm Campbell) and APSA for the transfer arrangements. At a meeting in Darwin in late November, Letts and Tambling were able to convince the unions that their members had nothing to fear from the move to the NTPS. Also reassuring was the passage of an amendment to the Commonwealth Public Service Act which protected rights and entitlements of transferred public servants. In the end, the transfer of staff proceeded very smoothly.

But that was not the case with the transfer of the public utilities (electricity, water supply and sewerage). In a special sitting of the Assembly on 21 December, the Majority Party passed legislation deleting them from the list of primary transfers. Defending the decision, which attracted serious criticism from the Territory Labor Party, from the media and from Ron Withnall, Letts and Tambling cited a long series of operational, financial and administrative problems. Until the Commonwealth had rectified the deficiencies, particularly in regard to the Electricity Supply Undertaking, the Territory was unwilling to accept responsibility for the utilities. Thus, a year of some achievement ended on a somewhat sour note.

**Constitutional Development: The Second Stage, 1977**

Although the transfer of functions on 1 January was decidedly modest, it had a profound effect upon political processes and roles within the Territory. The prime tasks of the Assembly and the Executive Members (as designated under Standing Orders) before 1977 were legislative and representative; only a minor executive role had been afforded by the Administrator’s Council. After 1976, the policy and administrative roles of Cabinet Members expanded significantly. They became increasingly involved in the business of government - policy-formulation, financial planning and routine administration. An important milestone occurred in mid-1977 when supply bills, covering spending on transferred functions in the period between the end of the 1976-7 financial year and the 1977 budget, were introduced into the Assembly. As Tambling pointed out, that was the first time that the Territory legislature had ‘the right or the power to determine how money appropriated to the Territory [was] to be spent’.(35)

For the people concerned, all except Letts relatively inexperienced and untested, the new responsibility was exciting but totally demanding and exhausting. Interviews conducted with several Cabinet Members of the time (Letts, Tambling, Andrew, Tuxworth and Perron) stressed the novelty, the sheer hard work and the exhilaration of being able for the first time to establish priorities and directions. Even though they had to operate within the constraints of continuing Commonwealth legislative and financial controls and their executive writ extended only to a small area of government, they began the lengthy process of transforming the social, economic and political character of the Territory.

After convincing Adermann of the political efficacy of retaining seven members in the Majority Party executive but faced with the decision to appoint only five Executive Members (as defined in the NT (Administration) Act) to the new Executive Council, Letts opted to use the title ‘Cabinet Member’ for all.(36) The five members of the Executive Council (Letts, Tambling, Elizabeth Andrew, Roger Ryan and Ian Tuxworth) each had
responsibility for a department while the others (David Pollock and Marshall Perron) had liaison duties for untransferred functions.(37) Under Cabinet control was a small NTPS of 1223 officers in January rising to 1283 in August.(38) Several appointments to senior positions - some at Department Head level and some at Chief Executive Officer level - were made during the period. The most significant was that of Martyn Finger who became the Director-General of the NTPS (and head of the Department of the Chief Secretary) in early-January. In addition, there were several seconded officers from the Commonwealth and State services to undertake project or specialist positions. Of course, the new NTPS, like the old, was dwarfed by the numbers of Commonwealth public servants - 9606 in June 1977. The DNT, almost exclusively concerned with state-type functions, had 1907. Despite the loss of some of its activities, the DNT still was an imposing bureaucratic edifice; a re-organisation in mid-1977 preserved a structure as elaborate as its predecessor.(39)

Planning for further constitutional change continued intensively from late 1976 to mid-1977. Much of the dynamic process took place away from the public gaze in committee deliberations or in inter-ministerial discussions. Media comment on the negotiations was inevitably in broad and non-specific terms, dependent as it was on carefully vague press releases and interviews. Still, there was no doubt about the general direction of policy. In his speech to the Assembly on 1 March, Adermann openly reaffirmed the September 1976 decision of the Commonwealth to transfer all state-type functions within the next three or four years.(40)

The first concrete development in 1977 was the inaugural meeting (on 17 January) of the Coordination Committee, the creation of which had been foreshadowed in September 1976. Under directives laid down by the Prime Minister, the DNT became responsible for coordinating all Commonwealth activities. No initiative or sizeable spending by any department would be sanctioned without prior consultation with the DNT and all capital spending over $100,000 had to be endorsed by the DNT.(41) Chaired by Livingston, the Committee was an unwieldy body, comprising as it did representatives of all significant Commonwealth departments and authorities and Finger (and later Ashley) from the NTPS. Thus, most of its work was undertaken by smaller sub-committees which concentrated on examining works' programmes. The Committee's activities were wound down after the end of 1977 and it disappeared officially in mid-1978. Of its twin roles, the achievement of overall economy in government spending was undoubtedly more important than the facilitation of the Territory's progress towards self-government.

Two other committees were also operating. The first was an inter-departmental committee, with representatives from the DNT, the Department of Finance (created in December 1976) and the Public Service Board, the task of which was to formulate proposals for increasing internal Territory revenues. Its formation flowed from a recommendation of an officials' committee reviewing departmental forward estimates for 1977-78. The second was the IDC which was set up by Cabinet decision No. 1541.

As has been noted earlier, the Commonwealth had been attempting for a long time to increase Territory revenues but its efforts had been thwarted by the Council's (and later the Assembly's) refusal to sanction increases before significant constitutional progress occurred. In 1976, Tambling continued that tradition by again resisting rises in stamp duty and, in early 1977, gave an undertaking that a general hike in taxes and charges relating to transferred functions would not take place during the review period. However, faced with ballooning losses, the Majority Party had agreed, in mid-1976, to steep rises in utility charges (electricity, water, sewerage).
Plate 29: Goff Letts (standing) welcomes Martyn Finger as the first head of the new NT Public Service in December 1976
(NT News)
Originally, the ‘revenue’ committee was asked to report upon public service housing rentals, electricity tariffs and land sales but it widened its brief to include water and sewerage rates, stamp duties and fees for vehicle registration (and licensing) and for building. In its proposals, submitted in May 1977, the Committee recommended substantial increases which would raise about an additional $15.6M.(42) When the report was made available to Territory politicians, they were horrified at the scale of the proposed increases and the prospect of introducing them in a sensitive pre-election period. Such increases, it was believed, would seriously jeopardise the acceptance of self-government by the Territory electorate; although some input to the Committee had been provided by NTPS officials, their contribution had largely been disregarded.

The IDC on Northern Territory Constitutional Development also reported in mid-1977.(43) Its recommendations, dealing with general principles, specific constitutional issues, a timetable for function transfer, financial and administrative arrangements and consultative mechanisms provided the basis for later self-government. Col Stephens (DNT) chaired the Committee and its other members were Pat Brazil (Attorney-General’s), Alan Goward (Public Service Board), John Atkinson (Prime Minister and Cabinet) and John Stokes (Treasury/Finance). With the exception of Atkinson, all had played, and were to continue to play, significant roles in the unfolding of constitutional development. As part of its deliberations, the Committee sought the views of the Territory Cabinet which were presented in a submission by Finger. In addition, two meetings were held at which departments with major functional activities in the Territory were present and the Public Service Board consulted with all departments which performed functions which could be considered for transfer. A representative of the Auditor-General participated in the preparation of the report.

Although the report dealt briefly with the question of statehood for the Territory, it was introduced largely to demonstrate the problems of the transition to statehood. No recommendations were made as the Committee saw statehood as a matter ‘to which it should turn its attention once the Northern Territory has been set more firmly on the road to self-government’. (44) In addition, it conceded the possibility of the Territory ‘having achieved a measure of self-government [not wishing] to proceed to statehood’. (45) Thus, the rest of the report was devoted to self-government.

As the general principle, the IDC recommended the formal creation by 1 July of 1978 of a government of the Northern Territory having control over and responsibility for its own finances. It would be granted autonomy to conduct its own affairs ‘subject to the general oversight of the Commonwealth but without direction from it other than in exceptional circumstances’. (46) While it was not possible to transfer all state-type functions, ‘coterminality’ between responsibility, authority and accountability to the greatest possible extent should be a prime objective. To achieve that position, major amendments to the NT (Administration) Act would be required; they related to the role of the Administrator, the Assembly’s legislative competence, the assent provisions and electoral matters. While the procedures for the appointment and removal of the Administrator should continue, the Commonwealth should establish a convention that it would consult on their application with the leader of the Territory government. But the section charging the Administrator ‘with the duty of administering --- the Territory on behalf of the Commonwealth’ should be repealed. The Administrator should remain subject to ministerial instructions but they should only be given in respect of non-transferred functions. No directions should be given by the Administrator in devolved powers; he should act only on the advice of the Executive Council.

On the Assembly’s legislative authority, the Committee noted the inconsistency between the 1976 decision to transfer all state-type functions to local control and the existence of
Plate 30: Colin Stephens, Chairman of the IDC on Constitutional Development
  (*NT News*)

Plate 31: Pat Brazil, representative of Attorney-General’s on the IDC
  (*NT News*)
several Commonwealth laws, made pursuant to S.122,(47) which dealt with normal state-
type matters. As 'special considerations' had led to the enactment of such legislation,
most should remain and only those dealing with payroll tax, the Remuneration Tribunals,
the Ombudsman and the operations of the Public Works Committee should be changed.
Furthermore, the Committee saw the possibility - as with the control of uranium mining -
of the Commonwealth wishing to continue to pass legislation on state-type activities.
Thus, it should retain the power to do so but the Committee stressed that it should

only proceed in this manner in exceptional circumstances and only to the
extent necessary to secure the relevant national policy objective and in
consultation with the Government of the Northern Territory.(48)

In order to prevent the Assembly from making incursions into functions for which it was
not responsible and passing laws which were contrary to Commonwealth policy, the
Committee proposed that the Assembly could initiate such legislation only upon receipt of
a message from the Administrator transmitting the proposed law for Assembly
consideration.

One major change - that on matters for which responsibility had been transferred, there
should be no power of reservation for the Governor-General's pleasure - was
recommended to the assent provisions. The Administrator would be empowered only to
assent or withhold assent to all such ordinances. On legislation outside local executive
control, the reservation power should continue. Similarly, in order to protect fully the
Commonwealth's interests, the right to disallow all Territory ordinances should be
retained.

As the final set of amendments to the Act, provisions relating to the number of electorates
in the Assembly, procedures for electoral redistribution and the conduct of electors should
be removed. It was felt that those matters were more appropriate to be determined by the
Assembly itself.

The recommended guidelines on financial arrangements, which would finally be
determined by negotiation between the Commonwealth and the Territory before the
institution of self-government, closely followed those proposed in the 1972 Coalition offer
and in the JCNT reports. Thus, the Territory should be responsible for raising 'a
reasonable proportion' of its revenue (49) and the overall intergovernmental relationship
should be modelled on prevailing federal financial arrangements with, however, due
regard to the particular circumstances of the Territory. Such conditions might include the
'special disabilities' arising from the impact of the Aboriginal land-rights legislation, the
high infrastructure costs of meeting Aboriginal needs, the hypothecation of royalties from
mining and timber to the Aboriginal Benefits Trust Fund, and the Commonwealth's
policies in relation to uranium mining. Specific attention should also be given to
borrowings, the transfer of assets and liabilities, possible agency services, superannuation
and insurance. Other proposals included the 'essential' establishment of a separate
consolidated revenue fund, a treasury system, appropriate audit provisions, the role of an
Auditor-General, the need for regular and detailed discussion of the Territory's budgetary
requirements and a putative role for the Grants Commission. The IDC noted:

It is logical that the Grants Commission should be asked to make each year
an assessment of the fiscal disability of the Northern Territory vis-a-vis the
States but --- the Department of Finance has reservations as to the
appropriateness of such action prior to statehood. The Committee's view is
that any involvement of the Grants Commission should be confined to its
traditional role of comparing the fiscal positions of the States.(50)
In the area of administrative arrangements, the Committee commented favourably on the adequacy of the 1976 transfer procedures and noted that they could be used to encompass the full range of later devolution phases. As general principles, the transfer of staff members with the job should be preserved and existing operational units should not be broken up; they would ensure continuity and operational effectiveness, provide sufficient and experienced staff, protect conditions of service and prevent the Commonwealth Public Service being left with a large number of surplus staff. But the general principle should also be flexible enough to allow for special circumstances arising in individual cases. Staff ceilings currently in use should not be re-imposed upon the NTPS. Financial and staffing assistance should also be given to promote effective transitional processes particularly in financial and administrative areas. In order to ensure cost efficiency and prevent unnecessary duplication, the Committee supported the widest possible use of agency arrangements in administrative infrastructure. On one issue - the desirability of continuing the promotion of officers to senior (i.e. Second Division) positions in the transition period - the Committee did not agree with Finger’s proposition that promotions should only take place after consultation with the Territory’s Public Service Commissioner and with the approval of the Territory Executive.

To facilitate communication, planning and organisation for the proposed transition, it was recommended that the IDC, bolstered by the co-option of appropriate NTPS officers, should continue in operation. In addition, a selected ministerial committee should be established to consult, when required, with the Territory Executive. Before self-government, the formal channel of communication between the Commonwealth and the Territory should be through the Minister for the Northern Territory; after self-government, it should be on a head of government basis. Finally, the Committee outlined a phased transfer of state-type functions indicating, by department, the key issues involved. A four-phased timetable - January and July 1978, January and July 1979 - was contemplated; some functions were to be transferred by set dates, others were slated for progressive transfer. In broad terms, the departmental schedule was:

1. By January 1978: Attorney-General’s (except Supreme Court); Apprenticeship Board (Education); Town Planning (DNT).
2. By July 1978: Aboriginal Affairs; Administrative Services (most); Construction (Utilities, agency arrangements for remainder); Education; Finance; DNT (most); Treasury.
5. Progressive (from July 1978): Administrative Services (office accommodation, archives); DNT (housing, management services, information and public relations); Prime Minister and Cabinet (Public Service Board).

Except for Finger’s submission, the Territory Cabinet had no direct input into the IDC’s report. But Letts and Tambling worked assiduously to keep their views in front of the Prime Minister and his colleagues. Tambling remembers that he and Letts ‘worked very deliberately in cultivating the main Ministers involved’.(51) Considerable discussion on constitutional questions took place with Adermann at Consultative Committee meetings and elsewhere and, when they visited Canberra (as they did in early March and late April), they lobbied Ministers energetically. Their influence, therefore, was exerted indirectly. However, it was not a prime determinant of the report which really reflected the government’s expressed policy and, in the main, the particular positions of the ministers who were represented.

The IDC report, after being considered and refined by appropriate ministers, substantially became the agenda of a meeting between senior Commonwealth Ministers and Letts and
Tambling in Brisbane on 23 June 1977. (52) Representing the Commonwealth were Senator Carrick (Minister for Education and Minister Assisting the Prime Minister in Federal Affairs), Adermann, Eric Robinson (Acting-Treasurer), Bob Ellicott (Attorney-General) and Ian Viner (in his capacity of Minister Assisting the Prime Minister in Public Service Matters and Acting Minister for Employment and Industrial Relations). The agenda summarised the submission which Adermann proposed to put to Cabinet. Reaction from the Territory representatives was invited and an undertaking given that Cabinet would be informed of any substantial reservations raised.

Letts expressed general satisfaction with the offer but requested some changes. His most serious misgiving was the reduction of the existing legislative authority of the Assembly; he strongly opposed the arrangement by which legislation on non-transferred matters could only proceed on receipt of a message from the Administrator transmitting the proposed law for the Assembly’s consideration. If the prevailing and historical plenary legislative power was not retained, then Letts suggested that the offer might be rejected. In place of the offending section, Letts proposed that a convention should be established by which prior reference would be made to the appropriate Commonwealth minister before such a law was introduced. Moreover, it was always subject to reservation, non-assent or disallowance. Other changes requested by Letts were the reduction of the disallowance period to three months and the use of that power only in respect of non-transferred matters, the removal of the Governor-General’s right to withhold assent from part of an ordinance dealing with non-transferred matters and the deletion of the words ‘and only to the extent necessary to secure the relevant national policy objective’ from the proposal which allowed Commonwealth legislation on state-type matters. Although Letts generally supported the timetable for transfer, he admitted to reservations about the sequence, particularly as it related to land matters. Moreover, he could not understand the unwillingness of the Commonwealth to transfer the Territory Supreme Court. Nonetheless, he did not press those concerns.

For his part, Tambling introduced a series of proposals designed to strengthen the Territory’s position in the future negotiations for the financial agreement. He sought particularly to gain assurances that the Commonwealth would treat the Territory fairly and that Territory residents would not be subjected to excessive revenue imposts. After discussion, it was agreed that, subject to clarification, they did not appear to conflict with the general financial principles and would be considered in the context of subsequent consultation and negotiation. On the question of the involvement of the Grants Commission in the assessment of the Territory’s fiscal disabilities which the Territory strongly advocated, Robinson indicated that the Commission would probably be involved. Stephens describes that incident in more graphical terms:

Before we met with Letts, we were having a briefing with the Ministers and Eric Robinson said to John Stokes, ‘What’s this mean?’ John replied, ‘Well, actually it means that all the other departments want the Grants Commission to come up with the judgements of their needs but the Treasury don’t want it. So we’ve left it open.’ Eric looked at him and said, ‘Well, it must be ---- stupid. From that time on, we knew we were going to get the Grants Commission.’ (53)

Subsequently, Adermann recommended the Commission’s role but Cabinet, on Treasury’s insistence, chose to delete specific reference to it.

The only other problem which the Territory negotiators perceived was in respect of the transfer of public servants. Although agreeing with the principle of transferring staff with jobs, they pointed out that, in some cases, it could be difficult to apply because of likely
differences in staffing requirements and organisational structure between the future NTPS and the existing system.

In Adermann's submission to Cabinet,(54) the major concerns articulated by Letts and Tambling were recorded. Adermann did not support Letts' argument on the Assembly's legislative competence but suggested that it should he adopted if the issue became a serious obstacle to the Territory’s acceptance of the offer. Noting that the proposals fell short of transferring all state-type activities, he believed it quite possible that a future Territory government might seek to obtain control of some or all of those retained by the Commonwealth. He also referred to the differing views taken by the IDC (and the submission) and certain departments about the timing of transfer and the extent of devolution. Particular reservations were held by Housing and Construction, Education, Aboriginal Affairs and Health. As Stephens commented, '[they] really would find all the reasons why self-government was the greatest thing since sliced bread, but not for them'.(55) Adermann's submission closely followed the IDC report recommendations.

Cabinet, by Decision No. 3275 of 12 July, substantially endorsed the submission relating to the offer and the proposed consultative mechanisms. However, it decided not to include reference to the Grants Commission and not to insist upon the change of the Assembly's legislative authority. One alteration was made to the transfer timetable: education functions scheduled in the submission to transfer on 1 July 1978 were put back to 1 July 1979. The only other major change was the specific reservation by the Commonwealth of the power to legislate on matters concerning uranium and related issues. In the Adermann submission, they had been included in the general category of mining services and administration. Details of the offer were released to the media on 17 July.(56)

The target dates for transfer announced were:

1. 1 January 1978: Northern Territory functions of Attorney-General's Department (other than the Supreme Court and its support services, the prerogative of mercy, removal of prisoners and admission of legal practitioners); Town Planning Board; Apprenticeship Board.

2. 1 July 1978: (Creation of Government of the Northern Territory); forestry operations, plantations and research; land surveying; water and sewerage administration and operation; electricity authority; fisheries' administration; water resources assessment and development; water supplies' development assistance; primary industry administration and scientific and extension services; home finance and staff housing; commercial and industrial affairs; urban development; child, family and community welfare; registration of birth, deaths and marriages; soil conservation; government printing; preservation of historical objects and areas; parks and gardens; public bus services; payroll tax; and stamp duties.

3. 1 July 1979: Education services; Darwin Community College; land administration; mining services and administration (excluding uranium); roads and transport services; and health services.

Adermann stressed that the timetable indicated the broad aims of the Commonwealth but minor changes might become necessary for administrative reasons.

Alongside, but sometimes part of, the mainstream constitutional discussions were three other significant developments. They related to the establishment of a Health Commission
and an Electricity authority and to Territory executive representation on Commonwealth-State advisory and consultative councils.

Throughout 1976 and the early part of 1977, there were fleeting references, mainly from press releases, about progress (or the lack of it) in preparing for a long-mooted Health Commission. The creation of such a body was current CLP policy. In January 1977, it was reported that Cabinet had deferred a proposal but, in March, another report raised expectations of legislation for the Commission being introduced into the Assembly before October. But a clearer picture emerged in early-August when the Minister of Health, Ralph Hunt, announced Cabinet approval of negotiations with the Territory Cabinet. The resultant Commission, which would take over most of the functions of the NT Division of the Department of Health, would be the responsibility of the Commonwealth Health Minister until the transfer of health services on 1 July 1979.

After the refusal by the Majority Party to accept the transfer of public utilities in December 1976 and largely motivated by serious power-breakdowns in late 1976 and early 1977, the Minister for Construction, John McLeay, appointed an enquiry panel on 2 February 1977 to report fully on electricity supply problems. The major recommendation of the McKay enquiry was the establishment of an Electricity Commission.(57) Concurrently, the Department of Construction and the DNT were preparing a submission on the same subject which, in July, received Cabinet approval. In a joint statement on 4 July, McLeay and Adermann announced the decision to create the Commission, under a Territory ordinance, and establish it as soon as possible.(58) Responsibility would devolve to the Territory on 1 July 1978. However, the Territory Cabinet did not anticipate that it could be formed much before that date. It saw the McKay report as vindication of the December decision to defer the transfer.

Representation on Commonwealth-State bodies caused some dispute between Adermann and the Majority Party in 1976 and 1977. Adermann, in the main, wished to preserve his membership as the legitimate Territory representative for as long as possible but he was prepared to allow appropriate Executive Members as associates and, even on some occasions, as delegates. In 1977, after the first transfers, Cabinet Members increasingly gained acceptance as participants with observer status, particularly in the functional areas which they administered. The IDC report recommended that, where they had observer status or where they took up further responsibilities, they should be accorded full membership; the Commonwealth undertook to sponsor such membership at the appropriate times.

One final point should be noted. On 21 May, a referendum granting Territorians (the NT and the ACT) the right to participate in future national referenda, was passed in all States (with 77.7 per cent of votes in favour). The decision to proceed with the referendum was one outcome from the Constitutional Convention (the third of the series) in Hobart in October 1976. Territorians, albeit only as part of the national tally, were able to vote in a constitutional referendum for the first time in 1984.

Other Commonwealth-Territory Relationships:

Looking back on the 1976-7 period, Letts commented:

_I was going through a period of progressive disenchantment with politics, from the point of view of party loyalty. I felt we had done all, through the years, we could on behalf of Sam [Calder] and the bloody federal arm. We'd done more than anybody could ever have expected on the local level with our group to get ourselves the foremost position in the Legislative_
Assembly. We'd done all those things and in return we had suffered a series of setbacks, frustrations, lack of co-operation and understanding about the Territory situation. Really, my level of disenchantment had reached such a point by the 1977 election that probably it would be fair to say that my heart wasn't really in it.(59)

To his mind and to those of his colleagues, the treatment of the Territory by a Commonwealth government of a similar political persuasion was, despite the comparatively liberal approach to constitutional development, uncharitable.

Without doubt, the most contentious issue concerned Aboriginal land-rights. It soured relationships between the Commonwealth and the Territory throughout 1976 and 1977 and indeed long afterwards. Although the public debate on land-rights largely took place independently of the constitutional question, they were closely connected. All of the ministers and senior Commonwealth public servants interviewed believed that the settlement of land-rights was a necessary pre-condition for the grant of self-government.

The Majority Party's angry reaction to Labor's land-rights legislation in late 1975 has already been noted. Letts and his colleagues thought that, despite the Coalition's policy commitment to support land-rights, the new government would take a different approach to the question, certainly including much greater consultation with and participation by the Assembly. As Letts pointed out to the Assembly in late February 1976, Aboriginal land-rights in the Territory was a state-type matter and legislation should be made in the Assembly; that 'would be consistent with the position in the States and therefore with the government's policy of statehood for the Territory'.(60) Adequate safeguards, through the assent and veto provisions, existed to protect the Commonwealth's interests. If the federal government insisted on handling the legislation, then it should apply on a nation-wide basis.

However, the confident expectation that the Coalition would give the Assembly a more sympathetic hearing was rudely shattered when Fraser and Ian Viner, the Minister for Aboriginal Affairs, responding to pressure by pro-land-rights groups, announced in mid-March that the legislation would be enacted in federal Parliament and in a style not significantly different from the earlier Labor model. It was, therefore, in the Majority Party's view, comprehensively flawed as it would stultify the Territory's economic development, contribute to racial disharmony and dislocate constitutional advancement. Immediately, Letts made representations to the Prime Minister and later led a delegation of MLAs to Canberra to discuss the issue. The outcome was an undertaking by Fraser that 'there would be full and thorough consultation on all aspects of the preparation and implementation of the proposed legislation'.(61) In addition; the possibility of the Assembly having a role in making complementary (or reciprocal) laws was conceded. On the other hand, Letts was forced to admit that the Assembly's claim to the monopoly of legislation was unrealistic and such a lesser role must suffice.

The course of formulating the precise land-rights legislation, which was finally passed in December 1976 and proclaimed on Australia Day 1977 was a complex process (62) and, to the Majority Party, highly unsatisfactory. Although it admitted that the Coalition legislation was better than its Labor predecessor, it still saw it as deficient in many respects. However much the Assembly tried to influence federal ministers and parliamentarians, it felt its direct impact was very limited. Letts considered that the views of Territorians, both Aboriginal and non-Aboriginal, were very rarely heeded and that the Commonwealth paid 'little regard to [its] frequent stated policy of close collaboration and consultation ---.'(63) The main articulator of its concerns was Evan Adermann, who almost alone in the Fraser Ministry, attempted (and succeeded in several small ways) to
make the legislation more palatable to what he perceived as broader Territory interests. Ironically, the pro-land-rights groups, particularly the Aboriginal Land Councils, and the Labor Party were convinced that the Majority Party were an effective lobby; to them, it seemed to be an influential opponent of Aboriginal aspirations and claims and a hard-line supporter of vested interests in the Territory.

Even though it won the right to deal with complementary legislation, the Majority Party had no free hand in determining its contents. The constraints of the federal act itself were significant and there was a further requirement to satisfy a parliamentary committee (the Joint Select Committee on Aboriginal Land Rights set up in December 1976). The adequacy of Letts’ March 1977 legislation relating to entry onto Aboriginal land, protection of sacred sites, and entry to seas adjoining Aboriginal land (but not wildlife conservation) were severely criticised by the Committee as well as Minister Viner and Aboriginal interests. (64) As a consequence, Letts withdrew the offending legislation in June. At all times during 1976 and 1977, the relationship between the Territory Executive (and especially Letts as its major spokesman) and Viner, the Land Councils and the Department of Aboriginal Affairs were extremely strained with accusations of lack of consultation, non-cooperation and impropriety being freely bandied about.

Another area of contention was over the federal Aboriginal Councils and Associations Act which provided a means for the incorporation and regulation of Aboriginal bodies. As it operated within the area of community development - a state-type function - the Territory Executive again saw it as an intrusion and an unwillingness by the Commonwealth to utilise local legislation.

Although, the Commonwealth’s treatment of the uranium question during the period did not attract as much of Letts’ wrath, he was very dissatisfied with several aspects. Anxious as he was to see uranium mining, with its anticipated impetus to the Territory’s economic growth, started, he became impatient with the Commonwealth’s seeming inability to hasten the process. Nor was he entirely happy with the decision to appoint Justice Fox (the Chairman of the Ranger Uranium Environment Inquiry which has been set up in 1975 under the provisions of Environmental Protection [Impact of Proposals] Act 1974) as an Aboriginal Land Commissioner to deal with land claims in the uranium province. Letts considered that Fox’s treatment of him as a witness before the inquiry was demeaning, both in a personal sense and in his capacity of Majority Leader. But, more importantly, Fox’s decision to uphold Aboriginal land claims in the area was seen as totally spurious and unwarranted. Altogether, in Letts’ view, the Fox affair was a ‘monumental disaster --- as far as the Territory was concerned’.(65) From a constitutional perspective, the Commonwealth’s retention of the power to legislate on uranium was, like land-rights, an infringement of the principle that state-type functions were to be dealt with, legislatively and administratively, in the Territory. The recommendations of the second Fox report (presented in May 1977), which contemplated federal control, the involvement of several Commonwealth departments and instrumentalities and the creation of a major national park were antithetic to Majority Party aspirations and the expectation that the people and the legislature of the Northern Territory, its statutory authorities and --- government institutions should be involved to the maximum degree in implementing [uranium] policy’. (66)

Indeed, the uranium policy area was treated largely in isolation from or in disregard of the contemporary developments in the constitutional arena. As Tambling commented:

---the [Fox] report is basically silent on the issue of statehood and its implications --- the impact of [the uranium policy] will have a marked effect on any future developments that must take place in the Northern
Plate 32: Ian Viner, Minister for Aboriginal Affairs handing over land titles in Arnhem Land, 1978. The recipient is Gerry Blitner, later to become NLC Chairman. To the right is Galarrwuy Yunupingu, then Chairman (Protocol)

Plate 33: Justice Fox, Chairman of the Ranger Uranium Environment Inquiry
Territory. Many of the recommendations of the Fox Commission are rather awesome in that they seem to treat the [constitutional] matter as a constant problem and a major difficulty. (67)

On the organisational side, the groups working on constitutional development and the Uranium Task Group 'just never got together and never meshed'. (68) Commonwealth-Territory relationships over the control of parks within the Territory were smoother than those concerned with land-rights and uranium. Certainly, they were more amicable than they had been in the 1973-5 period when there had been considerable conflict between the Territory legislature allied to the DNT, which administered the Reserves Board, the statutory body managing Territory parks and reserves, and the Department of Environment and Conservation over control of parks of 'national' significance. The creation of the National Parks and Wildlife Commission in mid-1975 provided an administrative vehicle for control of 'national parks' and, later in 1975, it moved to declare four such parks (including Ayers Rock and Kakadu). That move was vigorously opposed by the DNT, the Reserves Board and the Legislative Assembly. Moreover, the JCNT had, despite a submission from the Department of Environment and Conservation arguing for federal authority over areas of 'national significance', reported that the management and control of parks and wildlife should be treated as state-type functions. (69)

Early in 1976, the new Minister of Environment, Housing and Community Development (Senator Greenwood) circulated a submission that the National Parks and Wildlife Service assume responsibility for wildlife, national parks and reserves in the Territories. That was strongly opposed by Adermann in letters to Greenwood and the Prime Minister (70) because it conflicted with both the JCNT report and the government's policy of constitutional development. At a subsequent meeting between Greenwood, Adermann and Letts on 28 April, an understanding in principle was reached that only parks of national significance should be declared, that the Australian National Parks and Wildlife Service should have a policy-formulating function, and that the day-to-day management of parks would remain under the control of the Northern Territory. (71) Further pressure by the DNT and Letts led to a formal restatement of the reduced role of the federal body in August 1976. (72) Agreement was also reached in October to declare Ayers Rock and Kakadu as 'national' parks. The Ayers Rock (Mt Olga) park was so proclaimed in June 1977; its management remained in the hands of the Reserves Board (later to be incorporated into a new Territory Parks and Wildlife Commission).

Aside from the issues with constitutional significance, there were several other conflict areas. They involved normal administrative and financial processes and the general treatment of the Territory by the Commonwealth (such as the closing of the North Australian Railway in mid-1976). Undoubtedly, the most consistent and vexful during 1976 and 1977 were those related to finance, that traditional staple of dispute both in federal systems and between the Territory and Canberra. Yet, considering the generally frugal fiscal policy of the federal government in those years, the Territory (and Darwin, through the generous subventions to the DRC) was comparatively well provided for. So also were Territory politicians, even though they would dispute the generosity of their remuneration. (73)

The Constitutional Issue in Territory Politics:

Debate on the constitutional question within the Territory was limited and sporadic in 1976 but its frequency and intensity increased markedly in 1977. It reached a crescendo in the August election for the Legislative Assembly where it was a major, if not the dominant, issue in the urban and non-Aboriginal section of the Territory electorate. With
no representation in the Assembly, the Labor Party lacked a central forum for sustained criticism of the Majority Party and its actions. Moreover, in 1976, despite its having accredited spokesmen for specific policy-areas, Labor did not have an acknowledged local leader nor a high public profile. Thus, the task of articulating Labor attitudes was largely left to the Territory’s Labor Senator, Ted Robertson and his federal colleague, Senator Keefe, the ‘Shadow Minister’ for northern affairs. At the local level, the most effective opposition to the Majority Party in 1976 came from the trade union movement and other pressure groups.

The prime focus of debate on the constitutional issue during 1976 was the need for a referendum to test opinion on the statehood question. Several demands from Robertson, Keefe, the Trades and Labour Council and public service unions were made throughout the year. Underlying the calls for a referendum was a more general disquiet about the cost implications of statehood for Territory taxpayers and a questioning of the readiness of the Territory to take such a constitutional leap. Even groups which generally supported the CLP side of Territory politics, like the Chambers of Commerce, of Mines and of Industries and The Northern Territory News registered concern about those aspects.

Letts’ handling of the issue in 1976 was never adroit. Although, in early discussions with Commonwealth ministers and officials, he had dismissed the concept of ‘statehood in five years’ and embraced the achievement of ‘responsible self-government’ in its stead, he tended, in the public arena, to support Fraser’s commitment. Thus, he embroiled himself in refuting the arguments against statehood. In so doing, he fortified the impression that statehood was the Majority Party’s and the federal government’s main objective. All demands for a statehood referendum were curtly rejected as was a request from Senator Robertson for a Labor representative to join the Consultative Committee.

With the onset of election-year (the Assembly election was due in October 1977), the Labor Party began to revitalise itself. When devising its electoral strategy, considerable attention was given to the constitutional issue. The first step was taken at a Northern Regional meeting in mid-December when broad decisions were made on both the Labor constitutional platform and the tactics to be employed in confronting Letts and the CLP. A key document was a paper delivered by Jon Isaacs, the young and articulate Secretary of the Miscellaneous Workers’ Union (and soon to become the leader of the Labor team for the elections). In it, he developed a strategy to utilise the statehood issue for all it was worth in electoral terms. Denouncing the CLP statehood concept as ‘a sham’, he argued that:

\[\text{now that they [the CLP] have the statehood argument and concept with them, we must ensure that the statehood that they talk about is equivalent to statehood as we know it.}\]

Simply translated, that meant that the Labor Party should ignore any protestations from its opponents that they were not advocating statehood but rather self-government and should concentrate on the costs and other problems associated with statehood. Isaacs was confident that statehood was feared by the majority of voters and that it was a certain electoral asset. On the positive side, he advocated a clear Labor commitment to immediate and greater regional autonomy along the lines of the JCNT recommendation.

Later, at the Labor conference in April, Isaacs’ policy prescription was generally endorsed. The Labor platform was rewritten to read:

1. In seeking greater self-government a Labor majority in the --- Assembly would seek to gain control over matters of local significance without interference from the Federal Government,
Plate 34: NT Labor leaders, Jon Isaacs (left) and Senator Ted Robertson (right) confer with Gough Whitlam (centre) 

(NT News)
including areas where the financial responsibility remains with the Federal Government and would share administrative responsibility with the Federal Government in areas of high expenditure.

2. The --- Labor Party rejects statehood as a concept for the Northern Territory for the time being. The ALP supports the holding of a referendum in the event of a Federal Government attempting to thrust statehood upon the Northern Territory.(75)

The referendum provision was included, later in the year, in the federal Labor platform; it also added two further qualifications for the granting of statehood - 'the fullest consultation with all sections of the community' and 'the securing [of] the rights of Aborigines'.(76)

During the election campaign,(77) which in effect ran from March, Isaacs, as Labor spokesman on constitutional and financial matters, sometimes supported by eminent interstate personalities, hammered at the issue of statehood at every opportunity. Disadvantages emphasised were: statehood was a device through which the Fraser Government could escape from its financial responsibility to develop the Territory; the CLP was rushing the Territory against its wishes into statehood and insolvency; state-type charges would rapidly increase; and there would be massive 'double taxation' imposed on Territorians. In its use of the issue, Labor employed skillful tactics in its advertising campaign which powerfully reinforced the anti-statehood message. Particularly telling was the slogan 'First Things First - Statehood Later'. Isaacs was also assisted by the leaking of the IDC report on Territory finances, the proposed tax increases which he was able to lampoon unmercifully, and by the timely announcement of the self-government package in July. As Isaacs later recalled: 'Poor old Letts, he miscued totally on that; he thought it was an advantage but, in fact, it was a disaster for him. He handled it badly'.(78) Similarly, Adermann's unfortunate prediction in July that increased costs would be involved in upgrading existing services in the Territory (79) and the release of the full text of the self-government arrangements in early August(80) were boons for Labor. All enabled Labor to maintain the offensive on the constitutional issue.

As a result, the CLP was placed in the position of parrying the Labor allegations and of justifying its own handling of the issue. Its campaign was essentially reactive and defensive. Letts, who carried the major burden of the defence, was forced to shift his earlier concentration on statehood to the advocacy of self-government and so try to defuse statehood as an election issue. On a number of occasions, he emphatically declared that the CLP would not drag the Territory to statehood against the wishes of the electorate and even suggested the possibility of a referendum before that step was taken. On the overriding question of cost, he argued that Territory taxes and charges would not rise steeply, that the federal government would continue its financial responsibilities and that the Labor disclosures were simply scare-mongering and outrageous fabrications. But, notwithstanding Letts' attempts to paint Labor as the most conservative group in the Territory, as an anti-federalist party and as repudiating its past support for constitutional development, he was not able to blunt Labor's sallies or compel it to detail fully and openly its alternative policy. Looking back on the campaign, Isaacs saw Letts as 'slow-footed' and always on the defensive; 'he thought he had a winner but it turned sour on him'.(81)

The constitutional issue was primarily fought out between the two major parties. While the Progress Party (a newly-formed 'right wing' group) supported statehood, it did not push the issue hard. Of the Independents, some came out firmly against statehood and
others saw it as only an eventual goal. However, most supported greater local control under appropriate financial conditions.

What impact the constitutional question had upon the outcome of the election is speculative as there were several other factors - the performance of the Majority Party, the federal government's treatment of the Territory, economic conditions, land-rights and uranium - involved. But, certainly in the urban areas and particularly where there were large concentrations of public servants, it was significant in eroding the CLP vote. The results could not be seen as an emphatic endorsement of the CLP's constitutional development policy, whether it be labelled 'statehood' or 'self-government'. When reviewing the three Labor gains in Darwin, Isaacs commented:

_We did so well because of the fear of change --- people are scared of change. You've got to manage change, you've got to explain it very carefully for a long time, make people understand what their new role is going to be in it, train them for it and make them feel comfortable in it. If it happens with their full knowledge, that's fine. Letts just didn't have the time nor did he see it as necessary. He just assumed everybody would agree with it. There was a tremendous groundswell that we picked up. The public sector opposed it and it was a public sector town._

However, the election results did preserve a healthy CLP majority; in the new Assembly, there would be twelve CLP members, six ALP and one Independent. On the other hand, the leadership of the CLP was comprehensively pruned with five of the six losses involving Cabinet Members. Tambling, Andrew and Ryan were beaten in Darwin seats and Pollock and Letts in the rural area. In addition, Ron Withnall, the old warhorse of the Territory's recent constitutional history, succumbed to the CLP.

Ironically, Letts' defeat was not directly attributable to the constitutional issue. His demise was caused by the overwhelming support given to the Labor candidate by his Aboriginal constituents. Significant factors in Letts' defeat were the popularity among Aborigines and the tireless work of his opponent, the impact of the CLP's treatment of land-rights, and Letts' inability, because of his other commitments, to service his electorate adequately. Despite his sometimes imperious and patronising style of leadership and his volatile and often abrasive temperament, his contribution to the infant CLP and to constitutional development was immense. At the time, many in the CLP felt that the loss of his experience and his commitment left a gaping hole which would be difficult to fill. But, even if he had survived, his leadership may only have been of short duration. Recollecting his intentions in mid-1977, Letts asserted that:

_even before the election, I'd decided that, if re-elected, it would probably be my last term in parliament and certainly the last term that I'd want to shape up as leader if I went the whole term as leader. I was prepared to move out of that position in the reasonably short-term._

What would have happened to the course of constitutional development if Labor had won the election? Although, during the campaign, it did not detail fully and openly its own intentions, its platform supported a form of devolution of executive authority to the Territory. It also never repudiated the July offer of self-government even though it promised, if elected, to renegotiate it on more satisfactory terms. Isaacs claimed that

_it would have gone ahead but, whether it would have gone ahead on the same timetable, I don't know. --- There'd have to have been some face-
saving; we'd have to postpone it for a year or so, I guess, but I think it was inevitable ---.(92)

In any case, the federal government had already charted the path to self-government and, to the Fraser Government, it was a fait accompli which would have gone ahead even if Labor had won. The task of arriving at a mutually acceptable financial scheme might have been more difficult and more drawn-out, but eventually Labor would have been forced to settle, even if it was dictated on Canberra’s terms. On the question of statehood, Labor, through its use of the slogan ‘First Things First, Statehood Later’ and in several press comments gave the impression that, once the population and economic resources of the Territory warranted it, statehood was a possible objective.

Endnotes

1. Two Senators had been granted to the NT (and the ACT). The 1973 legislation had survived legal challenge from the non-Labor States in 1975. They argued that Senators could only represent States. See Heatley, 1981. Territorial Senators were to be elected at each House of Representatives' election but, that aside, they were accorded equality of status in all other ways.


3. Ibid.


13. Ibid. For Whitlam’s comments, see The Northern Territory News, 27 November 1975.


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15. However, Senator Withers, the Coalition leader in the Senate, did suggest that the NT should have five members in the House of Representatives once its population reached that of Tasmania (in 1975) and four to six Senators, quoted in *The Northern Territory News*, 4 December 1975.


19. Letts to Fraser, 9 February 1976, TP A8424, NTAS.


21. Included in *ibid*.

22. However, Harry Giese, a long-time senior public servant, was seconded to Letts' service in March to assist in preparation for the Consultative Committee. In May, Giese was attached on a full-time basis.

23. Attempts to bring about similar measures by Territory legislation (The Transfer of Executive Powers Bill 1975) had been unsuccessful. Advice from the Attorney-General's Department has strongly recommended amendment of the federal act. See Attorney-General to Secretary, DNT, 11 February 1976, BP. However, by Cabinet Decision No. 417, 6 April 1976, departments with administrative responsibility in the NT were instructed to provide the DNT with functions to be transferred and indicative dates for transfer.

24. Letts, interview, 1986. Finger, although he wished to transfer as soon as possible, was retained by the DNT ostensibly because his experience was required. Finger had resigned as General Manager of the DRC to contest the Senate election for the CLP in 1975. When he returned to duty in February 1976, he was unhappy with his treatment by the DNT and felt that he was 'politically tainted' and discriminated against by the new Secretary, Livingston. Finger, interview, 1986.


26. In December 1975, Tambling became Deputy Majority Leader and Executive Member for Finance and Community Development, Andrew became Executive Member for Education and Law and Marshall Perron became Executive Member for Municipal and Consumer Affairs. The other 'portfolios' remained as before.

27. O'Brien, who had rather too openly associated himself with ALP policies and personalities, was sent to the administrative backwaters. Livingston was a long-time official in the Department of Trade, had been Secretary of the Department of Northern Development and had had a long association with Country Party ministers.

28. Adermann, his Private Secretary, Alex Somlyay, and Livingston himself saw the Secretary's role as significant and supportive. On the other hand, other participants (Territory politicians, federal public servants) were convinced that he was a late convert to self-government and was really more interested in routine
administration. Livingston did not win many friends in the NT by not relocating himself to Darwin until the end of August and then only taking up ‘temporary residence’. Based on interviews, 1986.


30. *PR*, 2A, 25 May 1976, 218. See also minutes of Consultative Committee meeting, 14 April 1976, CS 77/166, NTAS.


34. Tambling to Adermann, 22 November and 9 December 1976, TP A8424, NTAS.


36. See the correspondence between Letts and Adermann and between Tambling and Livingston in October 1976, TP A8424, NTAS.

37. Letts was Majority Leader and Chief Secretary, Tambling became the Cabinet Member for Finance and Local Government, Andrew the Cabinet Member for Law, Ryan the Cabinet Member for Transport and Industry and Tuxworth, the Cabinet Member for Community Services. Pollock was given responsibility for liaison on Resource Development and Perron on Education and Planning.

38. In June, the NTPS numbered 1277 of which 707 were former NTPS officers, 276 were from the transferred authorities and 294 from the CPS.

39. See Heatley 1979, 88-90. All DNT officers had returned to Darwin by the beginning of 1977.


41. Fraser to Adermann, 9 December 1976, CS 77/12, NTAS.

42. IDC, Report on Proposals for Increases in Northern Territory Revenues, May 1977. Housing rents were recommended to rise to 15 per cent of salary, utility charges to rise by 50 per cent, land sales were to be increased, stamp duties were to be increased ten-fold and their scope widened and motor vehicle and building fees to be aligned with those of other States. The DNT dissented on electricity charges, arguing for only a 20 per cent rise.


47. For example, the NT (Administration) Act, the NT Acceptance Act, the NT Supreme Court Act, the Aboriginal Land Rights Act, the Darwin Reconstruction Act and the Darwin Lands Acquisition Act.


48. For 1975-6, the IDC calculated expenditure on state-type functions at $380.3M of which only about 9 per cent (or $33M) was met by state-type taxes or charges.


52. The analysis of the meeting is based upon interviews with participants and transcripts of the agenda and the summary record of discussions.


54. Adermann, submission to Cabinet, 1 July 1977.


69. JCNT, Constitutional Development in the Northern Territory, Report, 1974, 42. It included parks in the section in which responsibility should be shared between the Commonwealth and the Territory Executive.
70. Adermann to Greenwood, 19 February 1976 and to Fraser, 25 April 1976, BP.

71. Report of meeting, 28 April 1976, BP.


73. For example, the salary of a MLA rose from $13,250 in June 1976 to $18,130 in June 1977.


75. ALP Platform, 1977.

76. Federal ALP Platform, 73.

77. For analyses of the 1977 election, see Heatley 1978 and Jaensch and Loveday, 1979. The election was held on 13 August. Letts called an early election largely to avoid the repercussions of what was anticipated to be a stringent federal budget. It was the first time a Territory political leader was able to dictate the timing of a poll in the Territory.

78. Isaacs, interview, 1986.


80. Ibid., 4 August 1977.


82. Ibid.


84. Isaacs, interview, 1986.
CHAPTER FOUR
THE ACHIEVEMENT OF SELF-GOVERNMENT:
SEPTEMBER 1977 - JULY 1978

Although the groundwork had been laid down in 1976-7, the equally, if not more, important task of erecting the edifice of self-government remained. The greater part was accomplished in the hectic ten months leading up to Self-Government Day on 1 July 1978. What took place during that period amounted to a veritable revolution in constitutional, administrative and financial affairs not only in the Territory but also in the wider Australian context.

The process of negotiation about and organisation for the new system was multi-faceted and complex and it involved a wide range of issues and actors operating in two political dimensions - one between the Territory and the Commonwealth and the second within the Territory itself. Three broad streams of activity in the former can be identified; they were general political and constitutional matters, the financial agreement and the development of the self-government legislation. In the Territory, debate on the financial implications was the dominating feature. Each area is discussed separately in this chapter but it must be realised that they were all integral parts of the one process. While the frequency and intensity of contentiousness varied, a common characteristic was the presence of conflict and dispute. Yet, nearly all the actors agreed with the policy objective; the argument was confined to means not ends. That factor contributed to what was, in the end, a comparatively smooth transition to self-government. Within the process, and certainly from the Territory perspective, the central figure was the new Chief Secretary, Paul Everingham. His brash, pugnacious and often aggressive style of leadership and his acute tactical sense strengthened the Territory’s negotiating position. While self-government would have been achieved without him, he succeeded in quickening and extending it. Moreover, it is plausible to argue that he obtained a far more advantageous deal for the Territory than would have occurred without his influence and direction. Although Everingham could not claim Letts’ mantle of ‘father of self-government’, he could appropriately be seen as its ‘godfather’!

But, despite Everingham’s prominence, the achievement of self-government owed a great deal to the Commonwealth’s commitment to the concept, its capacity to accept compromise and its general sense of fair dealing towards the Territory. Several of the unsung heroes were Commonwealth officials who laboured in the Territory’s cause. But, the magnanimity of the Commonwealth should not be overdrawn. It had its own financial interest in constitutional devolution and its stance on uranium, land-rights and national parks was detrimental to long-term Territory political aspirations.

The Participants:

There was a blend of old and new within the cast of major participants in the crucial period leading up to self-government. But the balance differed in the Commonwealth and the Territory contingents. In the former, most of those active in constitutional development process since 1976 continued to be involved; only a few significant new faces surfaced in the later phase. However, with the virtual annihilation of the Territory Cabinet in the August election and the recruitment of senior staff into the local administrative structure, the latter underwent a substantial transformation.
Some ministries central to the self-government exercise at the federal level were affected by reshuffles in late 1977. Senator Peter Durack replaced Bob Ellicott as Attorney-General in September, John Howard and Eric Robinson took over Phil Lynch’s responsibilities for Treasury and the Department of Finance respectively in November/December and Ray Groom assumed Kevin Newman’s portfolio of Environment, Housing and Community Development in December. The nett impact of the personnel changes was to reinforce ministerial support for self-government. As Minister for Finance, Robinson was less suspicious of the financial ramifications than Lynch had been and as the new Treasurer, Howard, although he took over Lynch’s reservations, had less influence in ministerial circles. Although Ellicott had not, with the exception of the transfer of the Supreme Court, opposed the concept of devolution, Durack was to prove a more solid advocate. As before, the real driving-force in the ministry was Senator Carrick assisted openly, when required, by the Prime Minister and the senior National Country Party ministers. Evan Adermann, in his pedestrian style, plugged on in his lesser capacity of implementing the demise of his department.

At the official level, Col Stephens, Pat Brazil and John Stokes continued their prominent roles. All had had a long association with Territory affairs - Stephens and Stokes in financial matters and Brazil in legal and constitutional issues - and all were broadly sympathetic to the Territory’s constitutional progress. Although Territory politicians were wary of Stephens’ allegiances and saw him as a part of the ‘obstructionist’ tendency in the DNT, his actions as Chairman of the IDC do not support such an interpretation. Stokes’ considerable contribution to the liberality of the financial arrangements was acknowledged by all involved in negotiations; Jim Hickey believed that, if an order of saints were established in the Territory, ‘Stoker’ would have been a prime initial candidate. Hickey himself is remembered kindly by Territory politicians and officials for his expediting role; Everingham saw him as ‘one of our best supporters.’

(2) As a senior public servant in the Department of the Prime Minister and Cabinet, Hickey had been drafted into the constitutional exercise in mid-1977 specifically to remove bureaucratic inertia and encumbrances and generally to ease progress. Assisting the four leading personalities were a large number of lesser officials from a wide range of departments and authorities who served as members of the IDC and working parties or as project and liaison officers.

Attitudes among the staff of those Commonwealth agencies scheduled for transfer varied markedly; some wholeheartedly embraced self-government, some accepted it grudgingly and some positively resisted it. For example, within the most senior levels of DNT, the Secretary, Ray Livingston, had by mid-1977 recognised the inevitability of constitutional devolution and worked diligently, if not always without reservation, for its accomplishment. On the other hand, Frank Dwyer, the Assistant Secretary (and ‘Cranky Frankie’ to his contemporaries) never reconciled himself to the impending loss of his long-held power-base. Martyn Finger had, of course, earlier left the DNT quite willingly.

One Commonwealth official whose activities were relatively unheralded, but nevertheless significant, was the Administrator, John England. His background in federal politics and his contacts with Commonwealth ministers and senior public servants were sometimes used to alleviate tension and to smooth relations between Darwin and Canberra. Moreover, his diplomacy, good humour and sense of duty not only preserved the dignity of his office but also parliamentary and administrative propriety in a rapidly evolving political context.

Of Letts’ Cabinet, only Ian Tuxworth and Marshall Perron survived the August election. They were joined in Paul Everingham’s new Executive by Jim Robertson and Roger Steele. (4) The reduction to five Executive Members was necessitated by the smaller size of the Majority Party in the second Assembly. Although the other Members did contribute
Plate 35: Frank Dwyer, Assistant Secretary of the Department of the Northern Territory (NT News)

Plate 36: Ray Livingston, Secretary of the Department of the Northern Territory, 1976-8 (NT News)
to developments in their own functional areas, the bulk of negotiations on constitutional
issues were conducted by Everingham and Perron.

Everingham had been Deputy Majority Leader until mid-1975 when, owing to a
combination of business pressure and an inability to work harmoniously under Letts’
leadership, he retired to the backbench. There, he continued to be an articulate and
constructive critic of party policy and administration. After narrowly holding his seat, he
was the unanimous choice of the CLP parliamentarians to succeed Letts as Majority
Leader. Letts himself had urged Everingham to accept the responsibility, fully convinced
that he was the only man with the vision and drive to lead the Territory into self-
government and beyond. With the advantage of hindsight, most of his contemporaries
saw Everingham as the ‘right man, in the right place at the right time’ and better fitted, by
his youth (34 in 1977), his legal training, his iconoclastic approach and his fine political
instinct, than Letts to argue the Territory’s case. While not denigrating Letts’ contribution
to constitutional development, they credit Everingham with the ultimate success of the
self-government operation. In his handling of the negotiations, he was greatly assisted by
his deputy. Perron was an admirable foil for Everingham; his caution, his persistence and
his conscientious attention to, and command of, detail were useful complementary
attributes. In Everingham’s view, Perron was an invaluable asset, not least because ‘he
was always a good and constructive brake on [my] impetuosity.’(5)

Like their counterparts at the federal level, the Territory Executive had considerable
bureaucratic backing on constitutional questions. As the NTCS expanded and as new
administrative structures for the post-self-government period were planned and staffed,
there was a growing number of senior appointments, either from transferred officers or by
outside recruitment.(6) But the number of prime advisers was always small. Some like
Alan Ashley, Otto Alder, Martyn Finger and Harry Giese were carry-overs from Letts’
period of office while others like Ian Barker, Ron Withnall and Norm Campbell joined
later.

Some, because of their prominence in the negotiations, warrant further note. Ashley had
been seconded from Canberra in March 1977, originally for a six-month stint, to assist
with the 1977-8 estimates and the establishment of financial controls and audit procedures.
However, he was soon involved in the deliberations on the financial arrangements for self-
government. Subsequently, he accepted first an extension to his secondment and then,
after the Territory Executive’s fruitless search for a suitable applicant for the position,
appointment as the first Under-Treasurer. Alder had joined the DNT in July 1974 working
in the local government field. There, he became familiar with the operations of the Grants
Commission and that expertise led to his association with Ashley in the financial
negotiations. Together, they formed an enterprising and diligent team who served the
Territory well. A long-time (since 1961) legal practitioner in the Territory and a Q.C.
since 1974, Barker was the personal choice of Everingham to become the first head of the
Department of Law (and Solicitor for the Northern Territory). His legal acumen and
skilled advocacy was used to good effect by Everingham in a range of jurisdictional
capacities. Not least was his heavy involvement in constitutional matters. With Finger,
Campbell played an important role in crafting appropriate administrative structures and
practices for a new Territory government and in mediating on staff transfers. Appointed
by Letts as one of his last decisions, Campbell, who had been recently deposed as the
federal secretary of ACOA was the first substantive Public Service Commissioner in
November 1977. He succeeded Fred Grey and Alan Goward (seconded from the Public
Service Board for nearly three months). Campbell’s long association with public service
affairs which had given him a high degree of competence in industrial arbitration and
personnel management proved very useful in what was a complex and demanding
Plate 37: Alan Ashley (left) and Neil Conn, the first two Territory Under-Treasurers *(NT News)*

Plate 38: Norm Campbell, the first substantive Public Service Commissioner *(Protocol)*
administrative transition. Everingham certainly valued Campbell’s contribution in that area.

Finally, a significant new force within the Territory arose after the August election. Although the Labor Party had participated in the constitutional debate in 1976-7 as an extra-parliamentary organisation, its electoral success secured a parliamentary forum. Jon Isaacs and his five colleagues were thus able to use the Assembly as a central component in their campaign to lambast the Majority Party’s plans for self-government.

Preparing for Self-Government: General:

In the immediate aftermath of an election which had been a sombre experience for the CLP, Everingham and his new Executive never contemplated the abandoning or even the slowing of the self-government process. To the contrary, Everingham, in his early press statements and Assembly addresses, indicated his intention of trying to persuade the Commonwealth to accelerate the transfer timetable. At the same time, however, he stressed his determination to accept self-government only on terms advantageous to Territorians. He rejected any programme which would impose too high a price for constitutional advancement. While he agreed with the broad direction of the July proposals, he did not feel himself bound to concur ‘with all or any’ of the agreements made by his predecessors.

Everingham’s ambit claim for a new transfer timetable involved a radical departure from that set out in July. He argued that, because of the political necessity of introducing new approaches and policies well before the next election, it was important that the new Territory government be allowed sufficient time to implement them. However, the requirements of administrative order and efficiency as well as the preservation of staff morale and performance dictated, in his view, an accelerated transfer of all functions. Some like urban development and land control should be linked with the transfer of the town planning activity on 1 January 1978 or when the DRC was finally disbanded. (That occurred in April 1978.) Others, like those scheduled for mid-1979 should be handed across on 1 July 1978. Especially prominent in his early demands were matters relevant to land administration, an area which Everingham believed had been badly handled by the Commonwealth in the past and in which there was considerable community expectation of improvement under a Territory government.

Discussions on the timetable began at the Consultative Committee in early August and Adermann agreed to study the requests. Subsequently, they were considered by the IDC which recommended acceptance of an earlier transfer (to mid-1978) of a group of functions. Ministerial agreement was forthcoming and an announcement made in mid-January of the decision to devolve control of urban and rural land, mining (excluding uranium) and petroleum services and administration, soil conservation, and planning, development and coordination functions. As they were the last state-type activities of the DNT, the decision entailed the effective demise of that department on 1 July 1978.

However, Everingham was not successful in his efforts to secure the transfer of health and education on the same date. Despite representations to Fraser and the responsible ministers, Hunt and Carrick, on several occasions, departmental (and ministerial) resistance was sufficient to frustrate Everingham. In a letter in mid-April, Fraser, in rejecting the request, noted:

Transfer on the agreed date should ensure a smooth transition and obviate administrative difficulties and unidiness which could otherwise occur.

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But, in respect of health, Everingham’s continued persistence finally was rewarded by an agreement to shift its transfer forward to 1 January 1979.(11)

As part of his justification for an earlier transfer of health and education, Everingham contended that his decision not to organise them on the basis of statutory authorities (or commissions) undercut the departmental argument that a long lead-time was necessary. Although the creation of a health and an education commission was party policy, Everingham refused to support the concept:

*I wasn’t going to become Chief Minister and hand over whatever control I might have [to commissions]. It doesn’t matter whom you put on those statutory bodies. They can be your best friends but they soon turn into crazy megalomaniacs and empire-builders. The most logical, sensible or rational businessmen, when put on a statutory authority, seem to become putty in the hands of the bureaucrats who work for it and start running along its boundary fence like a dog.(12)*

His contention, however, was not enough to influence Commonwealth opinion in his favour.

In his negotiating style on the constitutional issue, Everingham adopted a more direct and aggressive approach than had his predecessor. Unlike Letts who usually worked through Adermann as the responsible minister for Territory affairs, Everingham at an early stage decided to target more senior ministers and often the Prime Minister himself. Most of Letts' colleagues and contemporaries believed that his major negotiating weakness was the awe and respect he accorded to federal ministers and senior public servants. Everingham soon learnt to treat them as equals, if not as inferiors; he had none of Letts' inhibitions in his private and public dealings with them. Moreover, he developed, from their first official meeting in September 1977, a firm relationship with the Prime Minister and used it to good effect. After that meeting, Everingham 'felt one hundred per cent at ease and somehow or other every time we had a go in with Fraser, he would concede or cave in on just about every area but land-rights.'(13) During the long negotiating period, Everingham made frequent visits interstate, either to attend formal discussion sessions or to conduct informal lobbying and his adroit personal skills earned him both respect and achievement. Inevitably at times, his approach caused resentment and never more so than with Adermann who felt that Everingham often failed to consult him on significant matters.(14) One casualty of Everingham's preference for direct consultation was the Consultative Committee which, after meeting for the sixth time in early-September, was not convened again. Everingham deemed it a monumental waste of time and effort.

At the official level, the IDC performed the pivotal coordination role. Its basic function was the general oversight of the complex process of devolution, a task which encompassed a wide range of financial, legislative and administrative activities. The core members of the IDC were drawn from the DNT, Attorney-General’s, Treasury/Finance, Prime Ministers' and Cabinet, the Public Service Board and the NTPS. While there was an element of stability in the core membership at formal working sessions, the actual personnel representing some departments varied from meeting to meeting. Moreover, the co-option of other officers at various times (according to the issues being discussed) contributed to the IDC's fluctuating composition and size. Altogether, from August 1977 to June 1978, it met, as a full working group, on thirteen occasions. Those were supplemented by frequent informal interchanges between participants. Indeed, many of the most significant discussions and decisions took place within that informal context. Most of the detailed work was undertaken by a large number of task force groups or working parties (some intra-departmental, some interdepartmental and some inter-
governmental) and project officers. Their role was to organise specific elements of the transfer process and produce operational planning and implementation reports to the IDC. Subsequently, the IDC would submit the programmes, if acceptable, for ministerial ratification. Except where there was departmental tardiness or resistance, the IDC tried not to intrude into the administrative arrangements of functional areas and confine itself to broad principles and policy matters. On the other hand, it played a more comprehensive role in the preparation of the legislative framework and the financial agreement particularly by providing a forum for the discussion of the conflicting attitudes of Territory and federal officials. In the Territory, a local IDC (comprising the Director-General, the Public Service Commissioner, the Director of Finance, and [later] the head of the Law Department) was formed in September 1977 with the object of coordinating the Territory input into the constitutional development process.

Another part of the work of the IDC and many of its associated bodies was the identification of assets, staff and funds related to the functions to be transferred. Although that task was expected to be, at least at the operational level, relatively easy, there was, in many cases, dispute over the number of actual positions involved. It was sometimes exacerbated by considerable debate over the appropriate allowances to be made for 'central office' functions previously unperformed or carried out outside the Territory. Difficulties with DNT activities were usually satisfactorily resolved. The real problem lay with other departments undertaking state-type functions, notably the Departments of Construction, Administrative Services, Education and Aboriginal Affairs. As a large portion of their staffs were employed on Territory activities, they were reluctant to lose a significant part of their bureaucratic empires. Nor were they well-disposed to shed their responsibilities to what they considered an untried and amateur administration. Ian Barker considered that:

[one] should have expected trouble because what was happening was an erosion of empire but we didn't expect quite as much as we got. They should have said, 'Here it is; either you're going to be a self-governing community or you're going to go on being a colony with some limited rights.' (15)

Several of the major participants on the IDC have also attested to the strenuous opposition mounted by sections of the bureaucracy in Canberra and in the Territory,(16) an attitude which often had to be countered by IDC and ministerial direction. On the other hand, there were federal agencies like the Attorney-General's Department and the Public Service Board which cordially accepted their loss of functions and staff. The transfer of the bulk of the Attorney-General's activities on 1 January 1977 proceeded smoothly and without major staff disruption.(17)

Although the use of agency arrangements was strongly supported by the IDC and certain federal departments, in the end comparatively little use of them were made. With the exception of the Commonwealth Auditor-General's services and Archives, the Territory Executive opted for local administration of all major functions. However, it was prepared to undertake agency arrangements for Commonwealth departments, an invitation that they were loath to accept. The Department of Administrative Services (notably over survey services) and Construction (over a range of activities like housing and transport) were the best examples of resistance. Construction, of course, had earlier been supportive as it expected to undertake, on a contract basis, several activities for the Territory government. However, that arrangement was aborted, later in the negotiations, by the Territory Executive. As a consequence, relations between the Territory and the residual Commonwealth agencies operating in the public works area were quite strained for some time after self-government.
The provision of services to Aboriginal communities also became a contentious issue. As with other areas, an IDC working party had been established to study transfer of state-type functions, particularly essential services. Moreover, an inter-departmental (Aboriginal Affairs, Chief Secretary's, NTCS, DNT and, from late 1977, the Northern Land Council) Liaison Committee operated during 1977-8 as a forum for the exchange of views on Aboriginal matters. One of its major agenda items was the relationship of the various bodies having statutory responsibilities over common areas. Throughout the negotiations, the Territory Executive understood that responsibility for essential services would be transferred on 1 July 1978. However, close to the date of self-government, Everingham became aware of a change of attitude in the DAA which seemed to him to be tantamount to a refusal to countenance early, or indeed any future, transfer. In a letter to Fraser, he threatened deferment of self-government unless firm assurances were given. Continuation of DAA involvement would, in his opinion, lead to

_unnecessary duplication, massive wastage and inevitably to the type of unfortunate emotional reaction that occurs in the field of Aboriginal Affairs in other States in the north of Australia ----. It is essential for racial harmony to have Aboriginal communities treated the same as the wider community.(18)_

Fraser's subsequent intervention secured the hand-over of formal responsibility on schedule although there was an inevitable time lag while services, funds and staffing were being identified. Operational control of essential services, was transferred to the NTCS at the end of August; in the interim, DAA and Department of Construction services were continued on an agency basis.

In the pre-self-government period, the IDC maintained a watching-brief on other issues of continuing tension between the Commonwealth and the Territory. But its role was distinctly minor and overshadowed both by other Commonwealth agencies and by direct communication between Everingham and federal ministers. As before, the prime issues were uranium, Aboriginal land-rights and national parks. Everingham reluctantly accepted the Commonwealth's overall control of uranium and land-rights but, like Letts, argued strongly for the maximum possible Territory legislative and administrative involvement. Despite the persistence of opposition by Aboriginal groups, he was eventually able to satisfy the Commonwealth as to the adequacy of the re-introduced complementary legislation on land-rights. Some aspects of the uranium policy package announced in late August 1977 - particularly the intention to allow the Territory a role in the safeguard and monitoring process - (19) met with Everingham's muted approval. On others, however, he was less enamoured. He vented special indignation on the arrangements proposed for the national park (Kakadu) and the regional centre.(20) In his opinion, the lease-back by the traditional Aboriginal owners to the ANPWS was 'highly objectionable' as it prevented any later devolution of control and management to Territory authorities.(21) Developments in both Kakadu and Uluru convinced Everingham that the Commonwealth was not complying with the agreement reached in 1976 on the respective roles of the ANPWS and Territory agencies. That agreement had specified that broad policy formulation and management planning should reside with the ANPWS while responsibility for operational control and day-to-day management should reside in the Territory Parks and Wildlife Commission and be authorised by Territory legislation. During early 1978, Everingham made numerous representations to the Prime Minister and the Minister, Ray Groom, to abide by the agreement.(22) Although the Territory received assurances in May about the Uluru situation and some concessions on Kakadu, the issue remained unresolved at self-government. It was exacerbated by the publication, in the Commonwealth Government Gazette of 28 June, of the land acquisition pursuant to S.70
of the Northern Territory (Self-Government) Act. Included were large areas in the
Kakadu region, acquisitions which the Territory Executive believed were accomplished in
stealth and without prior consultation.

Overall, despite the many difficulties, the self-government exercise succeeded in meeting
its target and its objectives. Given its magnitude and complexity, its completion within
such a relatively short period was a notable achievement. Certainly, the IDC and the
federal ministers (particularly Fraser and Carrick) must be given due credit for expediting
the process.

Within the Territory a massive amount of preparation and organisation had to be
undertaken to provide both the legislative, financial and administrative infrastructure for
self-government and the multitude of procedural, operational and symbolic arrangements
necessary for the new polity. With limited staff and resources, that task was onerous, but
nevertheless satisfying, to the politicians and senior administrators involved. At the same
time, Everingham embarked on his ambitious programme to reshape and develop the
Territory.(23)

Planning for a new administrative apparatus began in September. After considerable
investigation, a working-party report, and input from interstate consultants and local
officers, Everingham announced the post-self-government structure in March.(24) Ten
departments were to be created: Chief Minister's, Law, Treasury, Lands and Housing,
Mines and Energy, Health, Community Development, Education, Industrial Development
and Transport and Works. Health and Education would have liaison responsibilities until
those functions were transferred. Despite his general aversion to the establishment of
statutory authorities, Everingham did see a role for an Electricity Commission, a Town
Planning Board, a Liquor Commission and a Northern Territory Development
Corporation. Legislation establishing those instrumentalities was introduced in 1977-8.
He also gave high priority to the creation of an Ombudsman's office and an interim
appointment (Harry Giese) was made in May 1978.

Contrary to the opinions of some sceptics, the compulsory transfer of staff to the NTPS
took place with a minimum of disruption and few serious personnel problems. Finger and
Campbell were convinced that the vast majority (and the public service unions) were
reasonably satisfied. Indeed, many transferees relished the new environment and the
removal of the administrative shackles of the old Commonwealth system. In January, 201
former federal public servants were involved and, in July, 4066. But considerable
difficulty was experienced in finding suitable officers for some of the most senior
positions. Everingham certainly agreed with Livingston's views that self-government 'has
real meaning only if the region can be administered properly' and 'that the best usage
must be made of the relatively few competent officers [in the DNT] available to you
---.'(25) Still, from the administrative perspective, self-government was
accomplished, as Everingham had hoped, 'without tears.'(26)

Preparing for Self-Government: Finance:

Throughout the long debate on constitutional development, the question of finance had
loomed large. So it was in the run-up to self-government in 1977-8. Although there were
many links between them, two broad areas of argument can be defined. The first
concerned the negotiations leading to the financial agreement between the Commonwealth
and the Territory and the second the financial policy of the Everingham Executive within
the Territory. The former is discussed below, the latter in the context of the local dispute
over self-government in the following section.
Of the general principles set out in Adermann's July statement and reaffirmed in September, the least explicit were those relating to finance. Only the broadest outline was indicated. Detailed arrangements were to be determined by negotiation. Before self-government was granted, a mutually acceptable financial deal had to be concluded. As Everingham was to note, agreement was only reached 'after some very hard and at times very difficult periods of debate and dispute.'(27) Everingham's original expectation was the sealing of the accord by the end of 1977. However, several factors, such as the unanticipated range and complexity of issues, the inability of ministers to schedule early meetings and the slowness of several IDC working-groups to report, necessitated a number of postponements. A Memorandum of Understanding was finally initialled on 28 June, only two days before the inauguration of self-government.

The first phase of negotiations, which lasted until March 1978, was substantially concerned with the elaboration of principles. For the Commonwealth, Treasury, assisted by the Department of Finance, had the main carriage of policy. Alan Ashley and Otto Alder were the major Territory protagonists. With the Prime Minister's concurrence, the Territory was able to secure the services of consultants from a number of states, notably Bob Jay (an expert on federal/state financial relationships from the Australian National University) and Sir Leslie Melville, who had been Chairman of the Commonwealth Grants Commission from 1966-74. Melville's consultancy, in the view of Ashley and Alder, was particularly effective in bolstering the Territory's bargaining position. The original intention of the negotiators was to prepare a composite paper for consideration by ministers. To that end, there were a series of joint meetings in late 1977. Some progress on the definition of principles was accomplished but seemingly irreconcilable differences on issues like the involvement of the Grants Commission, the presumption by some Commonwealth officials that the Territory was grossly over-funded and the level of Territory revenue-effort led to a decision by the Territory to prepare its own position-paper. In Ashley's recollection, those early meetings were characterised by 'some heated discussions' and not a little animosity.(28)

Fundamental to the Commonwealth's approach was the attempt to fashion the future financial relationship with the Territory as closely as possible on general Commonwealth/State models. In doing so, Treasury in particular hoped that federal expenditure could be contained and the Territory forced to contribute more revenue, at least to comparable state levels. On the other hand, there was some acknowledgement of the Territory's fiscal disadvantages and measures were incorporated within the Commonwealth position to provide additional or special assistance. Moreover, the Territory's request for a population factor to be included in the formula for calculating the entitlement for recurrent funding was accepted without much dissent. On the Grants Commission question, the Treasury maintained its opposition to its use as an arbitral body. Even in normal federal financial dealings, the role of the Commission had long been a sore-point for the Treasury as it was seen as abridging its control over financial management and policy-making; its extension to the Territory situation would create the same problem. Moreover, Treasury argued that such an extension was not appropriate for a Territory as the Commission's traditional role had been confined to the States. If it were to be used, then it should only be introduced when the Territory's financial position had matured. The Treasury stance, however, was not shared by other officers on the IDC; Stephens, Stokes, Hickey and others all recognised the illogicality of the Treasury's contention that the fullest application of Commonwealth/State models precluded the Commission's participation. In any case, they knew that Treasury's opposition would eventually be negated by Cabinet.

After initially rejecting the need to fit the Territory into existing federal models, the Territory negotiators early recognised the futility of pressing any alternative approach and
concentrated upon adopting the framework to the Territory's advantage. In some areas, they were successful but, for the most part, they believed that the Commonwealth's position was unacceptable and fell far short of the expectations of the Territory Executive. To Everingham, the agreement must satisfy certain basic conditions: the provision of a sound financial foundation not only for self-government but also for future development; a proper and clear acknowledgement of the Territory's 'particular circumstances'; a precise programme for meeting any special disabilities; the involvement of the Grants Commission; and the ability of the Territory government to determine 'on general policy grounds' when any increases of local revenue to 'reasonable' levels should apply. (29) Ashley, Alder and their advisers proceeded to compile a paper based on those principles. Its final version was the prime negotiating instrument used by Everingham and Perron at a meeting with Commonwealth ministers on 20 February 1978.

In its prefatory section, the paper (30) listed the 'special disabilities and particular circumstances' of the Territory. They were: the dispersal, transience and the composition of the population; the problems of distance and isolation; the extremes of climate; the lack of basic infrastructure; the provision of certain above-average services and its effect on forward commitment of resources; the denial of revenue from mineral resources; and the urgent need to provide services to remote Aboriginal communities. Most, it was argued, were 'unique to the Territory and render fallacious any direct conclusions drawn from financial comparisons, with the States, on a per capita basis.' Funding should 'adequately compensate' the Territory for those factors. Where services were above-standard (vis-à-vis the States) they should be maintained and, where they were below-standard, they should be brought up to standard in a reasonable period. Reimbursement of any expenditure, necessary in the establishment, operation or control of minerals, 'where full royalties are not payable to the Territory government', should be forthcoming. The Territory's revenue effort should be assessed over two years (1978-9, 1979-80) by the Grants Commission and phased in during that period. If, in any later year, it was decided for policy reasons not to increase revenue to the assessed rates, then the Territory was prepared to accept reduced levels of expenditure. The bulk of the document dealt with the method of calculating the Territory's entitlements in the two 'transition' years and thereafter for both recurrent and capital expenditure. Claims were wide-ranging and designed to cover all possible expenditure contingencies. For example, an extensive 'shopping list' of major capital works (in progress or in prospect), to be funded by special purpose grants, was included. In broad terms, state-type arrangements were followed but there were several radical departures. First, the Territory requested that appropriations be done outside the normal Commonwealth budgetary process. For recurrent subventions, determination of funding should be made in April/May and remitted at the start of the financial year. Thus, the Territory would receive interest to enable it to sustain any inflationary pressures during that year. When special purpose grants were involved, an advance payment (five-twelfths) should be allocated in a similar way. Secondly, capital payments should be paid in a lump sum in advance and, except for welfare housing, consist entirely of grants. (The usual formula was one-third grant, two-thirds loans.) A third departure was the demand for Commonwealth underwriting of semi-government capital loans for public utilities. Finally, where the Territory government was denied special additional assistance by any minister, a facility to approach the Administrative Appeals Tribunal for redress was to be provided. Altogether, the Territory document undoubtedly presented an expansive and beneficial case but, as Everingham later observed, it was in essence an ambitious claim designed to emphasise pivotal financial concerns. (31) Even its authors did not expect many of its controversial elements to be accepted.

Given the competing propositions of the Commonwealth and the Territory negotiating teams, the resolution of differences required political decision. In an attempt to achieve
agreement on the major principles, a meeting was convened in Canberra on 20 February. Everingham and Perron represented the Territory Executive and Carrick, Adernmann, Robinson, Durack and Howard, the Commonwealth. On Carrick’s insistence, no official record was made of the meeting in order to allow a free and frank exchange of views. By all accounts, a long, lively and uninhibited discussion did ensue. In his report to the Assembly, Everingham acknowledged that ‘a very critical stage’ had been reached. But he conceded that he was confident of a satisfactory outcome.(32)

At the meeting, the Territory representatives accepted the arrangements set out in the Commonwealth proposals subject to the provision of access to the Grants Commission. Everingham had treated that condition as non-negotiable. Although Howard had argued the Treasury line strongly, his opposition had proved ineffectual. For his part, Everingham had to agree that there would be no review of 1978-9 as the overall level of funds in that year would be politically determined and, thus, unsuitable for assessment. In the face of stern dissent from the ministerial committee, he also did not press his requests which were significant departures from the normal model. With regard to mining royalty ‘compensation’, some sympathy was given to the Territory’s case and an undertaking made to consider the matter further. On the other hand, the committee held out little prospect of Cabinet’s endorsement of the claim for early notification of capital funding levels for 1978-9. Nor did it see that the inclusion of the financial arrangements in legislation was feasible given the complexity of the issues and the availability of time. After discussions upon the possible treatment of public utilities, the meeting simply decided as a matter of urgency to conduct further analysis of the problems. Everingham and Perron did not secure any concessions; the access to the Grants Commission had been, to all except Howard, a foregone conclusion and the statement on mining royalties had been vaguely couched. Indeed, except for the broad agreement on principles, much of substance remained to be negotiated in detail.

The real significance of the meeting lay in the frequent oral commitments given by ministers, and Carrick in particular, that, despite the absence of formal safeguards, that the Commonwealth would deal favourably with Territory finances. As Everingham later observed:

\[
\text{Our anxiety at the meeting over the lack of figuring was smoothed over by the reassuring and, from our point of view, very necessary further comment by Senator Carrick that ‘we (the Commonwealth) have got to live with you and we want you to be successful’ and that ‘we (the Territory) will get a fair go and you must trust the bona fides of the Commonwealth.’}(33)
\]

Stephens recollects it in more colourful terms. To him, the real breakthrough occurred when Carrick said:

\[
\text{Now, Paul, really we are not going to be scrooges and send you out into the world with a patch on your trousers and without a cent in your pocket. We have an interest in ensuring this is going to work. We are not going to put it in jeopardy by being parsimonious. Now, if you can accept that assurance, officers can go away and negotiate on that basis.}(34)
\]

Despite the assurances, Everingham remained uneasy and, during the next month, sought further clarifications of the Commonwealth intentions. In particular, he was concerned about the marketability of the package to the Territory electorate. Unless he could demonstrate real and tangible benefit, he thought that any ‘agreement’ would be politically impossible to accept; ‘I would not even try [to market it].’(35) Thus, he was at pains to convince the Commonwealth that it should make no reference to past above-standard
expenditure, that clear (albeit confidential) information should be given on levels of funding and the Territory’s expected revenue effort, and there was no resiling from the understanding reached on the Grants Commission’s role. All of those concerns were considered favourably by the Commonwealth and confirmed either in the Cabinet decision or in further informal assurances. On the other hand, the Commonwealth refused to give the agreement any legislative backing; it was to remain a political not a legal commitment. Notwithstanding the continued uncertainties and the reservations of some of its members, the Territory Executive decided, in Batchelor on 11 April, to accept the basic financial principles and proceed with self-government.(36)

The agreement, which later was included in the Memorandum of Understanding, contained a number of arrangements, some quite complex. In the transitional period (the 1978-9 financial year only), Territory funding would be provided ‘in much the same way as in the past’ and no assessment by the Grants Commission of revenue capacity or expenditure levels was to be made. Commonwealth subventions would be sufficient to maintain existing standards of services and, at the same time, the Territory was responsible for raising a ‘reasonable proportion’ of its total revenue. In 1979-80, the first year in which the state-type model would operate, an overall funding figure would be established and divided among the various categories of assistance. For each, formulae and arrangements for following years, broadly similar to state-type models, were set out.

Recurrent funding for 1979-80 (and thereafter) would consist of four elements. The bulk would be general revenue assistance, an entitlement which would change from year to year in proportion with nett personal income tax collections in Australia and with the Territory’s population. As a guaranty, the Commonwealth pledged that the amount provided in any year would be, in absolute terms, no less than in the previous year. Everingham deemed the population factor as ‘one of the most significant gains to the Territory ---.’(37) Specific purpose revenue grants (for education, health, agriculture, Aboriginal advancement, roads, local government and welfare) would be allocated on terms and conditions similar to those applying to the States. Thirdly, there would be an additional assistance grant (later to be set at $20M for three years with lesser amounts in the following three years). However, it was not a bonus on top of the global figure but a deduction from it, representing what was, in effect, a calculation of the Territory’s above-standard expenditure. The fourth element was special assistance to be recommended by the Grants Commission. But, it and the additional grant would not be paid together; only the greater would be allocated. When the special assistance had stabilised after some years, it was intended to discontinue (or reduce) it by building an appropriate allowance into the general revenue.

In the capital area, total funding would be distributed into general purpose assistance, specific purpose assistance and semi-government borrowings. Again, arrangements similar to existing federal/state conditions were made. For example, the level of general purpose funds over time would be determined by the average movement in the disbursement of similar capital assistance to the States and be paid on the basis of one-third grants and two-thirds loans. Borrowing by the larger semi-government (i.e. the Electricity Commission) and local government authorities, would form part of the Commonwealth Loan Council programme; loans would be guaranteed (not underwritten) in appropriate circumstances. Small bodies would continue to borrow as Commonwealth authorities. As the Territory had no accumulated debt (capital works had been funded in the past from Commonwealth recurrent revenue), special arrangements had to be put in place to cope with debt charges which would rise relatively quickly in the early period of self-government. Thus, it was agreed that a grant would cover such charges, at least while the rate of growth was high. When it declined, consideration would be given to the replacement of the grant by an addition to the base level of general purpose funding.
Finally, the Commonwealth admitted the possibility of extra capital advances to allow for growth and development of the Territory.

Although substantial agreement on principles had been reached, other aspects of the financial relationship remained to be settled. Among them were electricity subsidies, mineral revenues, superannuation, insurance, transfer of assets and essential services in Aboriginal communities. Most proved to be contentious subjects. Some were finally resolved at a second ministerial conference on 1 June and others at an IDC meeting in Maroochydore on 24 June.

Everyone involved with the electricity issue - working party, IDC, officials, ministers, Executive Members - admitted to its complexity and difficulty. The electricity operation was universally seen as woefully maladministered in the Commonwealth era and as financially unviable. While there was a general awareness that beneficial arrangements must be made, considerable argument ensued on the appropriate approach. At one stage, Everingham threatened to leave electricity with the Commonwealth, a prospect which alarmed federal negotiators and contributed to a faster and more accommodating solution. In the end, the Commonwealth agreed to subsidise the losses subject to the Territory government’s implementing a tariff-structure comparable to average North Queensland rates. A review of the subsidy and the timing of future reviews was to be held in 1981-2. Moreover, the Commonwealth undertook to contribute substantially to the construction of new and expanded generating capacity. Existing assets were transferred on liberal terms. For example, the final cost to the Territory was c.$60M compared to the working party’s assessment of c.$73M.

Everingham had always insisted that for political and economic reasons, uranium mining must be seen to produce financial advantage to the Territory. Thus, he argued vehemently for concessions and, when he felt that the Commonwealth was not responsive, used brinksmanship tactics to force its hand. His most effective ploy was to introduce new stamp duty legislation, a high (some saw it as exorbitant) and continuing levy on mining agreements. As the price of withdrawing the measures, Everingham extracted further benefit.(38) The final agreement gave the Territory a grant in lieu of royalties (set at one and one quarter per cent, the prevailing rate under the Mining Ordinance), an additional amount in base revenue ($1.5M) to compensate for operational costs and a commitment to reimburse the Territory for required capital expenditure in the uranium province. On minerals other than uranium, royalties were to be paid to the Territory. Where such royalties were directed to Aboriginal interests, a ‘once and for all’ deduction of the amount payable in 1979-80 was deducted from the base recurrent entitlement. Afterwards, all payments would be made by the Commonwealth.

The Commonwealth was not able to accept the Territory’s demands on superannuation which, in effect, sought a transfer not only of employees’ contributions but also the government portion. Such a scheme was, in administrative terms, highly complex and almost impossible to implement. Moreover, as the Commonwealth paid superannuation benefits on an ‘emerging-cost’ basis, there was no accumulated fund from which to draw the sizeable funds involved. Therefore, an expedient arrangement was devised with transferred officers and new NTPS staff continuing to subscribe to the Commonwealth scheme. A joint task force was to be set up to consider future options, one of which might be the establishment of a separate Territory superannuation fund.

Of the other issues, the questions of recreation leave and furlough for transferred officers and self-insurance were settled with little conflict. So also was the transfer of assets. There, the principle followed was that all non-revenue producing items were granted at no cost while others attracted financial adjustment. As with the electricity operation, assets in
the latter category were transferred at favourable rates. Although the financial conditions for Aboriginal essential services were not to be finally decided until after self-government, equitable terms were promised by the Commonwealth.

All the major Territory participants in the negotiations, when looking back on the process, admit that, given the prevailing constraints and attitudes, the Territory succeeded in crafting a satisfactory set of financial arrangements. At the same time, they give tribute to the sympathetic and accommodating stance taken by most of their Commonwealth counterparts. The only major regret was their inability to secure legislative protection for the Memorandum. But, as legislation is notoriously easy to amend or repeal, most were uncertain as to the degree of security afforded. Therefore, it was conceded that, in essence, the agreement was based fundamentally on political commitment and will.

For Territorians (and, to a lesser extent, the participants themselves), the real tests of the Memorandum were to be found in the 1978–9 and 1979–80 Commonwealth and Territory budgets. Except for some indicative assessment of funding in previous years and the determination of a few precise items, most of the debate over financial arrangements had not involved actual figuring. Any presumption made on 1 July 1978 of the eventual financial advantage of self-government would have been premature.

**Commonwealth Legislation:**

In the July 1977 offer on constitutional development, the need for substantial modification of existing Commonwealth legislation and the general tenor of the required amendments had been outlined. Given Cabinet's intention to establish a Northern Territory government on 1 July 1978, it was originally, and confidently, expected that legislation would be introduced early in the Autumn sittings of Parliament. However, the task of preparing appropriate and acceptable measures proved to be more demanding and vexatious than first anticipated and, in the event, the introduction of the legislation was delayed until mid-May. The legislative package - the Northern Territory (Self-Government) Bill and fourteen complementary bills - was finally passed in mid-June. Although the debate about the legislation was mainly a 'lawyers' argument', its political ramifications led at times to ministerial intervention. Far from being a simple exercise, it consumed a considerable amount of the time and effort of the major participants and particularly of Ian Barker.

Planning for an amended Northern Territory (Administration) Act began in early-August 1977, when instructions were given to the Parliamentary Counsel. The DNT's intention was to submit the completed revision to the Legislation Committee of Cabinet by year's end. In September, the instructions were forwarded to the NTPS for comment and advice. Its response was generally favourable; only a few matters were seen as requiring further attention. Of those, the most significant was the suggested retention of ministerial instructions to the Administrator. Either that section should be removed entirely or, if it was to remain, be restricted solely to matters which had not been transferred. However, that advice was rejected by the DNT. Further correspondence between the DNT, the NTPS and the Parliamentary Counsel took place in October and November which effectively slowed the progress of the bill. A preliminary (and incomplete) draft was not produced until early December. Again, the NTPS supported the amendments except for the question of ministerial instructions. Finger stressed that, if the qualification of that section was not reconsidered, it could 'easily [lead to] a widening rift between the Territory and Commonwealth governments to the detriment of any effective co-operation.' At no stage during the discussions about the form of the bill was the Territory Executive officially given access to the draft legislation. In the end Everingham, prompted by his legal advisers, requested copies from Adermann
urgently. Still, by the end of December, the anticipated date for finalisation of the preparatory phase, the bill was a considerable distance away from completion and certainly far from being accepted by Everingham and Barker.

In January 1978, Everingham, spurred on by Barker, directly entered the debate on the self-government legislation, an involvement which he maintained enthusiastically for the next few months. Barker admitted to serious concerns about the approach taken in the developing legislation. In particular, he questioned the extent to which the proposed changes succeeded in establishing a crown in right of the Territory, 'a matter --- fundamental to future law-making' and in providing a capacity for the Territory government to legislate extra-Territorially.(47) Professor Geoffrey Sawyer of the Australian National University was commissioned to prepare a submission on those and other relevant questions. Sawyer's opinion, fortified by advice from Ron Withnall, Barker and Graham Nicholson (the Deputy-Solicitor for the Northern Territory), formed the basis of a long letter, sent by Everingham to Durack,(48) which set out the salient misgivings of the Territory Executive to the existing legislative proposals. Some of the matters had already been raised by Barker at a recent IDC meeting and in discussions with Pat Brazil. Barker believed that Brazil seemed 'to agree with most of [the Territory's] contentions.'(49) After complaining about the lack of consultation on the bill with the Territory, Everingham forcefully presented his objections. In his view, amending the Northern Territory (Administration) Act was the wrong approach in providing what was in effect the constitution of a self-governing Territory. He strongly argued for the repeal of that unsatisfactory legislation and its replacement by a new act. Although he conceded that time constraints would make that task difficult, he contended that

--- self-government for the people of the Northern Territory is of great constitutional importance and the provision of proper legislation should be given the highest priority in your Government's drafting programme.(50)

A prime consideration should be a clear and unambiguous acceptance of 'Crown' status so that there could be no doubt as to the constitutional position of the new body politic with powers and privileges derived from the Crown. What was being offered was, to his mind, a mere statutory corporation or a form of municipal authority. The new polity should not be 'the government of the Northern Territory' but rather 'the Northern Territory.' Everingham vehemently objected to the proposed treatment of permitted executive powers. Instead of such matters being prescribed by proclamation, a device which Everingham believed would be monumentally difficult and open to considerable future litigation, he supported a general grant of executive power, formally delegated by the Governor-General to the Administrator. Matters excluded from such a general grant (and retained by the Commonwealth) should be specified. On the long- vexed question of ministerial instructions to the Administrator on transferred powers, Everingham reiterated his strong opposition.

With regard to the legislative powers, Everingham was more restrained. He suggested the use of the 'Legislative Assembly of the Northern Territory' (rather than 'for') and 'acts' rather than 'ordinances' as they better suited the Assembly's enhanced status as the legislative arm of the new political entity. Somewhat surprisingly, he accepted the Administrator's general right to reserve any act for the Governor-General's pleasure and did not oppose the retention of the disallowance power. But he did request the tabling of reasons in the Assembly within seven sitting days in the event of a refusal of assent or a disallowance.

Other points made by Everingham included the conferring of a judicial power on the proposed government, the reconsideration of the decision not to transfer the Supreme
Plate 39: Ian Barker, QC, first head of the NT Department of Law (*NT News*)

Plate 40: Senator Peter Durack, Attorney-General (*NT News*)
Court, the recognition of the proper authority and status of Territory law officers and a better method of land holding. In the Chief Secretary’s opinion, the draft bill implied that land would be held from the Crown only in the same way as any private person or corporation. Thus, he wanted a more effective means for Territory control and disposition of land. In a later letter, Everingham added the request that ‘land’ should include the Territory ownership of all minerals (excluding uranium).(51)

Everingham’s expectation of a more open consultative process was rebuffed by Adermann in early February. Citing the conventional confidentiality of bills before their introduction in Parliament, Adermann refused to make draft copies available. He claimed that the representation of senior NTPS officers on the IDC facilitated adequate ‘collaboration, coordination and interchange of information.’(52) Thoroughly annoyed, Everingham asked Barker to prepare a reply but Barker counselled against an immediate response. Although he admitted that such a request, either to Adermann or the Prime Minister, might result in the bills being made public, it was more likely to have the opposite effect of ensuring total confidentiality. He added:

[so] far we have always managed to get copies of the draft by clandestine means. I am most anxious that we obtain a copy of the final draft and it might be safer to continue to rely upon the Attorney-General’s waste-paper basket as our source of information. If we are given a complete knock-back by the Prime Minister that would be the end of the matter.(53)

A month later, with the draft bill almost complete, Everingham did write to Fraser urgently seeking a copy in order that he could discuss the proposals with the non-government members of the Assembly.(54) In his view, it was imperative that any joint opinions should be drawn to Parliament’s attention. Fraser blandly replied that the legislation would be made available only after it had been considered by the Legislation Committee of Cabinet.(55)

The laborious task of preparing the draft legislation continued throughout March and April. Everingham and Barker maintained their campaign to influence the form of bills. On a few, and usually minor, issues, their entreaties were successful. Rather than persevere with the amendment of the Northern Territory (Administration) Act, the Commonwealth decided to introduce new legislation, the Northern Territory (Self-Government) Bill. Notwithstanding the considerable rearrangement of provisions, the bill substantially followed the pattern of reform already established. Thus, it included many of the clauses objected to by the Territory negotiators.

In early-May, the legislation was considered by the Coalition’s Federal Affairs Committee and Everingham and Barker, by written communication or in person, concentrated on lobbying its members on the self-government bill. The three major areas of concern stressed to the committee were the Administrator’s instructions, the proclamation of the specified executive powers by the Governor-General and the method to be employed in transferring title of land to the Territory government. The committee dealt sympathetically with many of the Territory’s representations and succeeded in convincing the Commonwealth to amend some clauses.(56) Significant among them were the extension of the parliamentary term to four years, the removal of ministerial instructions to the Administrator on matters transferred to Territory executive control and a change to the controversial section (S.35) dealing with executive powers. Rather than using the proclamation method, it was agreed that the powers should be enumerated by regulation. On the other hand, some members of the committee advocated changes not supported by the Territory. Their prime concern was the disjunction between the plenary legislative capacity of the Assembly and the more limited executive grant; they wanted conformity
between the two which would have entailed a reduction of the legislative competence of the Assembly. However, that proposition was not taken up.

Notwithstanding the amendments, Barker and Everingham remained very dissatisfied and continued their lobbying efforts intensively during the passage of the legislation. The Northern Territory (Self-Government) Bill and the complementary legislation were introduced into the House of Representatives on 11 May; substantive debate took place in the House and the Senate in early-June. In that period, the major attention of the Territory protagonists focused on the form of S.35, a ‘sinister new sub-clause’ (S.53(5)), the ‘odious clause 70’(57) and S.75. In a letter to Adermann, Everingham commented:

_It is not the desire of my Executive to become embroiled in a further public dispute with your Government, but you can hardly expect us to agree to go into self-government with these sorts of laws inflicted upon us._(58)

Although the alteration to S.35 was more acceptable to the Territory, Everingham continued to push the general grant with exclusions option but with little expectation of success. In the end, his demand was not acceded to but he did obtain an understanding that the regulations under S.35 would be framed in a manner so as to minimise possible litigation. Section 53(5), prohibiting Territory control over industrial disputes and inserted without reference to Territory Executive largely at the insistence of the Minister for Employment and Industrial Relations (Tony Street), attracted opposition not only for the lack of consultation but also because it eroded the Assembly’s legislative power and interfered with existing legislation and administration. Eventually, amendments to limit the impact of the prohibition were conceded. The Territory argued that S.70, which allowed the Commonwealth to reacquire land vested in the Territory without compensation for a year after 1 July 1978, should be deleted. In its place, the Territory would give firm undertakings that the Commonwealth’s legitimate land interests would be safeguarded by the new Territory government. If that was unacceptable, then, at the very least, the section should be refined and the period reduced to three months. Some refinement was carried through but the main Territory arguments were rejected. Similarly, in respect of S.75, which enabled regulations to be made to modify or adapt any legislation if necessary for the period of a year after self-government, amendments were introduced to mollify the Territory objections about its potential misuse and arbitrariness. Finally, Everingham, reversing his position adopted in January, proposed, without success, the removal of the Governor-General’s power of disallowance of Territory legislation.

In the parliamentary debate on the legislation,(59) there was considerable criticism by the Labor Opposition of the lack of consultation with, and publicity in, the Territory and the undue haste of the legislative process. Consequently, following party policy, Labor speakers called for a referendum in the Territory before self-government was ‘imposed’. Other Labor amendments included the limitation and circumscription of the ‘undue constitutional power’ of the Administrator, the reduction of the electoral tolerance from one-fifth to one-tenth and more detailed protection of citizens’ rights. None were successful. On the government side, several speakers, all members of the Federal Affairs Committee, argued strongly against the grant of plenary legislative power to the Assembly and the form of S.35 but refrained from moving amendments. The bulk of the complementary legislation was accepted readily but, on two areas - Aboriginal land-rights and the removal of the Ashmore-Cartier Islands from Territory jurisdiction - there was some debate. On the first, Labor failed in its attempt to use the cognate bill as a vehicle for inserting what it deemed to be further general safeguards for land-rights. The second measure was opposed by Labor speakers and the two non-Labor Territory representatives, Calder and Senator Kilgariff; they considered that proper consultation had not taken place.
Everingham had also protested strongly to the Prime Minister about the 'objectionable' action. (60)

Although Everingham had achieved reasonable success in influencing parts of the Northern Territory (Self-Government) Act, he remained far from happy about the final outcome. If he had been allowed more time, he believed that his impact would have been greater. In his view, the Territory had been forced to accept the act because of the time constraint 'which seem[ed] --- to be a factor that the Commonwealth has relied on in a lot of its dealings in the Northern Territory.' (61) Still, he continued to hope that the Commonwealth would reconsider its opposition to his proposals and perhaps accept them by mid-1979.

The Local Context:

Central to Everingham's critique of the performance of his predecessor as Majority Leader was the conviction that Letts lacked political acumen and tactical competence. In his view, Letts 'was not a politician's bootlace', (62) a failing which was particularly evident in the handling of the constitutional issue in the August election. The most serious deficiency he identified was Letts' inability to market the self-government programme effectively. Given the sensitivity of the cost question, Everingham was determined that, under his leadership, the Territory community should be informed as fully as possible about constitutional developments. Concern about the electorate's reaction underpinned both his insistence that the financial arrangements should be seen to be generous and his desire to complete the transition to self-government quickly. In all his actions, Everingham concentrated on their likely implications for the next Assembly elections.

Through frequent statements to the Assembly and press releases, the Majority Leader endeavoured to be frank and open about the progress of negotiations with the Commonwealth. Although he was constrained by the need for confidentiality, at times he upset federal ministers with his public disclosures. One salient example was his criticism of the Treasury's attitude to the Grants Commission over which he saw the need to apologise to John Howard. (63) Arrangements were also made to brief Assembly members, business and industrial interests and staff organisations privately on a range of constitutional matters.

The level of local revenue collections and the associated question of what constituted a 'reasonable' revenue-effort were salient debating points throughout the period. In their response to the IDC conclusions in May 1977, Letts and his financial advisors had strongly disputed both the amount ($15M) and the intention to introduce the increased imposts immediately and fully. Eventually, Letts had grudgingly agreed to a lesser figure of $6M and it was included in the 1977-8 budget estimates. When Everingham took over, he argued vehemently that such an increase was impossible to collect and, in any case, was not a reasonable expectation given the low revenue-raising capacity of the Territory. At best, only a maximum of $2M (and probably less) could be raised in the balance of the 1977-8 financial year. (64) What was needed was a comprehensive review of the Territory's tax-base which identified both capacity and potential. Such a task would necessarily be lengthy and would involve intensive study by the Grants Commission. Indeed, in late 1977, some preliminary work was undertaken by Commission officers on an informal basis. Everingham's entreaties were accepted by the Commonwealth, albeit with much reluctance by the Treasury, and little concerted pressure was exerted in 1977-8 to raise taxes and charges. On the other hand, there was a clear expectation that some increases should be prepared for 1978-9 in line with the general principle contained in the financial agreement.
Plate 41: Raising the Flag, self-government, 1 July 1978 (NT News)

Plate 42: Chief Minister, Paul Everingham, speaking at the celebration of self-government, 1 July 1978 (NT News)
Plate 43:
Evan Adermann speaking flanked by Administrator, John England, and Chief Minister for the NT, Paul Everingham, self-government, 1 July 1978
(NT News)

Plate 44:
Chief Minister, Paul Everingham, with his deputy, Marshall Perron, self-government, 1 July 1978
(NT News)
Plate 45: The new Cabinet, self-government, 1 July 1978

Plate 46: Cartoonist's impression, self-government, 1 July 1978 (NT News)
Notice had been given in the budget debate that the Territory Executive would 'accept its responsibility towards raising additional income where it [was] warranted.'(65) But, while some announcements had been made earlier, any action on revenue-raising was not forthcoming until March 1978. Indeed, an expected rise in electricity tariffs had been postponed in late 1977 and only introduced on 1 April. (Rates were lifted to North Queensland levels; for domestic users, the average rise was about 7 per cent). In a statement on 9 March, Perron outlined the Majority Party's approach to revenue-raising. It did include several areas where tax and charges would be raised or introduced (for example, stamp duties, gambling taxes, utility charges) but, in others, there was to be a lowering of the tax incidence (pay-roll tax) or no increase at all (liquor tax). In general terms, tax rates were to be struck below average levels in the States. Moreover, some existing imposts (death duties, land taxes) were to be abolished and some of those applicable in the States (tobacco licensing fees, statutory corporation payments) were not to be levied. Fees for services and regulatory action were to be based upon cost recovery and revenues tied to specific purposes would be brought up to standard levels. Altogether, the programme anticipated, for the early years of self-government at least, a low-tax regime for the Territory but the Majority Party was confident that it was consistent with the region's tax-capacity and represented a 'reasonable' revenue-effort. Everingham, in one celebrated comment which survived to haunt him, later claimed that self-government would cost Territorians 'one can of beer a week.'(66) Legislation to bring the proposals into effect began in March and continued in May/June. For the financial year 1977-8, income from state-type charges and taxes (excluding electricity) was only marginally greater than for 1976-7 ($15.2M as against $14.9M).

The revenue question was the salient aspect of the political debate within the Territory. As it had in the 1977 election, the Labor Party concentrated heavily upon the cost factor in its campaign to discredit the Majority Party's handling of constitutional development. At times, Labor claims reached exaggerated proportions as with Isaacs' suggestion that the Territory would need to find up to $60M from its own tax resources.(67) Labor's campaign was not diminished or deflected by announcements on tax policy, however moderate; it continued to push a line that no cost increases were warranted. Nor did it accept the criticism that the Labor position adopted in 1977-8 was completely at odds with its evidence presented to the JCNT in 1974. Isaacs simply dismissed the contrast by arguing that Labor at that stage had not appreciated the parlous situation of Territory finances.

Labor denied the CLP's contention that the election result represented a mandate on self-government, pointing to Labor's gains in seats and votes as support. It called consistently for a referendum on the subject. As measures to push that strategy, a petition with about 3000 signatures was collected and Isaacs, during late March and early April, convened a number of protest meetings throughout the Territory. In the Assembly and through the media, Labor indefatigably pursued its opposition, focusing on the inappropriateness of the Territory being fixed into traditional federal financial models, the unfavourable bargaining position of the Territory negotiators, the role of the Grants Commission, the uncertainties relating to loan-raising, the deficiencies in the self-government legislation, the supposed problems of staff transfer and, above all, the prevailing cost issue. Throughout its campaign, the concept of 'statehood' (or 'defacto statehood' and 'pseudostatehood') which, for political reasons, Labor preferred to label Everingham's policy, was vigorously opposed. Although Labor clearly supported some notion of constitutional devolution, at no time did it delineate an alternative scheme or spell out its precise financial position. About as close as it came was Isaacs' vague statement that

[i]the objectives of Labor's alternative to statehood are to place the aspirations of Territory people in a physical and political context that

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would realise our needs in a national context while retaining the right of self-determination.\(68\)

The activities of the local Labor Party were supported within the Territory by the Australian Democrats, industrial unions and some Aboriginal organisations and, from outside, by Labor and Australian Democrat spokesmen.\(69\) Relationships between the CLP and Labor, and especially between Everingham and Isaacs, became extremely soured in the constitutional conflict. After the election, Everingham had hoped for some degree of bipartisanship in the Territory’s dealing with the Commonwealth and he pursued that intention, albeit fitfully, until February. Although Labor initially accepted the offer for briefings and consultative links, co-operation was short-lived.\(70\) Given the previous inter-party dispute and the intensity of opinion on the subject, there was indeed small prospect of any significant or long-lasting collaboration. From February onwards, the scale of verbal abuse and personal rancour increased markedly. Everingham simply dismissed Labor opposition as ‘reckless rambling’\(71\) and as mindless posturing. Yet, at the same time, he was able to use the extravagance of the Labor campaign to advantage in his negotiations with the Commonwealth by arguing that only liberal financial treatment could counteract the fears engendered within the community by Labor claims. As to statehood, Everingham and Perron resolutely denied that it was an immediate objective. Perron noted in June that: ‘Personally, I sometimes wonder whether the Northern Territory will ever get statehood. If it does, I can see it being ten years or more away.’\(72\) But Everingham was less expansive; he saw statehood as not occurring for ‘twenty-five or fifty years.’ In his view, ‘--- when statehood comes, if it ever does, it will be by the will of the people as far as I am concerned.’\(73\)

Endnotes

1. Stephens did not join the NTPS. Whether he remained with the Commonwealth service as a matter of personal choice or because he was unacceptable to the new Territory Cabinet is a matter of argument.


3. Prominent were the special project officers attached to areas scheduled for transfer. Among them were J McGregor (financial control and audit), G. Chard (education), N Lynam (Department of the Northern Territory), H D Hall (Health), A Gapp (Health) and A Green (Construction).

4. Everingham styled himself Majority Leader and Executive Member for Law. Marshall Perron became Deputy Majority Leader and Executive Member for Finance and Planning; Ian Tuxworth was Executive Member for Resources and Health; Jim Robertson was Executive Member for Community and Social Development; Roger Steele was Executive Member for Transport and Industry. In March 1978, new designations for the self-government period were made. Everingham became Chief Minister and Attorney-General, Perron, Treasurer and Minister for Lands and Housing, Tuxworth, Minister for Mines and Energy and Health, Robertson, Minister for Community Development and Education and Steele, Minister for Industrial Development and Transport and Works.


6. For example, Max Dryer (Interim Electricity Commissioner), Creed Lovegrove (Special Adviser on Aboriginal Affairs), Ray McHenry (Head, Department of Community Development), Vern O’Brien (Head, Department of Mines and
Energy), Clyde Adams (Head, Department of Industrial Development) and Tony Green (Head, Department of Transport and Works).

7. See, for example, comments in The Northern Territory News, 2 and 9 September 1977 and PR, 4, 22 September 1977, 23-33.

8. The Northern Territory News, 13 January 1978 and Adermann to Everingham, 2 January 1978, CS 78/17, NTAS.

9. See, for example, Everingham to Hunt/Carrick/Fraser, 23 December 1977 and Everingham to Fraser, 1 May 1978, CS 78/88, CS 77/590, NTAS.

10. Fraser to Everingham, 14 April 1978, CS 78/88, NTAS.

11. Anthony (Acting-Prime Minister) to Everingham, 15 June 1978, CS 77/590, NTAS.


13. Ibid.

14. See, for example, Adermann’s letter of 2 February 1978 which accused Everingham of ‘most premature’ actions and inadequate consultation on revised arrangements for Executive Members and the appointment of permanent heads of departments, included in IDC minutes, 22 February 1978. See also Everingham’s reply, 10 February 1978 in ibid.


16. For example, see interviews with Hickey, Stephens and Brazil, 1986. Adermann also considered that many departments were slow in accepting the self-government policy and worked against it. Adermann, interview, 1986.

17. The transfer was largely organised by a departmental task force. About two-thirds of the positions (132) were allocated to the NTPS and the remainder (68) to a new Deputy Crown Solicitor’s Office. No agency arrangements were made. The NT Department of Law remained the responsibility of the Commonwealth Attorney-General until 1 July, 1978. See the comments by Durack in The Northern Territory News, 22 December 1977.

18. Everingham to Fraser, 24 June 1978, CS 78/298, NTAS.

19. Exchange of letters on 24/5 May 1978 between Anthony (Minister of Trade and Resources) and Everingham and Fraser to Everingham, 17 July 1978, BP. Subsequently, arrangements were made for extended NT participation.

20. See, for example, Everingham to Fraser, 11 April 1978 in which he accused the Commonwealth of ‘a breach of faith’ and actions ‘totally repugnant to the principle of Self-Government’ and Everingham to Anthony, 10 April 1979, ML 74, EP, NTAS.

22. Everingham to Fraser, 27 January and 3 March 1978 and Everingham to Groom, 22 February 1978, BP.

23. See, for example, his statement on future planning, PR, 4, 6 December 1977, 415-8.

24. See CS 77/638 and CS 78/194, NTAS and ML 20, EP, NTAS for details of the planning and the associated debate.

25. Livingston to Everingham, 3 February 1978, ML 22, EP, NTAS.


27. PR, 5, 2 May 1978, 718.


29. PR, 4, 1 December, 1977, 339.


32. PR, 6, 28 February 1978, 463.

33. Everingham to Adermann, 7 March 1978, ML 179, EP, NTAS.

34. Stephens, interview, 1986.

35. See, Everingham to Adermann, 7 March and 10 March 1978 and Everingham to Howard, 14 March 1978, ML 179, EP, NTAS.


37. PR, 5, 2 May 1978, 720.

38. Adermann to Everingham, 7 June 1978, ML 185, EP, NTAS.

39. For example, staff housing cost the Territory Government only $19,000 each, repayable over 53 years at 5 per cent yearly interest.


42. Stephens to First Parliamentary Counsel, 6 August 1977, BP.

43. Memorandum, NT Director, Legislation to Majority Leader, 3 October 1977 and Finger to Secretary, DNT, 7 October 1977, BP.

44. Parliamentary Counsel to Secretary, DNT, 5 December 1977, BP.
45. Finger to Secretary, DNT, 9 December 1977, BP.
46. Everingham to Adermann, 19 December 1977, BP.
47. Memorandum, Barker to Everingham, 12 January and 31 January 1978, BP.
49. Memorandum, Barker to Everingham, 31 January 1978, BP.
50. Everingham to Durack, 31 January 1978, ML 21, EP, NTAS.
51. Everingham to Durack, 10 February 1978, BP.
52. Adermann to Everingham, 7 February 1978, ML 21, EP, NTAS.
53. Barker to Everingham, 10 March 1978, BP.
54. Everingham to Fraser, 5 April 1978, BP.
55. Fraser to Everingham, 11 April 1978, BP.
56. I B C Wilson (Chairman), Interview, 1986.
57. Barker to Everingham, 16 May 1978, ML 159, EP, NTAS.
58. Everingham to Adermann, 19 May 1978, BP.
60. Everingham to Fraser, 19 May 1978, BP.
61. Everingham to Adermann, 15 June 1978, ML 21/159, EP, NTAS.
63. Everingham to Howard, 2 March 1978, ML 179, EP, NTAS.
69. See, for example, comments by Senator Chipp, in *The Northern Territory News*, 22 May 1978.
70. See the correspondence between Everingham and Isaacs in February 1978 in ML 179 and ML 21, EP, NTAS.


CHAPTER FIVE
SELF-GOVERNMENT: THE EARLY YEARS 1978-83

Self-government became a reality on 1 July 1978 and was suitably celebrated by festivities on that day and later by a ceremonial opening of the Assembly sittings (on 8 September). But the new polity, in its executive competence, was born without several state-type powers. Some, like health and education, were temporary exclusions as they were scheduled for later transfer. Others like the Supreme Court and residual services in Aboriginal communities were sought-after but had yet to be negotiated. Also coveted but deliberately omitted from the grant of self-government was control over Aboriginal land-rights, uranium mining and major national parks. Transfer of industrial relations, the other major exclusion, was, however, not of great concern. Thus, the politics of devolution continued after mid-1978, albeit not with the same salience as before. While most of the later transfers were negotiated without major dispute, the state-type responsibilities retained by the Commonwealth were fertile areas of conflict between it and the Territory government. As in the previous period, the coincidence of governments of similar political complexion in Canberra and Darwin did not significantly mitigate their controversial impact. They also were important elements of political debate within the Territory.

Inter-party rivalry over the self-government and 'statehood' questions rapidly faded as Labor's criticism was eroded by the Commonwealth's generous budgetary treatment of the Territory and the general opinion that the early additional costs were not onerous. Acknowledging that self-government had become an accepted and approved fact and that opposition to it had lost much of its political impact, Labor changed its stance. After late 1978, it acted as if self-government was an irrevocable decision and it supported the government on many subsequent transfers of function. Arguments over increased taxes and charges were divorced in the main from the constitutional context and were assessed as part of the overall economic and administrative management of the Territory. Under Everingham's Chief Ministership, 'statehood' was rarely discussed and never pressed. To all intents and purposes, it disappeared from the public political agenda until 1985.

As most of the negotiators who were involved in the financial arrangements agreed, the success of self-government and its acceptance by the Territory electorate depended on a large degree upon the Commonwealth's budgetary liberality. The translation of general principles into actual funding in the early years of self-government did indeed prove advantageous to the Territory government and allowed it to embark upon an ambitious programme of economic and social development. At the same time, local taxes and charges were able to be kept at comparatively low levels. For most residents, whether they had been in the Territory before self-government or had arrived after, the financial consequences of constitutional change were not particularly onerous. The outcome of the 1980 Assembly elections, in which Everingham and the CLP were comfortably returned to office, reflected in part the electorate's judgement that self-government, at least in its early phase, had been a clear success.

Health and Education:

Few problems were encountered during the transfer of the health function. On 1 January 1979, over 2700 new staff joined the NT PHS as members of the new Territory Department of Health. Both the Commonwealth Minister for Health, Ralph Hunt, and the Director of the Territory Division of his department (and later the head of the Territory department), Dr Charles Gurd, described the transition to local control as uncomplicated and
Plate 47: The opening of the Legislative Assembly in September 1978. Prime Minister Malcolm Fraser speaking (Protocol)

Plate 48: The opening of the Legislative Assembly in September 1978. Chief Minister, Paul Everingham, speaking (Protocol)
uneventful. Although there were pockets of resistance in Canberra and in the Territory, staff generally welcomed devolution. One significant factor contributing to the ease of transfer was the long tradition of dissatisfaction and frustration within the ranks of local administrators and practitioners over Canberra’s control of health services. Emancipation from coercive and stifling bureaucratic regulation had been a frequent demand during the 1970s. Sensitivity to similar difficulties arising under a local regime provided the prime issues during the transfer process. There was a marked initial reluctance by senior officials, and Gurd in particular, to accept Everingham’s decision to abort the concept of a statutory authority and later there was some conflict over organisational control and independence. For example, in mid-1978, there was a lively, and sometimes aggrieved, exchange between Gurd and Everingham over the respective roles of the Public Service Commissioner and the departmental head in determining structure and staffing. But argument was relatively rare and did little to disrupt a harmonious process.

The transfer of the education function was much more complex and contentious. Moreover, its higher level of disputation was conducted openly and often stridently. The strength and commitment of the vested interests operating within the education system were the prime factors in determining the more controversial course of devolution.

Whereas the Commonwealth Department of Health had been operating in the Territory for about forty years, the Territory Division of the Department of Education had only been established in 1973. Unlike health, it did not have the accumulated experience of remote control and the associated alienation and desire for change. Rather, the conditions of its infancy, especially the freedom to experiment, the opportunity for democratic action and the generous funding emphasised the benefits of the Commonwealth connection. Its preference was plainly stated in its submission to the JCNT when it argued that, because of the alleged inadequacy of local resources and expertise, the peculiar educational problems of the region and the presumed national importance of education, the function should remain the responsibility of the Commonwealth. That view was not only strongly held by departmental offices but also by the NT Teachers’ Federation (NTTF) and the NT Council of Government Schools’ Organisation (COGSO). Both organisations were again of recent origin: the NTTF had been formed in 1973 to represent the local section of the Commonwealth Teaching Service (CTS), the employing agency for teachers in government schools; and COGSO had been established in late 1970. All of the three major groups also supported the concept of a statutory authority as the ideal organisational form for educational administration in the Territory. As the constitutional process unfolded, the two objectives - continuation of Commonwealth control and an Education Commission - were, by political decision, rendered untenable. But their demise was not accepted easily or quietly.

Although it was reluctant to concede the loss of its Territory empire, the Department of Education was forced by political reality to do so. However, in its initial response to the timing of devolution, it argued for a long delay; it considered in early 1977 that even 1981 was ‘too early’ a date for transfer. The IDC report in mid-1977 did not endorse the departmental view and opted for transfer in July 1978. However, Senator Carrick, the Minister for Education, was convinced by his bureaucratic advisers of the need for delay and his influence was instrumental in postponing transfer until July 1979. During the interim, Carrick and his departmental head, Ken Jones, resisted several attempts by Everingham to advance the handover. They contended that the extra period was essential to prepare the education system for transfer and to allow sufficient time for proper negotiations to be conducted between all concerned parties. By and large, the discussions were confined to the major participants within the Territory’s educational community; as with health, the IDC played a distinctly minor role in the transfer process. In defending his decisions, Carrick invariably claimed that his objective was the achievement of the
best possible educational service and structure before devolution. Neither Everingham or Jim Robertson, as the Executive Member (and later Minister) concerned primarily with education, readily accepted that reasoning. To them, the delay was unnecessary and possibly politically disadvantageous. Moreover, it appeared to afford the Commonwealth considerable leverage in the fashioning of the new system, a matter which the Territory ministers saw as their sole prerogative. For their part, despite their unhappiness at the breaking of the Commonwealth link, the NTTF and COGSO welcomed the extended opportunity to participate in, and perhaps dominate, decisions in the future directions of education.

Yet, in the negotiations which extended from late 1977 to late 1980, the fears of the Territory ministers and the expectations of the NTTF and COGSO did not fully eventuate. What emerged was a compromise. On balance, however, the advantage lay with the Territory government as, on several important matters, Carrick and his department sided with its point of view against those espoused by pressure groups. Still, in the complicated negotiating process which was the outcome of the Commonwealth's desire for exhaustive consultation with all interested parties, a number of concessions were won by the latter. Given the scale and variety of working groups and committees involved and the wide-ranging representation on them, some degree of compromise was inevitable. Accommodation with divergent attitudes was also fostered by Robertson whose prime concern was the securing of comprehensive support for the Territory's new education system. Both Everingham and Robertson later admitted that their handling of the transfer was flawed, particularly in their tolerance of the complex consultative mechanisms and in their willingness to brook unwarranted compromise. Both factors, they believed, effectively eroded their control over policy-making.

Within the transfer process, a number of issues - some major and many minor - emerged. They encompassed all levels of educational activity and philosophy and involved a wide range of pressure groups from the public and non-public sectors. (8) The most important issues related to the basic administrative structure, the future of the CTS and the ubiquitous question of funding and staffing.

Although the final decision to adopt a departmental rather than a statutory authority form was not made until May 1978, for all practical purposes, the matter had been settled long before. As early as August 1977, the Department of Education had endorsed the departmental option (9) and the new Territory Executive had never seriously entertained any other. As the Commonwealth had committed itself to comprehensive consultation, however, a sufficient period had to be allocated for discussions particularly with the NTTF and COGSO both of which assiduously pressed their case for a statutory authority. But the issue was never in doubt; the consultation was essentially artificial and cosmetic. As 'a sop' (10) to the aggrieved parties, an Education Advisory Group (EAG) was established to consider outstanding matters. The NTTF and COGSO were given representation but they were outnumbered by Territory government appointees. Thus, the recommendations of the EAG largely reflected official policy; dissenting views were, however, included in minority reports. Major areas of disagreement were the future of the CTS and the form, number and powers of advisory councils and other consultative agencies. On the latter, there was a determined lobby by the Darwin Community College (the sole tertiary institution in the Territory) to maintain its autonomous status and prevent its absorption into a single education system. It succeeded, in the end, in persuading the government to accept many of its demands. The passage of the education legislation in 1979, which incorporated another flurry of pressure-group activity, provided the final chapter in what had been an intense debate on educational administration.
Plate 49: Senator Carrick (left) and Jim Robertson (NT News)

Plate 50: Jim Robertson, Minister for Education (left) and Jim Eedle, Secretary of the Education Department (NT News)
Before mid-1978, the future of the CTS in the Territory had rarely been canvassed publicly. From the Commonwealth’s perspective, its transfer had not been considered. On the other hand, within the Territory, the difficulties associated with retaining the CTS as the employing agency for local teachers had been identified at an early stage. (11) Concerned at the prospect of divided control over the teaching establishment, the Territory Executive decided to include the question on the transfer agenda. To that end, it succeeded in inserting in the terms of reference of the EAG the question of ‘the desirable relationship between the CTS and the educational administration in the NT’. The NTTF had, in the past, resolutely opposed any suggestion of severance from the CTS and argued that view strongly on the EAG. Predictably, in the EAG’s recommendations, no unanimity on the future of the CTS was reached. A majority report, representing the view of the three government members, proposed the establishment of an NT Teaching Service (NTTS) on 1 July 1979 (or as soon as possible thereafter) and compulsory transfer conditions similar to those applying to public servants. In the minority report, the NTTF and COGSO recommended that the existing system should continue at least until the end of 1980 and that any new arrangements made after that date should include the participation of the CTS. For its part, however, COGSO did admit to the need for a local teaching service to be formed eventually.

Although Everingham and Robertson were forced to concede that achievement of a NTTS on 1 July 1979 was impracticable, they continued to press the NTTF and the Commonwealth for a later transfer of CTS staff and teachers. Their efforts were assisted by the Commonwealth agreement, in early 1979, to move a number of CTS officers (147), identified by the Northern Territory government as providing non-teaching state-type services, to the NTPS. That decision was opposed by the NTTF as, in its view, it threatened the long-term viability of the CTS in the Territory. It also prompted the IDC to propose a reconsideration of the whole education transfer but, after advice from the federal Department of Education, the proposal was withdrawn. (12) However, using the prospect of the transfer of part of the CTS establishment as a lever and having secured the Commonwealth’s acceptance to set up a NTTS, (13) Robertson successfully persuaded the NTTF to enter negotiations. By mid-March, he was able to report that the NTTF ‘would work with goodwill towards the establishment of a NTTS’ in 1980. (14) The price of the accommodation reached was an agreement not to transfer any CTS staff on 1 July 1979, to base the new NTTS on the CTS model (i.e. with an independent full-time commissioner) and to support the retention of all prevailing procedures and conditions. (15) A working party was created in May; its report in July substantially recommended the agreed terms.

Legislation to establish a NTTS was finally passed in March 1981. Delay in its passage was attributable to the 1980 election and another series of intensive lobbying on the bill. On one side were the NTTF and the Labor opposition which were intent on preserving the maximum independence of the NTTS in line with Robertson’s earlier commitments; on the other, there were senior officers of the Department of Education and elements of the Cabinet who were endeavouring to limit it. One consequence of the dispute was the complete estrangement (and subsequent replacement) of the Secretary of the Department of Education, Dr Eedle, from his minister. Eedle had strongly pressed for the inclusion of teachers in the NTPS. In the end, Robertson and his Cabinet colleagues reluctantly acceded to the NTTF’s claims and the force of prior commitment.

The NTTS began operation on 1 July 1981 with about 1600 teachers employed. However, its existence in the form in which it was created was short-lived. From late 1984, its functions were progressively transferred to the Department of Education and, by 1986, the NTTS had become virtually a skeletal organisation, headed by a part-time Commissioner and with the substance of control of Territory teachers firmly in the Department’s hands.
As with other transfers, the question of adequate funding was a central concern of the Northern Territory government. Although eventually the amount extracted from the Commonwealth was satisfactory, it was again not won without hard bargaining, particularly in the period immediately before the transfer. On the financial issue, the pressure groups and the Territory administration were close allies and their united voice was instrumental in winning concessions. Initially, the Commonwealth offered about $55M, an amount which was considered even insufficient to fund the existing service; to provide for a new service, it was deemed totally inadequate. The Territory's claims were finally conceded in late June and a figure of $71M was negotiated. In 1 July, over 1150 new officers joined the NTPS as the complement of the new Department of Education.

**Other Transfers:**

With the transfer of education, the programme of devolution laid down in 1977-8 had been completed. But, as exemplified by the establishment of the NTTS in place of the CTS, the process did not end in mid-1979. Additional state-type activities, either not identified in the original arrangements or deliberately withheld, were passed over to Territory control. The most important later transfers were the Supreme Court and associated legal matters and services to Aboriginal communities.

Part of the Commonwealth's judicial and legal functions had been devolved in early 1978 but responsibility for the Supreme Court and the control and administration of the legal profession had been retained. In addition, the Attorney-General's Department provided, on an agency basis, reporting services for the Territory lower courts. In response to requests by the Territory government, those areas were passed over in 1979, professional matters on 1 January and the Supreme Court and reporting services on 1 October.

The reasons given by the Commonwealth for its retention of the Supreme Court and the legal profession had never been accepted in the Territory. Although Letts had not been prepared to contest them vigorously, Everingham and Barker were more than ready to do so. They also gained Isaacs' full support in their efforts to convince the Commonwealth of the inappropriateness of the rationale for retention. That case was largely based on the advice of the Attorney General's Department which argued that, because of the inferior constitutional status of the Territory and the practical difficulties of attracting able judges and support staff, 'there should be no transfer of responsibility --- until the Territory has achieved or is about to achieve the status of a State ---.'(16) Without in any way assessing its substance, that advice was adopted by the IDC in 1977, Adermann and the Cabinet.(17)

As Barker noted:

> ---the arguments against transferring [the Supreme Court] to local control are a lot of nonsense. I doubt that Cabinet even really thought about the matter - Clarrie Harder's [the Secretary of the Attorney-General's Department] views seem to have been accepted without argument.

Barker's opinion was later supported by Pat Brazil and Senator Durack who pointed to the cultural conservatism of the Department, its ability to concoct arguments against undesired change and to the opposition to transfer of the then Attorney-General, Bob Ellicott. In their view, Ellicott shared the conservatism of his department and, moreover, he did not wish to interfere with the recently established (October 1976) Federal Court system which, as one of its functions, acted as the court of appeal from the Territory Supreme Court. Finally, there was a presumption that the Territory judges themselves were reluctant to join a new court, not least because their Federal Court commissions might be jeopardised.(19)
After mid-1978, Everingham stepped up his campaign to win control of the Supreme Court and, by September, he had secured Senator Durack’s support in principle. However, Cabinet approval did not eventuate until May 1979, the timing of which rendered Everingham’s hope for a transfer on 1 July unattainable. The delay was but one of a number of compromises which Everingham had to accept; of the others, the most significant was his agreement not to insist on the establishment of a full court of appeal in the Territory. He was prepared to accept the Commonwealth’s view that the Federal Court should continue in that role ‘until statehood or such earlier date as the Commonwealth may agree.’ (20) By associating the Territory judges closely with the preparation of local legislation, by assurances of reappointment and the preservation of conditions of service and Federal Court commissions, Everingham was able to enlist their support for the devolution of responsibility. At the administrative and legislative levels, the transfer proceeded, through the conventional process of inter-governmental negotiations, ‘without much difficulty’; (21) in the end, the Commonwealth added $3.4M to the Territory’s base funding levels and agreed to the transfer of about 60 staff. On 1 October 1979, the new Territory-controlled Supreme Court, with due ceremony, was inaugurated thus furnishing the self-governing polity with (an almost-complete) judicial arm.

As noted above, (22) control of essential services in Aboriginal communities had, amid considerable controversy, been passed to the Territory on 1 July 1979. However, several other state-type functions remained under the direction of the DAA. Even as the arrangements contingent on essential services were being discussed, the Territory government moved to claim the outstanding areas - the balance of town management, public utilities (TMPU) and civil works responsibilities and cultural, recreation, sporting and housing functions. (23) Everingham’s demands continued throughout the latter part of 1978 and, by November, he had set out a tentative timetable - the bulk to be transferred on 1 July 1979 and housing a year later. (Later, he suggested that housing should also be handed over in 1979.) In justification of the Territory’s claims, he cited the success of the earlier transfer of essential services, the general principle of the devolution of all state-type activities and the ‘great degree of confusion arising among Aboriginals as to the various points of demarcation for funding programmes by [the] respective Governments.’ Moreover, assurances were given that the Territory government would extend a full range of services to Aboriginal communities and that Aboriginal participation in their delivery would be facilitated and encouraged. As to the scope of the Territory’s involvement, Everingham argued that any agreement should include not only the larger population centres but also Aborigines on outstations and pastoral settlements; indeed, the earlier agreement on essential services should be changed to incorporate that wider coverage. (24)

In January 1979, the Commonwealth agreed in principle to the Territory’s claims on the understanding that there would be no detriment to the Aborigines. A working party of officials (from the NTG, DAA, PMC and Finance) was convened to consider the issues. Everingham’s preference for the Standing IDC to handle the negotiations was not supported by the Commonwealth. (25) Although the working party, which deliberated between March and May, reached agreement on some issues, others were unresolved, a situation which dashed Everingham’s hopes for a mid-1979 transfer. Another period of intense negotiation was required at ministerial level before a settlement was concluded in February 1980. Even then, it met only part of Everingham’s claims.

Relations between the Territory Executive (and later the Territory government) and the DAA had never been harmonious. Considerable tension had been evident before self-government in their dealings over the transfer of essential services, over Aboriginal land matters and over the general role of the DAA. Deep mutual antagonism had developed.
From the Territory perspective, the DAA’s ‘bureaucratic empire’ should not be maintained under the new self-government arrangements. It should only operate within the Territory in accordance with its overall policy, planning, monitoring and co-ordination role; thus, it should withdraw entirely from any administrative or operational activity. Any other course would involve serious functional overlap, duplication, resource waste and coordination problems. Moreover, it was argued that the DAA’s past record of achievement was singularly uninspiring. For its part, DAA was profoundly suspicious of the capacity and willingness of Territory authorities to deal adequately and fairly with the Aboriginal population. Given that attitude, it was very reluctant to hand over its responsibilities to what it considered an unsympathetic administration. If there was to be devolution, they should, under the policy of self-management, be transferred to the Aborigines themselves. At the very least, Aborigines should decide which governmental service they preferred.

Conflict between the two general positions was clearly manifest in the working party’s discussions. As one Territory officer observed in the middle of the negotiations, ‘[this] serious matter is being turned into a comic opera by the attitude of the DAA and its officers.’ (26) He considered that every Territory claim was being opposed, directly or otherwise. In particular, the DAA’s reluctance to transfer funding or staff to the Territory, its insistence that long and rigorous consultation with Aborigines should be undertaken and its elaborate arguments against immediate devolution of any function were seen as elements in the total rejection of the Territory case. However, by May and under strong ministerial pressure, the DAA did concede the transfer of the residue of the civil works programme and culture and recreation funding; some progress had also been made of the TMPU issue and the need for some short period of agency arrangements. On the other hand, no agreement was found on housing or services (other than ‘essential’) to minor communities (on outstations and pastoral properties).

Although Everingham later won Senator Chaney’s (the Minister for Aboriginal Affairs) support for transfer of TMPU functions, he was unable to convince Chaney on housing or services to minor communities. In Chaney’s view, the housing funding of his Department had no state-type element and ‘the special self-management situations’ of the minor communities dictated retention of services by the DAA. Still, he admitted the need for a review after the Northern Territory government ‘demonstrate[d] its intentions and effectiveness in the larger communities.’ (27) That review was later scheduled for early-1981, or earlier if major difficulties arose. Everingham reluctantly accepted Chaney’s decisions, although he was convinced that confusion and duplication would ensue. In February 1980, a formal agreement setting out the scope and conditions of transfer was accepted by Everingham; formal devolution occurred on 1 February but the DAA continued, under agency arrangements, to administer the areas until 1 July 1980. As part of that deal, $3.3M. of unspent funds was made available to the NTG. Negotiation on funding and staffing matters, after the failure of the DAA and the Territory government to reach satisfactory terms, were completed in May/June by working parties of the Standing IDC. About $11M. was added to the Northern Territory’s base funding, 23 DAA positions were transferred and 29 additional positions were identified as necessary to administer the functions.

The February 1980 transfer was the final formal devolution of Aboriginal functions. During early-1981, the review of services to minor communities recommended that transfer was both feasible and desirable and, in late 1982, it was agreed that it could occur in mid-1983. But that timetable was derailed by the defeat of the Coalition in March 1983. While no specific agreement (or the associated provision of financial capacity) has been reached, the Commonwealth has, increasingly since 1983, treated the Territory as if it had the full responsibility for all state-type functions in remote Aboriginal communities,
large or small. At the same time, however, it has preserved its role in the establishment and development of minor communities. The Territory government has maintained the argument that the situation has created disputes over demarcation, sometimes duplication of effort and often the failure, through lack of local resources, to perform services at all. Under the Labor administration, debate on the respective administrative and financial responsibilities of the Commonwealth and the Territory has continued through inter-ministerial (and official) channels and through Grants Commission submissions. (28)

Other transfers during the period were banking and insurance functions (January 1979), intra-state aviation licensing and regulation (January 1980) and marine services (March 1982). Following the review of Commonwealth government activities in early 1981, funding for the Aboriginal sacred sites authority was also handed over. Progressively, many of the agency agreements arranged in 1978 were terminated with the Territory government providing its own services. Administration of archives, external audit, elections and remuneration decisions was taken over by local instrumentalities. (29) The principle that, where the Territory performed state-type functions, it should be accorded full membership on federal/state bodies, was maintained. But, because of its inferior constitutional position, the Territory only participated in Premiers' Conferences as an observer. In most cases, as in the coastal waters agreement in 1980, it was treated on equal terms with the States; the major exception was the 1978 national companies and securities scheme in which the Territory was denied full status. (When equality of membership on the appropriate ministerial council was granted, it joined the arrangement in January 1986).

Finance

In its first budget, the Territory government proposed the expenditure of $350M to fund its activities. By far the most significant element was the Commonwealth's subvention grant of $280M (or 80 per cent). Revenue from Territory taxes, charges and miscellaneous receipts contributed about 10 per cent ($37M), an increase of about $7M from the pre-self-government period. As had been promised, the Commonwealth provided sufficient funds to enable existing services to be maintained. With the different formats of the budgets in 1977-8 and in 1978-9, a precise comparison of Commonwealth financial support was not possible but certainly Perron and Everingham were satisfied with the Commonwealth's liberality. Perron claimed that the budget

*should dispel any lingering doubts about self-government. Today, those who forecast that self-determination would bring disaster will know their charges ring hollow.* (30)

To the extent, however, that 1978-9 was the agreed transitional period, the 1979-80 budget, which was to determine the base-line funding for the new polity, was more crucial to the Territory government.

During the early part of 1979, Everingham and Perron lobbied vigorously for the best possible financial treatment consistent with the Memorandum of Understanding and the informal assurances given by the Commonwealth. Their endeavours and the willingness of federal ministers to honour previous undertakings ensured a budgetary outcome which Everingham described publicly as 'a fair deal'. (31) In private, he was elated with the Commonwealth's generosity on both recurrent and capital funding which enabled him to rebut Isaacs' continued criticism of the Territory negotiators as 'financial babes in the wood.' (32) The favourable treatment accorded the Territory was admitted by the New South Wales Premier, Neville Wran, but he was not resentful. In his view, animosity
would be shortsighted and parochial. It is in Australia’s interest for the Federal Government to cushion the burdens of a large land mass and a small population.\(^{33}\)

As all the major transferred functions were included in the 1979-80 budget, its size was considerably higher than its predecessor. Of the $516M appropriated, about 86 per cent was provided by federal grants. For the first time, they were divided into the then prevailing state-type categories (general and special purpose grants for both recurrent and capital funds).

Once the base line levels had been established, the escalation factors incorporated in the Memorandum of Understanding came into operation for subsequent years. They produced significant annual increases in later budgets. In 1980-1, $654M was allocated in 1981-2, $756M and, in 1982-3, $869M. During those three years, the share of federal funding remained around 85-6 per cent. Calculated in per capita terms, Commonwealth assistance to the Territory far outstripped that of other States.\(^{34}\) Even though the largesse of the Commonwealth was sometimes queried by Treasury officials, State politicians and the southern media, the political commitment of the Fraser Government to the Memorandum of Understanding was maintained. Any changes made were through express provisions (as in the case of the renegotiation of the electricity subsidy arrangements in 1982)\(^{35}\) or through mutual agreement. In the latter case, the modification effected for 1981-2 and subsequent years was the salient example. Following a similar change in general federal tax-sharing arrangements, the formula for the determination of the Territory’s entitlements was amended to use total tax collections rather than net personal income tax collections. Still, the financial relationship was not without some conflict as the dispute over the level of the health grant in 1980-1 demonstrated. Moreover, where funding proposals outside the terms of the Memorandum, especially in the area of capital projects, were concerned, there was significant potential for intergovernmental wrangling.

The generosity of the Memorandum of Understanding and its translation into base-line funding in 1979-80 was, at the time, a subject of comment. Later, and particularly after 1983, it was strongly attacked. But, to the prime negotiators, the financial settlement was seen as fair and reasonable. From the Commonwealth perspective, any liberality there might be was deliberately imposed; it was an acceptable price to ensure, as far as possible, the success of self-government. Everingham and his colleagues would not concede the claim of generosity. Although they admitted that the arrangements provided a sound basis for administration and development, they argued that the level of assistance was necessarily high because of the Territory disabilities, the past ‘neglect’ by the Commonwealth and, ironically perhaps, the provision of above-average services. In his analysis of the situation, Col Stephens contended that, whilst some ‘fat’ had been added, the funding to the Territory was based closely on the extent of Commonwealth expenditure prior to self-government. Owing to the dispersed and often incomplete nature of the financial accounts, the real level had not been readily apparent. Particularly important was the ‘head office’ component which was precisely identified only in 1978-9. When transferred to the Territory, those activities boosted Territory funding significantly. Moreover, the capacity of the Territory government to redirect the utilisation of available financial resources contributed to the appearance of generosity. As a major example, Stephens cited the area of urban development. Under the Commonwealth, that task had largely been undertaken by government; its replacement by private contractors released large sums of money for other purposes. Another factor noted by Stephens (and also Ashley and Alder) was the timing of the settlement in a period characterised by comparatively high public expenditure and by advantageous readjustments in federal financial relationships.\(^{36}\) Albeit fortuitous, both circumstances benefited the Territory by locking an essentially temporary condition into longer term funding. Finally, the
Plates 51 and 52: A cartoonist’s view of the early enthusiasm of the self-government period (*NT News*)
question of generosity should be assessed in the light of the Grants Commission's findings. For 1979-80, it recommended $13.3M. As they were less than the $20M Additional Grant agreed for those years, they were not paid to the Territory but they provided a useful argument against the claims of over-funding. On the other hand, the Commission's determination for 1982-3 (handed down in May 1985) was that the Territory had been over-funded by $12.6M.

The Grants Commission's arbitral role in Territory funding, as set out in the Memorandum of Understanding, commenced in April 1979, in response to Everingham's July 1978 request for special assistance for 1979-80. Subsequently, in the period to April 1983, it met several times to consider later applications for 1980-1 and 1981-2. (Although a claim was lodged in June 1982 for 1982-3, it was not begun until 1984.) Sessions were held in Darwin and Canberra to consider submissions and oral evidence. In addition, field inspections were undertaken throughout the Territory. On occasions, representatives from the State governments and other Commonwealth departments were present but the major participants were the Territory government, the Commonwealth Treasury and the Commission itself.(37)

As its base submission to the Commission, the Territory government relied on voluminous documents from its Treasury (38) which sought to demonstrate the extent of the fiscal disability of the region, relating both to expenditure and revenue items, to argue that the Territory was making an adequate effort in raising local income and to mount a case for appropriate special assistance. For its part, the Commonwealth Treasury largely concentrated upon comment on the Territory submissions, usually critical, and upon the Commission's methodology and conclusions. Throughout, the tension between the Commission and the Treasury, so evident in general historical experience and, in particular, during the negotiations leading to self-government, was continued. From the Territory's point of view, the insistence on the involvement of the Grants Commission was, at least to 1983, a salutary exercise. However, there was evidence, which was disquieting to the Territory government, that the Commission was somewhat unhappy about the evaluation process. Given the deficiencies in the Territory's economic database, the normal methodology employed in assessing needs in the States could not be utilised. Instead, it had to use an alternative system which the Commission suspected advantaged the Territory. A second problem identified was that, because of the non-conformity of comparative data, there was a probability that the needs assessment of the Commission reflected policy priorities of the Territory government rather than 'the disabilities attributable to functions beyond the Territory's control.'(39)

Between 1978 and 1983, the Territory government managed to preserve its low-tax policy, even though the Labor Opposition was frequently critical of its tax record. Based on 1981-2 figures, Territory taxation was 31.3 per cent below the levels in New South Wales and Victoria (the two standard States used in determining comparative assessments). Similarly, other state-type revenue was 25 per cent below. Per capita amounts were: NT, $259; New South Wales, $464; and Victoria $470. Despite the low-tax regime, the Territory, unlike the standard states, was able to achieve a budget surplus. That outcome was yet another indication of the value to the Territory of the large Commonwealth subvention.

The Non-Transferred Powers

In the period following self-government, the Territory government became a participant, with increasing vitality, confidence and acceptance, in the complex and volatile arena of federal politics. It assumed and progressively expanded its role as the major articulator of Territory interests in the national context and in the intricate web of intergovernmental
relations. Its policies and attitudes were forcefully presented on a wide range of contemporary issues. As an integral part of the federal political process, it was drawn frequently into situations of argument and conflict. But they were over-shadowed, both in scale and persistence, by the dispute between the Territory and the Commonwealth over the non-transferred powers.

Of the major responsibilities retained by the Commonwealth, only industrial relations was uncontroversial. Neither the Territory government nor the various local industrial groups wished to alter the prevailing system of federal awards and arbitration. The other three, however - uranium mining, Aboriginal land-rights and national parks - were serious and continuing irritants in what was otherwise, in intergovernmental terms, a reasonably amicable relationship between Canberra and Darwin.

Notwithstanding Everingham's reluctant acceptance of the Commonwealth's retention of control over uranium mining, he never comprehended the logic of the decision. In his view, the Commonwealth possessed sufficient constitutional powers to police the industry without resorting to direct ownership of the resource; withholding it from the Territory was tantamount to distrust of the new polity's capacity to handle the responsibility. Everingham deemed that inconsistent with the Commonwealth's general policy of devolution and, more particularly, with the declared position that uranium mining should be regulated to the maximum extent possible through Territory laws and agencies.(40) (The latter arrangement was, in fact, progressively implemented between 1979 and 1981)(41)) Countering the Commonwealth's oft-repeated contention that its decision on ownership and control was an integral part of the 1977 uranium strategy and the 'package' of measures relating to the uranium province and, thus, impolitic to disturb, Everingham argued that self-government and subsequent developments rendered the Commonwealth's position obsolete and unsupportable.

Constitutional considerations aside, the Territory government's claim for local ownership and control was based on developmental and financial factors. One of its prime economic objectives was the utilisation of the abundant uranium resource as fully and as quickly as possible. Dissatisfied with the slow pace of development, it reasoned that the objective could be greatly expedited by transfer of authority to Darwin. Whether that conviction was an accurate perception or not, it became almost an article of faith. More certainly, local ownership was attractive because of the potential financial benefits, in terms of increased royalties, it would provide. That factor became more important after the passage of new royalty legislation (an 18 per cent profit-based regime) in mid-1982. Even though the difficulties of achieving devolution were openly admitted, the claim was consistently pressed, directly to Commonwealth ministers or indirectly through committees and enquiries.(42) The approaches were, however, unsuccessful although, in mid-1982, the Deputy Prime Minister did, albeit somewhat vaguely, intimate that the Commonwealth intended eventually to transfer control to the NT, 'once all development requirements had been met.'(43)

At the political party level in the Territory, uranium was undoubtedly a most divisive issue.(44) But the debate rarely focused upon the specific constitutional question. Rather, the wider aspects of morality, safety, environmental impact, disposal and Aboriginal welfare received prominence. So also did the orientations and policies of the respective federal parties. Sensitive to the political liability which uranium posed for it, the Territory Labor Party attempted to treat the subject as essentially a federal consideration and not one of legitimate local concern. Still, its strategy was unsuccessful and the CLP was able to make major political capital from Labor's policies, both at the local and federal levels.
Plate 53: Justice John Toohey, the first Aboriginal Land Commissioner
(NT News)

Plate 54: A land claim hearing
(NT News)
The Territory government was also unable to achieve significant modification to the Aboriginal land-rights legislation during the Fraser years. A measure of agreement had been reached in late-1982 with the then Minister of Aboriginal Affairs (Ian Wilson) on amendments which went some way to meeting Territory objections but the 1983 federal election put paid to that prospect. Even then, there was no certainty that the amendments would have succeeded; they would have encountered opposition from influential elements within the Liberal Party and probably defeated in the Senate where the Australian Democrats held the balance of power. To Everingham, his inability to secure legislative change, especially after devoting considerable time and effort to the project, was a bitter disappointment.

As had Letts before him, Everingham maintained that Aboriginal land-rights in the Territory, being of special regional relevance, should not properly be within the legislative province of the Commonwealth. Federal authority should only be applied to the Territory if it was done within the context of national land-rights. The appropriate body to deal with the matter was the local Assembly and, with self-government, its implementation and administration should be a function of the Territory government.(45) But, in the face of the resolute refusal by the Coalition to countenance repeal, or transfer (patriation) of the legislation, Everingham was left only with the option of persuading the Commonwealth to amend its acts.

Although the Territory government always insisted that it supported the concept of land-rights, it contended that the impact of the legislation on the social and economic fabric of the Territory was deleterious. In its view, the land-rights’ policy, as it had developed under the federal act, was producing racial disharmony and was a serious impediment to economic growth. Its effect upon the major industrial sector - mining, fishing, pastoralism and tourism - was alleged to be a significant obstacle to the government’s developmentalist policies; the actual consequences of the act were proving starkly different to the original intention. In order to remove, or at least mitigate, what he saw as glaring deficiencies, Everingham mounted a sustained campaign for amendment of the act.

His negotiations with the Commonwealth and the Aboriginal Land Councils paralleled other representations for reform from affected groups (especially the mining lobby) but he managed to preserve, both in style and content, a distinctive approach. However, opponents of his activities consistently attacked Everingham as a spokesman of vested interests.(46) The Chief Minister’s campaign began in earnest in late-1979 and continued intensively throughout the period of the Fraser Government. Throughout, the relationship between the Territory Government and the Land Councils was strained, often severely so. Agreement on a mutually acceptable package of amendments, despite periods when successful resolution of issues appeared close, was ultimately unattainable. Although the Commonwealth was a part of the negotiations, its deliberative role was largely confined to facilitation and arbitration. At least until mid-1982, it was not prepared to press for a solution. In any case, its consistent position was that any amendment should not compromise the essential principles of the legislation. In addition to the long-running direct interchanges, the major participants frequently took their cases independently to the government and to the national media; they also worked diligently to mobilise public opinion in their favour. There was little doubt that, in the endeavour, the Land Councils were more accomplished than the Territory government.

As with uranium, the policy of land-rights and its diverse associated issues loomed large in political debate within the Territory. Labor, both locally and federally, consistently argued for the widest possible implementation of land-rights and gave strong moral, parliamentary and legal support to Aboriginal opposition to the actions of the Territory government. Although Bob Collins (who succeeded Isaacs as Labor Leader in late-1981) did propose a series of legislative changes in November 1982 as a counter to
Plates 55 and 56: Protagonists on several intergovernmental issues: Fraser and Everingham (NT News)
Everingham’s claims, Labor generally contested Everingham’s case for amendment. At no stage did it countenance the transfer of the federal act to the Territory; to Labor, federal control of land-rights was a legitimate and desirable objective. In electoral terms, however, Labor’s stance was a distinct liability, at least with non-Aboriginal voters, and Everingham used it effectively to portray his political opponents as anti-developmentist in orientation. That factor contributed significantly to the CLP’s improved standing in urban areas in the June 1980 election.(47)

Control and management of the two federally-owned national parks, long an arena of conflict between the Territory and the Commonwealth, continued after self-government. Disputation was particularly severe in relation to Kakadu between 1979 and 1981. There, the arrangements entered into in 1977-8 directly confronted the claims of the new self-governing polity. Within Kakadu, moreover, the complex combination of uranium mining, Aboriginal land and a national park with a large cast of vested interests and actors produced a volatile political situation.

The acquisition by the Commonwealth of the Kakadu region (including the existing park, vacant crown land and four pastoral leases) was strongly contested by the Territory government. Its claim that ‘the immoral land grab’ (48) was improperly authorised, albeit never accepted by Canberra, was extinguished by validating legislation in 1980. To Everingham, the Commonwealth’s action was ‘a breach of faith’ and ‘a sinister and mischievous approach [by the ANPWS which] smacked of --- a confidence trick’.(49) He maintained, until early-1980, his vigorous campaign for Territory title to the park but, in face of Fraser’s refusal to overturn the package of agreements flowing from the Fox recommendations, he accepted that immediate transfer was not possible. Still, his objective for ultimate title remained; it was to be secured by obtaining the approval of Aboriginal landowners (thus removing one of the central obstacles to transfer) and, for other parts, by persuading the Commonwealth that its interests in Kakadu would not be jeopardised by Territory control. Neither had been accomplished before the end of the Fraser Government in 1983.

Alongside the debate over the appropriate root title was one concerning management. Basing his arguments on understandings reached in the pre-self-government period, the recommendations of the Council of Nature Conservation Ministers in 1976 and 1978 and the proven expertise and experience of Territory authorities, Everingham contended that park operations should be managed, as far as possible in light of the ANPWS lease arrangements, by the Territory Parks and Wildlife Service (later the NT Conservation Commission). Once again, however, his efforts were unsuccessful; the ANPWS’s grip on Kakadu’s management was progressively tightened. Delegation of operational control was recommended in the 1981 Review of Commonwealth Government Functions but, as it was subject to the preservation of ‘essential’ Commonwealth interests in Kakadu, no action was forthcoming. Relations between the Territory government and the ANPWS (and particularly its Director, Dr Ovington), never harmonious, deteriorated during the period. By 1983, a state of mutual hostility was well-established. At the top of the agenda of discord was conflict over the plan of management for the park and the position of Jabiru, the regional centre. Everingham’s attempts to convince the Commonwealth to provide Territory ownership and control over Jabiru was, as on the wider Kakadu issues, frustrated.(50) He always insisted that to have what was then potentially the third-largest town in the Territory administered outside full local authority was unrealistic and intolerable. Such ‘a strange Commonwealth enclave’(51) would inevitably, in his view, result in confusion and interjurisdictional dispute. Even though the Jabiru arrangements worked in practice rather better than he foresaw, it still produced its fair share of tension between Territory authorities and the ANPWS.
Plates 57 and 58: Commonwealth/Territory issues: National Parks and Uranium
The Ranger mine in Kakadu (above) and Kakadu National Park (below)
In comparison with Kakadu, the situation in Uluru (Ayers Rock-Olgas) was, in terms of intergovernmental relations, less dramatic. It did not have the complicating ingredients of uranium or Aboriginal ownership. As the area was adjudged to be alienated land, the land claim had failed. Management of the park was effectively under the control of the Conservation Commission with funds provided by the Commonwealth. On the question of ownership, however, the Territory government still maintained that the declaration of Uluru under the ANPWS legislation should be revoked and the title passed to the Territory.(52) That claim was not granted by the Commonwealth even though it admitted general support for the Territory’s objective, subject to an appropriate form of title being accorded to the traditional owners. In fact, Everingham included such an arrangement in his package of amendments to the land-rights legislation; Aboriginal ownership to the park would be recognised, provided that a lease-back to the Conservation Commission was involved.

The Territory government’s position on national park issues were also hotly debated within the local political context. Labor generally defended the retention of Commonwealth control over the national parks, arguing that they were national, rather than simply regional, assets. In addition, it gave strong support to the ANPWS’s activities in the Territory. It should be noted, however, that Collins did express, in late 1982, some sympathy with Everingham’s ‘package’ proposal for dealing with the Uluru situation.(53) Even then, the Labor Leader did not spell out in detail his preference for the root title. In its stance on the national parks question, Labor often found itself, somewhat ironically, as the local champion of the Fraser Government’s actions.

Statehood:

The question of statehood was rarely on the public agenda during the early years of self-government. More important in that period were the efforts of Everingham and his government to achieve functional parity with the States. Although still accepted as the ultimate objective of constitutional development, statehood was given no immediate priority. A similar stance was also taken by the Commonwealth. At the same time, however, several issues, integral to statehood, did receive some attention outside the mainstream of Canberra-Darwin relations.

After self-government, the Commonwealth soon adopted the position that it would consider matters pertaining to statehood only as a result of Territory government initiative. Nevertheless, it continued to stress ‘its commitment to statehood --- as soon as it [was] reasonably attainable.’(54) When precisely that condition would be reached was never defined. Nor was it required to, as no specific request from the Territory was forthcoming. The closest that the Commonwealth came to addressing directly the broad question was Fraser’s acceptance of South Australian Premier Tonkin’s request to place it on the agenda of the Premiers’ Conference in 1981 and 1982. It never, however, proceeded to debate. Tonkin proposed that statehood should be granted in 1988 (55) but, as with Fraser and the other supporting Premiers, declined to enter into detail. For his part, Everingham, in agreeing to the agenda-listing, argued his by-then familiar position of equality of status.(56)

The Premiers’ Conference was one of the few occasions during Everingham’s Chief Ministership when the issue of statehood was accorded any prominence. His handling of the Tonkin request also demonstrated his reluctance, as a general rule, to press statehood; many of his actions were reactive. Given his satisfaction with the financial arrangements of self-government and his recognition of the severity of problems confronting the attainment of statehood, Everingham preferred to leave the question as dormant as possible. There was, however, no ambiguity in his approach to eventual statehood. In his
Plate 59: Everingham joins the Premiers’ Conference as an observer: an artist’s impression

(NT News)
view, it would only come when the Territory population wanted it, with that approval being given either in a referendum or an election. When it did, it must be as an equal partner in the Australian federation, both in respect of constitutional powers and parliamentary representation; he was 'implacably opposed' to any inferior position.(57) On the representation issue, he contended that the Territory's treatment 'must be as near as possible to that applied to Tasmania upon the formation of the Federation.'(58) Moreover, the new State constitution must be developed within the Territory and not imposed upon it by the Commonwealth.

Despite Everingham's insistence on down-playing statehood, the question surfaced sporadically through media comment, discussion at CLP branch meetings, the Chief Minister's own activities and election campaigning. Partly justifying his trip on continued community speculation, Everingham visited Alaska and Hawaii in mid-1982 to investigate the statehood experience there. On his return, he reaffirmed his view that the Territory should not be 'hustled' into statehood and that the key to future constitutional development was the determination of secure financial arrangements.(59) Also appreciated by Everingham was the need for a bill of rights to be incorporated into a new state constitution. To that end, he suggested that a draft bill be prepared by an eminent Brisbane legal consultant, Des Sturgess. Nothing, however, eventuated from that proposal. In the 1983 federal election campaigning, the Labor House of Representative candidate, John Reeves, advocated, in order that the 1988 statehood option be kept alive, that a national referendum be held to clarify the constitutional position of the Territory. Moreover, he stressed the need for a later Territory referendum to ascertain Territorians' desire for statehood. In response, Everingham savaged the national referendum idea as antagonistic to Territory interests and cautioned against precipitate actions in respect to statehood. He noted:

"[t]here is no percentage in wanting to rush into statehood if you are going to be a half-baked State trying to compete in the big league. The only way for the Territory to go into statehood is with a guarantee of the same political muscle as our potential competitors."(60)

At the official level in the Territory, some work was undertaken on statehood issues. Beginning in 1979, a collection of relevant comparative constitutional documents and literature was progressively compiled. A study of Territory legislation, with the objective of facilitating a smooth transition to statehood, was initiated. In 1981 and in connection with the Premiers' Conference reference, a Department of Law study group compiled a brief paper on salient statehood considerations. At the same time, a senior legal officer, Graham Nicholson, prepared a detailed and voluminous analysis.(61) Everingham refused to allow its circulation as, although he considered it 'academically very sound, some of [the material is] likely to cause more problems than [it] solves ---.'(62)

As indicated in the previous section, Everingham's major ambition was the wrestling from the Commonwealth of the non-transferred functions, especially those relating to control of Territory lands and resources. Return of the Ashmore-Cartier reefs to Territory administration was another major objective. Concurrently, the Chief Minister also lobbied energetically for amendments to the Northern Territory (Self-Government) Act. In that effort, begun in 1979, he was not conspicuously successful. Some changes were made in late 1982 but they did not address Everingham's salient objections, particularly the retention in the legislation of the determination of the qualifications of electors (to reduce the impact of transient voters) and candidates, borrowing restrictions and the 'just terms fetter' (S.50). Under the latter section, the Territory was constrained, unlike the States, to acquiring property on 'just terms'. At the very least, he argued that the prohibition should be limited to real property.(63) Prime Minister Fraser refused the request because of its
alleged inherent complexity and indicated that it would only be considered in the context of the transition to statehood. One amendment which was made at the Commonwealth's insistence thoroughly aroused Everingham's wrath. An additional clause in S.70 retrospectively provided for Commonwealth ownership of minerals on reacquired land (notably in national parks). Everingham submitted that there was a clear intention in 1978 that those mineral rights should belong to the Territory. Although such a provision differed from the situation in the States, he claimed that the Territory should be treated as a separate case because of the much greater scale of Commonwealth land ownership. The action, in Everingham's opinion, clearly derogated from the Territory's 'sovereignty' and was antipathetical 'to the principles underlying self-government'.

Except for the acknowledgement by all parties that it would be the most contentious subject pertaining to statehood and Everingham's assertion of equality, the issue of parliamentary representation was not extensively canvassed. But it did surface in proceedings of the Australian Constitution Convention. Before the Perth session in July 1978, consideration of Territory matters largely dealt with constitutional inequities and the regularisation of the self-government situation. A recommendation relating to the admission of a Territory to statehood was accepted in the Melbourne meeting in 1975. Part of it, however, was overturned in Hobart in 1976 on the grounds that it might have entitled a Territory to a minimum of five members in the House of Representatives. At Perth, the question was directly addressed by a notice of motion from Ian Wilson, MHR from South Australia.

Wilson's motion would have limited Territory and new State representation in the House of Representatives strictly in accordance with the Australia-wide population quota. In addition, it would have tied Territory and new State representation in the Senate to one half the numbers of House members. Everingham, a participant at the Convention and thoroughly incensed, lobbied other delegates diligently and succeeded in achieving agreement on a compromise motion which he believed would be supported 'by an overwhelming majority'. Under the revised motion, a new State would be able to get up to five House seats without reference to the quota and up to the same number of Senators as other States without regard to the number of House members. In Everingham's opinion, it constituted 'a reasonable compromise' even though it might result in the Territory obtaining less than the minimum entitlement of original States in the House. Owing to a lack of available time, there was no debate on the motion. It was then referred to a standing committee for consideration and submission to the next Convention. In its report (prepared by a Territories Sub-Committee of which Everingham was a member), no firm conclusion was reached on new State representation. Rather, it noted:

'[i]n view of the difficulty of resolving [the question] in the abstract, it recommends that this issue be left in abeyance, to be examined if necessary in the context of an actual proposal to establish a new State.'

At the next session of Convention at Adelaide in April 1983, the reference was not debated and it was once more deferred. While Everingham was Chief Minister, Territory government interest in statehood remained cautious and muted. Only after his resignation in late-1984 did the government pursue the objective actively and openly. Everingham, in his later role of Territory M.H.R. from 1984 to 1987, continued, however, as a major participant in the statehood debate.

2. See, for example, the evidence to the Edmunds enquiry into health services in 1972, especially 59-95 and Transcript of Evidence, JCNT, 30 November 1973, 105-58.

3. See, for example, a memorandum from Gurd to Everingham, 2 December 1977 in CS 77/590, NTAS.


5. The early history of educational administration in the Territory is detailed in Urvet *et al.*, 1981.


8. A more detailed analysis of the transfer process and the role of pressure groups is in Urvet *et al.*, 1981.

9. Submission to IDC, 23 August 1977, CS 77/337, NTAS.


11. See, for example, Dr J Eedle’s paper, 19 December 1977, in CS 78/88, NTAS.


13. Everingham to Fraser, 7 February 1979 and Fraser to Everingham, 26 February 1980. An IDC to investigate the transfer was convened on 19 March 1980. See CS 78/88, NTAS.

14. Robertson to Carrick, 19 March 1980, CS 78/88, NTAS.


16. Secretary, Attorney-General’s Department to Secretary, Department of the Northern Territory, 2 July 1976, AG 71/2779, BP.

17. IDC Report, May 1977 and press release by Adermann, 17 July, 1977 (‘---- it is not appropriate to transfer because of the constitutional status of the proposed new government.’)

18. Memorandum, Barker to Everingham, 31 January 1978, L 79/7/123, BP. The same views were expressed by Everingham in a letter to Durack, 31 January 1978, ibid.


20. Everingham to Durack, 12 February 1979 L 79/7/123, BP. A Territory-based Court of Appeal was later established in 1986.

22. See Chapter 4, 91.

23. Everingham to Fraser, 28 July and 31 August 1978, CM 78/298, NTAS.

24. Everingham to Fraser, 13 November 1978 and Everingham to Senator Chaney (Minister for Aboriginal Affairs), 20 December 1978, CM 78/198, NTAS.

25. Anthony (Acting-Prime Minister) to Everingham, 5 January and 30 January 1979, CM 78/298, NTAS. Everingham, Fraser and Viner had discussed the question earlier in November 1978.

26. R McHenry, note, April 1979, CM 78/298, NTAS.

27. Chaney to Everingham, 27 June 1979, CM 79/561(1), NTAS.

28. A joint working-party was established in 1985 to review financial responsibilities for the whole range of services to Aborigines.

29. Other minor agency agreements in respect of payroll tax, valuation and employees’ compensation were retained.

30. PR, 7, 12 September 1978, 17.


33. Comments reported in The Northern Territory News, 2 July 1979. Wran was in Darwin to participate in an ALP mini-campaign.

34. In 1981-2, for example, per capita revenue assistance (i.e. recurrent revenue) for the Territory was $3496, for New South Wales $1018 and, for Victoria, $1014. See Commonwealth Grants Commission, Fourth Report 1983 on Special Assistance for the Northern Territory, AGPS, 1980, 80.

35. The subsidy from 1979-80 to 1981-2 was about $45M. per year. The new agreement current for five years provided for annual subsidies based on the 1980-1 figure escalated for subsequent load-growth and cost increases. In 1982-3 the subsidy was $56M.


38. For each Commonwealth Grants Commission assessment, the Northern Territory Treasury presented a submission in support of an application for special financial assistance. See the Treasury (NT) submissions in 1979, 1982, 1983.

40. That view was clearly stated in Fraser to Everingham, 17 July 1978, BP.


42. The claims were made to the IDC, another IDC to review the Atomic Energy Act and related matters (in late 1980), the Uranium Advisory Council consultancy (in 1980-1) and the review of Commonwealth Government functions (in 1980-1).


44. For an analysis to mid-1982, see Heatley, 1983. See also Stanley 1984.

45. Everingham’s position was concisely set out in a letter to Fraser, 27 February 1981, BP.

46. For treatments of the Northern Territory Government’s position from 1979 to 1983, see Heatley 1980, 1982a, 1983.

47. See D Jaensch and P Loveday 1981.


49. Everingham to Fraser, 12 July 1978. See also Everingham to Fraser, 19 December 1978, ML 74, EP, NTAS.

50. Fraser to Everingham, 23 April 1980, ML 74, EP, NTAS.


52. See the Northern Territory’s response to the Review of Commonwealth Government Functions, May 1981, BP.


54. Fraser to Senator Kilgariff, 6 April 1981, 1.40:1, EP, NTAS.

55. Tonkin to Fraser, 6 March 1981, 1.40:1 EP, NTAS. Tonkin’s move was supported by the Victorian and Queensland Premiers.

56. See, for example, Everingham to Bjelke-Petersen, 22 July 1981, 1.40:1, EP, NTAS.

57. Everingham to J R Pyke, School of Law, Macquarie University, 13 May 1982, 1.34:2 EP, NTAS.

58. Everingham to Bjelke-Petersen, 13 May 1982, 1.34, EP, NTAS.


63. Everingham to Wilson (Minister of Home Affairs), 16 April 1982, CM 82/258, NTAS.

64. Fraser to Everingham, 11 December 1981. Also see McVeigh (Minister for Home Affairs) to Everingham, 10 February 1983, 1.34:2 EP, NTAS.

65. Everingham to Fraser, 19 April 1983, CM 82/258, NTAS.


CHAPTER SIX

Since 1977, and throughout the early period of self-government, the course of constitutional development in the Territory had been determined by substantially the same cast of political players. That situation changed in 1983 and 1984. In March 1983, the architects of self-government at the Commonwealth level were swept from office. So also was Grant Tambling, the Territory MHR, who was replaced by Labor's John Reeves. The ALP victory in the Territory seat was the first since 1966. In October 1984, Paul Everingham quit local politics. His long-time lieutenant, Marshall Perron, although he remained in the Cabinet, departed from his positions of Deputy Chief Minister in late 1983 and Treasurer in late 1984.

The political coincidence of two groups sharing basically similar persuasions and approaches which, despite serious disagreements on a number of issues, had buttressed the first five years of self-government came to an end with the election of the Hawke Labor administration. After a short period of relative harmony, intergovernmental relations rapidly soured and, from mid-1983, confrontation, often bitter, became the currency of debate between Darwin and Canberra. Federal government actions on a number of issues, but particularly those of financial consequence to the Territory, produced a high level of tension and rancour which, to many observers, was reminiscent of the conflict which had characterised the Whitlam years in the Territory. The high points of intergovernmental strife were the local Assembly elections in December 1983 in which the CLP was returned with a landslide majority and the federal poll in December 1984 in which Everingham reclaimed the Territory MHR seat for the CLP. Everingham's successor as Chief Minister, Ian Tuxworth, started his tenure by adopting a more conciliatory approach towards Canberra but his attempts at fashioning a more harmonious relationship gave way progressively during 1985 to forceful criticism of federal treatment of the Territory. 'Canberra-bashing', to use the local parlance, had long been an acceptable and successful device in Territory politics, notably at Assembly elections, and Tuxworth soon recognised its value as a mobilising and consolidating force for Territory opinion. He was, however, far less able than Everingham had been in channelling it effectively.

Alongside the different political situation that faced the Territory government was a deteriorating economy. The buoyant conditions which the Territory had enjoyed in the aftermath of self-government had, by mid-1983, evaporated. As Gerritsen has noted, 'in the period 1978 to 1981-2 that the Territory achieved the reputation of a fast developing economy in effect insulated from the recession that gripped the rest of Australia.' (1) But, from 1981-2, there was a perceptible slowing of economic activity and, in 1983, 'the recession --- made a delayed arrival in the Territory.' (2) Thus, the Territory government was faced with harsher economic realities at the same time as a new Commonwealth regime was treating the region much less sympathetically than had its predecessor. Those two developments combined to produce a potent incentive for intergovernmental dispute and, by mid-1985, for a clearly articulated claim for full statehood by the Territory government.

Darwin-Canberra Relations:

Most of the issues which caused intergovernmental conflict in the early years of the Hawke administration were not new; they had long been flashpoints between Darwin and
Canberra. But the new approaches which Labor adopted on traditionally sensitive areas such as land rights, Aboriginal matters generally, uranium mining, control of national parks and the provision of transport infrastructure injected considerably more venom into the conflict. Other matters like the federal response to the Territory's proposed criminal code provisions and the integration of residents of the Christmas and Cocos Islands into the Territory electorate emerged as new subjects of dispute. Although financial considerations were important in several of the issues, the broad question of funding for the Territory under the Memorandum of Understanding, a salient concern of the Territory government since 1979, remained a significant arena of debate in its own right in the period (and beyond). It, with its associated issues like superannuation and the electricity subsidy, will be treated separately below.

In the aftermath of Labor's federal victory, Everingham initially stressed the need to cooperate with Canberra. He noted:

[i]t is vital to the Northern Territory that the governments in Darwin and in Canberra understand one another. ... I believe that the welfare of Territorians has a far higher priority than differences in politics or ideology.'(3)

Nevertheless, he also pointed out that his cooperation was contingent upon Labor's actions or policies not disadvantaging Territorians. Nor was he optimistic of favourable treatment. In his view, the Labor government's 'medicine might be bitter' and 'Hawke will call into question and will in many cases rule against general N.T. interests --- '.(4) That pessimism was echoed in Assembly debates in March by both parties. Collins, the ALP leader, clearly anticipated the revision of several promises made in the election campaign.(5)

Intergovernmental interchanges were relatively cordial until May. Everingham and Hawke appeared to get on well and Everingham was a prominent participant in Hawke's National Economic Summit. In May, however, the cordiality disappeared with the announcement in the Economic Statement that funding arrangements for the Darwin to Alice Springs railway link would need to be changed in the light of the parlous national economic situation and outlook.

The construction of the railway, long a contentious issue in Territory politics,(6) had finally been approved in September 1980. Its completion date was scheduled for 1988 and preparatory work was under way in 1983. Both the major party groups had given assurances in the March election campaign that the project would be completed as a Commonwealth undertaking. However, in the May statement, a new funding proposal, based on the Commonwealth meeting sixty per cent of the cost and the Territory government providing forty per cent, was made. Everingham rejected the proposal, branding it a blatant repudiation of an election commitment.(7) The subsequent debate, which included not only frank and well-publicised political exchanges but also the mobilisation of a wide variety of Territory and South Australian group opinion in support of the railway, led to a rapid deterioration in intergovernmental attitudes. Reeves considered that Everingham's actions incurred for him 'the intense dislike of most of the leading ministers in the Hawke Government.'(8) In August, largely as a response to the level of criticism, the urging of the South Australian Premier, John Bannon and Bob Collins and the offer in July by the Queensland government to undertake a joint feasibility study of an eastern railway link,(9) the Commonwealth decided to set up a enquiry on the economic justification for the railway. That decision was vehemently opposed by Everingham who, when he learnt of the Commonwealth's choice of David Hill, the Chief Executive of the State Rail Authority of New South Wales and an acknowledged Labor

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Plate 60: Celebrating the announcement of go-ahead of the Railway, January 1983!! (Protocol)

Plate 61: Everingham in a symbolic protest against the cancellation of the Railway project, August 1983 (NT News)
partisan, to conduct the enquiry and, in addition, its terms of reference, was totally convinced of the Commonwealth's intention to scuttle the railway project. During the election campaign in December, Everingham used the railway issue effectively to his political advantage.

When the Hill Report was made public in February 1984, Everingham's expectation was borne out. It found no economic justification for the railway, a conclusion which the Commonwealth readily accepted but which Everingham refused to concede. During 1984, the issue remained an irritant with Everingham seeking to discredit the Hill Report. To that end, he commissioned alternative investigations which, perhaps predictably, contradicted Hill's findings.(10)

Although the Commonwealth did provide funding ($5M) to complete preliminary planning in 1983-4, its involvement with the railway project ended with its acceptance of the Hill Report. The issue, however, remained an oft-used weapon in the Territory government's catalogue of grievances against the Commonwealth. Moreover, the project did not disappear from the local political agenda; in August 1985, Tuxworth commenced a new phase in the railway saga with the announcement of his intention to pursue a privately-funded option. Even then, he expected 'substantial support from the federal government.'(11)

The railway aside, other aspects of transport infrastructure policy contributed to intergovernmental friction. Provision of funding for arterial roads, particularly for the upgrading of the Stuart Highway (the main north-south road link), was closely linked with the railway issue. As they were alternative transport modes, there was considerable argument on funding priorities. Although the Hill Report found that there was 'no strong case for accelerating the current upgrading of the Stuart Highway',(12) in general the Commonwealth provided relatively liberal subventions for road development, a outcome for which Reeves, as the Labor MHR, claimed substantial credit. So also he did for the allocation, in the 1983 budget, for a new airport terminal in Darwin.(13) Costed at over $910M, construction began in 1984. That decision was welcomed by the Territory government which had long seen the deplorable conditions of the major airport facilities in the region as a major impediment to the enhancement of the tourism industry. In April 1985, however, a halt to construction together with a total reappraisal of the project was announced. The new situation, justified on the basis of unwarranted and excessive cost, was used in the Territory as another example of the Commonwealth's lack of interest and commitment; to the Territory government, it was a further breach of an election promise. Both the Darwin terminal issue and the associated question of new facilities at the Alice Springs Airport which had also been a contentious topic since 1983, were to continue as points of conflict after 1985. Finally, there was the Commonwealth subsidy to the Australian National Line to provide a sea-link between Darwin and the east coast. Pressured by Territory interests, the Commonwealth reluctantly agreed to a limited extension of the subsidy in mid-1983 but it was only sufficient to sustain the service until early-1984 when it was closed down. The Commonwealth refused all local entreaties for support, responding that it was the Territory government's responsibility to provide subsidies for losses incurred through the service. In its editorial comment on the closure, The Northern Territory News articulated the concern shared by the Territory government:

_The evidence mounts that the Northern Territory has been accorded bottom of the priority list status by the Federal Government. --- What is more we do not seem to be getting the help that is necessary from our Labor politicians, either on a Territory level or a federal level._(14)
Plates 62 and 63: The old and the new! Darwin Airport 1979 (above) and the proposed new building (below)
Plates 64 and 65: Bob Hawke at the start of construction of the new Darwin Airport, October 1984!! It was halted in 1985. (Protocol)
Uranium policy remained a central issue throughout the period. It figured prominently in the two federal election campaigns and, perhaps even more decisively, in the 1983 Assembly poll. At its 1982 conference, Labor settled its platform for the forthcoming election year; it included a moratorium on uranium mining and treatment and the repudiation of any undertaking made by a non-Labor government (without any obligation for compensation). Moreover, 'a total commitment to preventing any new mines from being developed during [its] period of office' was given.(15) Predictably at that time, the platform was scathingly attacked by the Territory government. By early-1983, in the Territory there were two operating mines - Ranger and Naborlek - and two others - Jabiluka and Koongarra - at an advanced stage of development planning. All were threatened by Labor's policy stance. So also was a vital part of Everingham's economic growth strategy.

Throughout 1983, vigorous, and often bitter, debate on uranium policy took place within the ALP both nationally and in the Territory. The Territory government was forced to stand impotently, albeit vocally, aside as its hopes for the expansion of the uranium industry faded. On 31 October, its fears were justified by the announcement of the long-awaited Cabinet decision; it was subsequently endorsed by Caucus. Permission was given for the Roxby Downs project in South Australia to proceed and new contracts for Ranger and Naborlek were to be dependent upon the outcome of an enquiry into safety and environmental aspects of the industry. Jabiluka and Koongarra were effectively shelved. Reaction from the Territory was blunt; to The Northern Territory News, the decision was 'irresponsible buffoonery' and, to Everingham, it was 'sheer hypocrisy'.(16) As he had pointed out so often before, Everingham emphasised the deleterious economic impact of the decision to restrict the Territory's uranium potential. It 'directly negate[d] moves made by the Territory Government towards economic autonomy and greater contribution to the national economy.'(17) In the election campaign in November/December, uranium was used adroitly to ALP disadvantage; Labor's approach inspired a catchy and creative slogan - 'South Australia got the mine, we got the shaft.' The uranium issue contributed significantly to the CLP's landslide victory in the election.(18)

Although the Territory government did gain some comfort by the approval given by the Commonwealth after the handing-down of the Slater report and the changes to ALP policy agreed at its 1984 conference, to enter into additional sales contracts for the operating mines, the refusal to allow new mines, other than Roxby Downs, was maintained. No amount of urging, either on economic grounds or the need to satisfy Aboriginal self-determination claims,(19) could shift the Commonwealth's position. As with the railway, uranium policy continued as an issue and a source of resentment in the Territory after 1984. The constitutional question of the ownership of uranium, while it was always part of the Territory government's broad position, was rarely, in the inappropriate political environment, raised in the period.

Closely associated with uranium was the situation in Kakadu. Argument over ownership and control of the national park, so significant during the Fraser years, was ongoing but it was overshadowed after 1983 by the debate over the appropriate utilisation of the park's resources and over its extension. The region was not only a mining province but also an important element in the Northern Territory government's tourism development planning. In its view, a sensible multiple-purpose land-use strategy was required in order to maximise the region's contribution to the Territory's economy.

The prime arena of conflict during 1983 was Kakadu Stage II, only a small part of which was Aboriginal land; the rest remained Crown land under Commonwealth title. Attempts by the Territory government to claim the latter portion had been rebuffed. As the intention of the Commonwealth to add Stage II to the national park was well-known and
Plate 66: The handing over of Uluru to traditional owners in 1985 (NT News)

Plate 67: A cartoon representing the NT Government's position on the granting of Aboriginal title to Uluru (Centralian Advocate)
as the land (both Aboriginal and otherwise) contained many mineral exploration leases, the affected companies and their supporters (including the Territory government), either through litigation or lobbying, pressed their claims energetically. By mid-1983, however, it was clear that the Labor government was unsympathetic to any accommodation with the uranium mining interests in Kakadu. At the same time, Everingham was calling for vastly improved tourist facilities in Kakadu.

In the election campaign, Prime Minister Hawke finally announced the early declaration of the addition to the national park and the intention to proceed with a study of a further extension (Stage III). Concurrently, he outlined a funding programme (at least $36M of public and over $40M of private expenditure over six years).(20) Subject to legal challenges, the declaration effectively ended the prospects of mining in Stage II. Hawke also proposed the incorporation of the Jabuluka and Koongarra leases into the park. Everingham and the mining lobby reacted bitterly to the mining consequences of the declaration and, although he welcomed the tourism initiative, Everingham lambasted what he alleged to be a shoddy trade-off for the curtailment of uranium mining.

During 1984 and 1985, Kakadu retained its capacity to generate intergovernmental dispute. While resentment on the November 1983 decision lingered on and the Territory government maintained both its support for the early opening of new uranium mines and its criticism of park management, other major points of contention emerged. They included the fulfilment of the commitment to upgrade tourist facilities, World Heritage listing for Stage II and the future development of Stage III. The parameters of debate, set in the earlier phases of Kakadu policy and which set the objectives of the Commonwealth and Territory administrations far apart, continued to operate. Thus, the Territory government vehemently assailed the Commonwealth for its failure to provide the promised facilities, it opposed heritage listing because of its impact on future mining prospects and it contested inclusion of Stage III into the park on the basis that such action might preclude multiple land-use. Therefore, it advocated

*the return of the two pastoral leases (Goodparla and Gimbat which together comprised Stage III) to Territory control to allow investigation into the best mix of land use for the pastoral properties and their proper placement in the Territory resource bank.*(21)

Although not always with the same consistency as the uranium and Kakadu issues, Uluru provided another confrontation-point between Canberra and Darwin throughout the 1983-5 period. In 1983, the situation of Uluru as Commonwealth land, under the control of the ANPWS and with management vested in the Territory’s Conservation Commission, remained an uneasy compromise. Local Aboriginal groups were pressing the Commonwealth to grant traditional ownership and, at the same time, the Territory government was planning the establishment of a tourist resort complex at Yulara, just outside the park’s boundaries.

On 11 November 1983, the Commonwealth publicised its decision to hand the park over to the traditional owners, subject to a lease-back to the ANPWS. Infuriated at what he considered was a lack of consultation with the Territory government, Everingham used the action as the trigger for the early Assembly election. To him, it was ‘an attack on the very foundation of self-government’ and ‘another kick in the teeth’ from the Commonwealth.(22) Throughout the short campaign, he was able to use the decision to electoral advantage, primarily on the issue of the defence of self-government but also, and less persuasively, as a threat to the Yulara project.
Everingham's handsome election victory, as it did with other federal policies in the Territory, did not modify the Commonwealth's position. Nor did the political pressure, both nationally and from the Territory, exerted in 1984 and especially in 1985. Negotiations about management arrangements, contingent on the ownership decision, were not completed until March 1985. Again, the Territory government accused the Commonwealth of inadequate consultation during the process. In the intervening period until the official handover of the park to the traditional owners on 26 October, there was a concentrated campaign, led by new Chief Minister Tuxworth, to publicise what, from his perspective, were objectional aspects of Commonwealth policy: the granting of 'a national treasure' to a minority group; the failure to provide Territory title to the park; the empire-building of the ANPWS; the inappropriateness of the park management structures; and the potentially reduced role for the Conservation Commission. Tuxworth's campaign culminated in October in an extensive and expensive (over $200,000) publicity offensive interstate.(23) At the federal and local parliamentary and political levels, furious interparty exchanges on the issue occurred.(24) The federal Opposition and non-Labor State leaders largely supported the Territory government's position. They and the Territory government boycotted the official handing-over ceremony and Tuxworth refused to make any appointment to the park management board. In early 1986, Tuxworth's fears about the loss of Conservation Commission participation were borne out with the removal of local rangers from park administration but, as many observers pointed out, that was an inevitable consequence of his, and his government's attitude and activities in 1985.

Given the historical ALP support for Aboriginal land-rights and its policy prescriptions in 1983, intergovernmental friction, on a scale greater than had developed in the Fraser years, was assured. Although Labor statements during the election campaign suggested that change to the land-rights legislation might be negotiated, Everingham's hope of early amendments, based on his 1982 package or otherwise, were soon dashed. In April, Aboriginal Affairs Minister Clyde Holding commissioned an enquiry, undertaken by Judge John Toohey, to review the operation of the Act. While the review was proceeding, conflict on land-rights issues, by then a normal feature of Territory politics, continued unabated. Labor actions on land claims, on moves to expedite pastoral lease excision and in response to the Territory government's general approach on land-rights led to a heightened level of interparty and intergroup tension.

Toohey's report,(25) made available in early 1984, was received unfavorably by the Territory government and those industry groups, particularly mining interests, affected by land-rights. To them, it promised little to mitigate what they alleged was the deleterious economic and social impact of the legislation. Toohey's comment, that 'the Act has worked surprisingly well' and that it 'would be a mistake to draw [the] conclusion [that] the number of amendments recommended may be thought to suggest substantial defects'(26) was certainly not shared by its critics. Although there were some sections in the report with which the Territory government agreed, for the most part it did not accept the major changes set out in Everingham's reform agenda.(27) Nor could it have been expected to given the narrow and restrictive terms of reference of the review.

The process of amendment to the land rights Act became entangled during 1984 and 1985 with the Labor government's objective of developing a system of national land-rights. Translation of policy into concrete proposals had proved difficult, vexatious and time-consuming. Only in February 1985, after nearly two years of consultation, was a preferred model released. One casualty of that long gestation-period was the prospect of early change to the Territory legislation. As a consequence of the bitter and widespread opposition to the model by Aborigines and their supporters, by mid-1985, it has been virtually discarded. From its perspective, the Territory government welcomed many of its aspects because its application to the Territory would have materially weakened the
legislative provisions currently operating. However, the abandonment of the national land-rights strategy did allow re-concentration on the Territory situation from mid-1985. In November, Minister Holding outlined a series of proposed amendments. But, as later events were to prove, reform and its acceptance by the major players - governments, political parties, the mining and pastoral industries, land councils - continued to be elusive. After three years of Labor administration, the Act, the source of so much community divisiveness and political conflict during that period, remained intact and as potent in its capacity to arouse heated debate. Alongside the Territory government's persistent pressure for legislative reform was its determination to 'patriate' the act, to make land-rights policy fully covered by Territory legislation. In July 1985, Tuxworth formally requested that action. (28) However, as with similar earlier entreaties, it was studiously ignored by the Commonwealth.

Outside the more traditional conflict-agenda, other issues emerged. One concerned the new criminal code which Everingham had introduced for discussion in early-1981. Before it became law in October 1983, there had been seven drafts, aspects of which had attracted opposition from the local ALP, civil libertarians and a range of legal and Aboriginal groups. The Commonwealth became involved when, in the election campaign, Hawke released a letter attacking several provisions of the code. (29) Everingham was able to use the letter as another example of the Commonwealth's disregard of the reality of self-government. Threats of Commonwealth intervention by its use of the disallowance power continued in early 1984 (30) but it was averted by Everingham's reluctant acceptance of most of the demands for amendment. A second issue was the Commonwealth's decision to include first (in late 1983) residents of the Cocos Islands and later (in mid-1984) those of Christmas Island into the Territory electorate for federal elections and referendum purposes. The Territory government strongly contested the inclusion. One of its concerns was the effect the islanders' votes would have on the marginal Territory seat. (31) However, at one stage of the dispute, Everingham did agree to consider the Cocos proposition if the Commonwealth would devolve control and management of the Ashmore/Cartier Islands to the Territory. (32) The latter issue was canvassed sporadically during the period. So too did the rejection of Commonwealth funding for a Territory University, the involvement of federal agencies in Territory government projects with sensitive environmental implications, BTEC funding and many other general Commonwealth policies - defence and economic affairs in particular - which Everingham and his colleagues considered were detrimental to Territory interests.

Integral to the debate on substantive issues was the interpersonal conflict which developed from mid-1983. Everingham's direct, pugnacious and often flamboyant style of leadership together with his skilful manipulation of intergovernmental relations for local political advantage inevitably caused friction in ministerial circles in Canberra. Particular targets of his criticisms were the Prime Minister and those ministers closely associated with Territory matters, Senator Peter Walsh, Holding, Barry Cohen and Peter Morris. They in turn responded to Everingham's verbal onslaughts with increasing venom and the tone of debate, especially during the election campaigns in 1983 and 1984, was overtly hostile. Equally embittered was the relationship between the two Territory ALP federal representatives, Reeves and Senator Ted Robertson and the Territory government. Everingham continually taunted them with being Canberra's men in the Territory rather than the Territory's men in Canberra. His views about the relevance of the local ALP were in like vein. However, he was indignant at what he perceived as the Commonwealth's practice of dealing with Bob Collins as a 'Chief Minister-in-exile.' To Everingham, it appeared increasingly obvious that consultation was taking place with the Territory ALP rather than the Territory government. After the December election, the Prime Minister asserted that consultation 'on issues relevant to the Territory' would be forthcoming but, perhaps ominously for Everingham, he also noted that his government
Plate 68: The NT Cabinet, 1980-83 (Protocol)

Plate 69: Celebrating the CLPs "landslide" victory at the December 1983 elections (NT News)
Plate 70: Galarrwuy Yunupingu, Chairman of Northern Land Council (NT News)

Plate 71: A meeting of the Northern Land Council (NT News)
Plates 72 and 73: Opposing community views on land claims in the Territory (NT News)
would 'not be deterred from implementing decisions which have the support of the majority of Australians.' His interpretation of the election result was that there was 'no evidence to suggest that the Federal government does not retain the support of the people of the Northern Territory[].'

Although Everingham admitted, in February 1984, that 'federal-Territory relations could only be described as poor to bad',(34) during 1984 he contributed little to their improvement. Indeed, his decision, announced in early February, to seek CLP pre-selection for the Territory's House of Representatives' seat in the forthcoming election only exacerbated the situation. His critics, both in the Territory and in Canberra, accused him of unfairly and cynically exploiting his position as Chief Minister as a platform for campaigning for that election. In defence of his decision, Everingham argued:

_It is not something I want to do frankly but it is no good sitting up here as king of the kids on top of the sandcastle while the Feds turn the fire hose on underneath and wash it all out from under you. We are being white-anted in Canberra and I have come to the conclusion that remaining here as Chief Minister --- and not going down there to fight for the Territory would really be an illusory victory. --- It seems to me that everything that we have done here in the Territory for the last 6 or 7 years is going to be swept away unless someone goes down there and turns the spotlight of publicity on to what the Feds are doing to us._ (35)

Certainly, he was able to maintain a high anti-Canberra profile throughout 1984 and, given his scarcely-veiled federal ambitions and wide media exposure, he became a butt for political attack and ridicule from Canberra. Many of his actions, and particularly 'the casino affair', where the Territory government compulsorily acquired the two Territory casinos, provided ample opportunity for heightened criticism.(36) In the event, Everingham secured only a narrow victory over Reeves in the December 1984 poll.(37) That result exemplified both the continued capacity of a proportion of Territory voters to vary their voting preferences between Territory and federal polls and the lesser salience of Everingham's anti-Canberra stance in 1984. Hawke's comments after the December 1983 election were to an extent vindicated by the 1984 outcome. Without Everingham's personal following, the ALP would have been likely to retain the seat.

While never as significant a personal factor in intergovernmental relations as Everingham had been, Tuxworth, who took over as Chief Minister in mid-October, also succeeded in arousing antipathy among the federal ministry. After his low-key approach in the early months of his incumbency, the new Chief Minister, by his strength of his reaction to federal financial treatment of the Territory, rekindled the federal government's distaste of Territory leadership. His activities in connection with the Uluru issue compounded it.(38) By 1985, however, the Territory had become, for most intents and purposes, a much more peripheral Commonwealth concern and even strained personal relationships mattered little. As Gerritsen and Jaensch, albeit somewhat harshly, noted: 'I[nt]he Territory was set to become a backwater again, as it had been until the 1970s.'(39)

Finance:

From whatever perspective, the question of federal funding under the Memorandum of Understanding has been recognised as a transcendent concern of the Territory government.(40) In earlier chapters, its political significance has been emphasised. Until 1983, its integrity had been maintained, despite the questioning of its operation by the Commonwealth Treasury and the Grants Commission. The buttress which had sustained the Memorandum, the commitment of the Fraser Government, was removed in March

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1983. From that time, the funding issue developed far greater prominence and divisiveness in intergovernmental relations. The Labor victory, notwithstanding the soothing assurances during the election campaign, was regarded with trepidation in the Territory as it was widely perceived that the new government was, at least in private, very critical of the level of financial assistance. Even though the loss of the Territory MHR seat was a bitter pill for the CLP, it was admitted that the election of Reeves could have potential virtue in protecting the Territory’s position. Reeves himself has confirmed that expectation; in an 1985 article, he wrote:

When I was elected --- some ministers were far from ecstatic. I can well remember one (who must remain nameless but whose name is not difficult to guess [Walsh?]) saying ‘why the hell did you win the Territory, now we’ll have to pay for it!’ He wasn’t joking.\(^{(41)}\)

During 1983 and 1984, the Territory government reacted vigorously to any suggestion about overfunding. Everingham and Perron particularly went to considerable pains to refute such accusations which they usually sourced to the ALP Opposition, the ALP federal representatives, some parts of the national media and Commonwealth ministers.\(^{(42)}\) In the latter area, Senator Walsh was most outspoken. For example, in May 1983, he noted that:

from time to time --- nobody has a more voracious appetite for Commonwealth money than the present Northern Territory Chief Minister although, incongruously, no one is a more vocal critic of Commonwealth taxes which raised the revenue which he so voraciously consumes.\(^{(43)}\)

However, in the 1983-4 and 1984-5 federal budgets, the formulae in the Memorandum continued to apply. Thus, Commonwealth payments rose nearly fifteen per cent in 1983-4 to $826.5M and, in 1984-5, by about ten and one half percent to $912.5M. For both years (as in 1982-3), the proportion of locally-raised revenue was about fifteen per cent. Those outcomes were variously interpreted: to the Territory government, they were a vindication of the principles of the Memorandum; to its local ALP opponents, they were evidence of the Labor commitment to the Territory’s welfare and a rebuttal of Everingham’s anti-Canberra rhetoric.

At the same time, there was increasing anxiety about future funding. The federal government in mid-1983 initiated another Grants Commission review of tax-sharing relativities. Although both the Territory and the States argued strongly against the inclusion of the Territory, the terms of reference, handed down in February 1984, did incorporate it. The Commission was required to report, by 31 March 1985, on relativities to apply after 1984-5 to a distribution on a six-State basis and to one including the Territory ‘treated on the same basis as the States.’ Further, it had to report on arguments put to it that needs exist in the Territory which are not apparent in the States or which differ from those of the States, and to report, if any such needs exist, on whether they would be best addressed in the context of the tax sharing arrangements or separately from those arrangements.\(^{(44)}\)

The proposed review became an issue in the 1983 Assembly election with Everingham and Perron furiously defending the Memorandum as the basis of Territory funding in the face of the Prime Minister’s comment that the Commonwealth’s outlay was ‘out of all proportion to the rest of the States’ and that it ‘would have to be investigated.’\(^{(45)}\) Later, Perron claimed that ‘we have been dragged kicking and screaming’ into the review.\(^{(46)}\)
In its official submissions to the Commission, the Territory government emphasised repeatedly its opposition to inclusion in the general tax sharing arrangements because of the clear existing differences between the States and the Territory and the difficulties in measuring the Territory's needs adequately.\(^{(47)}\) Owing to its interconnection with the general review, a finding on the Territory's case for a special grant for 1982-3 was deferred until 1985.

When the Grants Commission reports were handed down in 1985, the political climate, vitiated by two years of conflict, was not conducive to a sympathetic approach to Territory funding. Moreover, Reeves' defeat had removed any electoral reason for lenient treatment. As Reeves later commented: 'I understand [Senator Walsh has] been rubbing his hands with glee since December 1st.'\(^{(48)}\) An indication of the Commonwealth's position was given by Senator Walsh in parliamentary questions and media interviews in April. For instance, in a wide-ranging attack on Territory funding on 22 April, he accused the Fraser Government of 'irresponsible fiscal behaviour --- it recklessly handed out money - it distributed money like confetti at a wedding - to the Northern Territory.' In his view, the Memorandum was 'scandalously generous' and would ultimately, if allowed to continued, bankrupt Australia. Ominously, he concluded by asserting that 'the Government [has] decided that there would never be a better time to stop [the financial irresponsibility than] now.'\(^{(49)}\) The expectation that funding would be adversely affected in 1985 was also widely-articulated in government circles in Darwin.\(^{(50)}\)

One of the immediate fears of the Territory government, however, was mitigated by the Grants Commission's recommendations in its report on tax sharing relativities (31 March 1985). Although the reduction of Territory funding implied by the Commission's calculations of per capita grants if the Territory was placed within the States' tax sharing arrangements, was likely to be severe, such inclusion - at least for the 1985-8 period - was not supported. The Commission considered it impracticable to incorporate the Territory until appropriate measures were taken to place financial arrangements for the Territory on a footing similar to the States, a process which would require substantial time and study. Moreover, when integration did occur, specific features of the Territory situation 'should be addressed explicitly and separately from the tax sharing arrangements.'\(^{(51)}\) Still, the threat had only been postponed and, as in past special grant applications, there was clear evidence of Treasury opposition to the operation of the Memorandum. Moreover, the figures demonstrated that overfunding of $15M for 1984-5 had occurred.

Senator Walsh's prediction of Commonwealth action on Territory finances was borne out in May. In the Treasurer's economic statement of 14 May, the Territory suffered heavy losses in subsidies and project funds. The Territory government costed the measures out about $80M and bitterly complained that about eight per cent of the total cuts had fallen upon Territory residents - only one per cent of the nation's population. More anguish was to follow at the Premiers' Conference on 30 May.

In an attempt to parry the consequences of the Grants Commission finding of overfunding for 1984-5, Tuxworth proposed changes to the Memorandum. He was prepared to accept a modification of the population formula to keep the Territory's grants in line with increases in need, the absorption of the existing specific purpose payment for debt charge assistance into the general grant and some minor technical alterations to the division of current and capital funds. The proposals were, at the time, generally accepted by the Commonwealth. Tuxworth's hopes that such initiatives would guard against more extreme measures were, however, ill-founded. His claim that the Territory was 'provided with no more or no less than in the States'\(^{(52)}\) was simply dismissed by Senator Walsh as 'grotesquely and almost obscenely wrong.'\(^{(53)}\) At the Premiers' Conference, the Commonwealth deducted the $15M (the overpayment in 1984-5) from base funding as
well as imposing a 'negative special grant' of $12.6M. That figure was the amount which the Grants Commission calculated was overfunding for 1982-3;(54) it was removed, one month before the end of the financial year, from the actual 1984-5 grants. Borrowing capacity was set at $75M, about $12M less than the Territory had requested. Based upon its indicative figuring, the Territory Treasury predicted a deficit of about $60M; Commonwealth grants were expected to increase by 3.4 per cent but, adjusted for inflation, that represented a real decline of over five per cent.

The 'negative special grant' was particularly galling to the Territory government not only because of the way it was applied but also because it represented a clear breach of the Memorandum. Clause 33 provided that, in 1984-5, the Territory should receive the greater of the additional assistance grant ($5M in 1984-5) and any special grant determined by the Grants Commission. In its recommendations, the Commission had recognised the Territory's entitlement to the $5M but the Commonwealth chose to ignore it. Given the Commonwealth's handling of the special grant, the applications for 1983-4 and 1984-5, which had been lodged with the Commission in 1983 and 1984 but their consideration postponed, were withdrawn by Tuxworth.

Faced with the anticipated deficit, Tuxworth (Treasurer as well as Chief Minister) brought down a mini-budget on 4 June. As he was not prepared to accept deficit budgeting, he believed that there was no alternative but to increase taxes and charges and cut expenditure. Thus, he announced a wide-ranging package of charges which would raise an additional $16M and spending reductions of about $45M. Excluding NTEC (the electricity statutory authority) revenues, local revenue-raising was scheduled to increase to $195.6M in 1983-6, up over $32M for 1984-5. Indeed, when final figures became available, the local contribution was $219.2M That represented nearly nineteen per cent of total funding but only a decline in Commonwealth per capita outlays from about $6460 in 1984-5 to about $6440 in 1985-6. Within the local political context, the mini-budget was a significant factor in further eroding the public standing of the Chief Minister and his government. Although the Labor Opposition was not happy with the treatment meted out by its Canberra counterparts, it sheeted much of the responsibility for budgetary difficulties on to the prior financial mismanagement of the government.(55)

Electricity subsidy arrangements provided yet another arena of confrontation on financing. Under the Memorandum of Understanding, Clauses 69 to 72 set out broad agreements on subsidies and in capital funding for a new Darwin power station. The original arrangements had been renegotiated during 1982 and a revised scheme was complete but not formalised by March 1983. In practice, the complex formulae used for calculating the subsidy meant that about fifty per cent of NTEC's operating deficit was covered until a further review in 1987-88. Moreover, the Commonwealth had committed itself to providing forty per cent (or $150M) of the capital cost of a coal-fired facility. By accepting the new scheme, the Territory government had severed the pre-existing nexus with electricity pricing in north Queensland thus exposing it (and the Commonwealth) to costs largely determined by the price of fuel. In the two years from early 1983, costs to consumers rose by nearly thirty per cent and they became more than ever a sensitive political issue. Thus, for the Territory government, the containment of prices as much as possible was an electoral imperative and the subsidy, as a vehicle of containment, an urgent priority.

Concern that the Commonwealth was considering amending the agreement reached with the Fraser administration was high in early-1983. Indeed, only the entreaties of Reeves and Collins to the Prime Minister prevented a proposal made by the Cabinet Expenditure Committee in May to end the subsidy. In the end, they were successful in convincing the Cabinet to confirm the agreement in August. Even then, there was animosity at the effect
Plate 74: Senator Peter Walsh, Minister for Finance (NT News)

Plates 75 & 76: Two cartoons depicting what was the NT Government's reaction to financial cuts after 1985 (NT News)
of the concurrent rise in the excise levy on fuel oil on NTEC's operating costs, and that issue spilled over into the later election campaign.(57) Under the new agreement, NTEC received a subsidy of $64.5M, an increase of nearly 13 per cent.

The arrangement was honoured in 1984 and, since late 1984, the Territory government had been exploring ways to preserve the subsidy until the mid-1990s when it believed that, with the cost-savings of the new gas-fired power station, a subsidy would no longer be needed. As a bargaining device, the savings in the capital grant contingent on the decision to proceed with gas rather than coal ($85M) was employed. However, in what was deemed 'an arbitrary, premature termination'(58), the Commonwealth in the May economic statement, comprehensively upset the agreement. The subsidy, anticipated as $78M in 1985-6, was cut to $38M and was fixed for the following four years at $40M. After then, it would cease entirely. Moreover, there was an increase in the price of fuel by four cents a litre. Although Tuxworth was able to secure a $15M loan at the Premiers' Conference to cushion part of the cost-impact, the Commonwealth action precipitated the announcement of large price increases (21.75 per cent) during the 1985-6 financial year. In so doing, the Territory government was forced to exacerbate the sensitivity of the subject as a political issue. But, it was able, through its long-practised rhetoric and particularly its use of Senator Walsh's incautious remarks about the need to depopulate the north because of its costs to the Australian taxpayer, to place, at least in the short-term, a large portion of the blame on Canberra.

Superannuation was the third area in which the Territory government believed the Commonwealth had departed from the principles, if not the letter, of the Memorandum. Upon self-government, an 'expedient arrangement' had been devised to allow the employees of the Territory Public Service (and authorities) to remain within the Commonwealth scheme, with the Commonwealth continuing to pay the employer contributions. A Task Force was to consider other options including 'the possibility of the Northern Territory being placed in a position to establish its own superannuation fund'.(59) To the Territory government, that clause committed the Commonwealth to provide appropriate financial support to a Territory scheme, most conveniently by an addition to the base-funding level. Negotiations seemed far enough advanced in late 1981 for the introduction of legislation in the Assembly. However, owing to the lack of agreement with both the Commonwealth and employee unions, it and a later bill had to be withdrawn. On the occasion of the second withdrawal, John Dawkins, the federal minister, expressed surprise because be considered the matter on the point of settlement. He believes that the Territory should then be prepared to 'settle a fair long-term basis of financing its superannuation obligations.'(60) To achieve that end, he sanctioned further Task Force consideration of the problem. In October 1984, Dawkins finally approved, and the Territory accepted, its report for a scheme to begin operating from 1 July 1984. Under the agreement, the Commonwealth would make annual payments to the Territory to allow the funding of the employer-financed benefits of the Commonwealth Superannuation Scheme (CSS) on an emerging-cost basis. Such payments would fund benefits payable on or after 1 July 1984 to Territory employees 'in respect of whom the Territory had not to that date been provided with the financial capacity.'(61) The arrangements were designed to permit the Territory to introduce its own scheme for other employees.

The October agreement was abrogated in April 1985 when Senator Walsh informed Tuxworth that the arrangements would 'be varied significantly'. Thus, the Territory would have to pay that portion of the benefits which related to service on or after 1 July 1984. It, furthermore, would be expected to meet those payments from its own resources; no additional financial capacity would be allocated. If the Territory did not pay employer contributions, then employees would be terminated from the CSS.(62) Supported by the Labor Opposition, Tuxworth sought from the Prime Minister an undertaking to reinstate
the October agreement and forcefully argued the detriment which the Territory would suffer.(63) But the approaches were to no avail. Nor was the setting-up of a high-level Territory task force to formulate a case against Walsh’s decision. In an attempt to investigate the government’s action, the non-Labor majority in the Senate referred the matter to the Standing Committee on Finance and Government Operations.(64) Confronted with the Commonwealth’s refusal to reconsider its basic position and the threat by Senator Walsh to make appropriate deductions from the Territory’s general funding, by the end of 1983, Tuxworth was forced to concede to the Commonwealth’s terms. As part of the arrangements finally agreed upon, eligible employees could, before 1 July 1986 when a new Territory superannuation scheme began operating, opt to retain their links with the CSS. In their case, the Territory government was responsible for paying the employer contribution to the CSS and for benefits for service after 1 July 1984. Once again, the Commonwealth had been able to reduce its Territory liability by successfully imposing its interpretation upon the Memorandum of Understanding. However, by the end of 1985, there were many Territorians, Tuxworth among them, who agreed that the financial experiences of 1985 had rendered the Memorandum meaningless.

Towards Statehood:

The Territory government’s attitude to statehood changed dramatically in 1985. So long as Everingham remained as Chief Minister, statehood was not a prominent or immediate objective. Even in the very different political environment of 1983-4, he saw no reason to vary the views and approaches which he had espoused since 1978. Notwithstanding his later comments and actions, what he might have done as Chief Minister in 1985 as a response to the Commonwealth’s financial treatment of the Territory must remain speculation. For his part, Tuxworth did decide that the appropriate action was the initiation of the Territory’s claim to statehood.

As before, Everingham’s posture on statehood was essentially reactive. In the two elections in 1983, he treated local Labor policies on constitutional development with a mixture of ridicule and disdain. Collins’ pledge, in November, that an ALP government would press for statehood, was simply dismissed by Everingham but not before he had drawn out the incongruity of the federal and Territory Labor positions. When the Prime Minister raised the statehood question, as he did in April and November, Everingham was quick to provide assurances that it was not on the Territory’s current agenda. Even if had been, he was convinced that the Hawke Government regarded statehood as ‘ridiculous’. (65) In his view, the Territory ALP, which he knew well understood the federal antipathy to statehood, were using the question as a artifice to draw from him a public declaration of support for early statehood. Given his reluctance to do, Reeves’ accusation in mid-1984 that the Territory government was pushing statehood ‘as part of a cynical exercise to protect the Chief Minister’s personal and political ambitions’(66) surprised Everingham. His attitude was also made clear by his opposition at the same time to a proposal by the executive of the Australian Council for Intergovernmental Relations (ACIR) to mount a research project on statehood. Originally, in December 1983, he had indicated support if the terms of reference were acceptable but his fears about the project’s political sensitivity and his knowledge that it was opposed by the Commonwealth led him to reconsider.(67)

However much he despaired of their outcome, Everingham continued his efforts to seek Territory control of the non-transferred functions and to secure amendments to the Self-Government Act. After a period of caution, he took an opportunity in August 1983 to press the Prime Minister to consider changes which Everingham had long advocated. Alarmed by what he believed was a federal intention to conduct a general review of the legislation, Everingham sought unsuccessfully to limit consideration to amendments
Plates 77 and 78: The old oil-fired power station in Darwin (above) and its successor, the gas-fired plant (below) (Protocol)
submitted by the Territory government. However, he was mollified by Hawke’s assurance that there was ‘no desire to re-examine the fundamental principles underlying the Act’; recommendations for change would be prepared by the Standing IDC with ‘of course --- full consultation with your government at an appropriate stage.’(68) The inter-official exchange took place in early-1985 but, by the end of the year, no agreement as to the scope of change had been reached and there had been no Commonwealth move to amend to act.

Shortly after Tuxworth took over as Chief Minister, he turned his attention to the statehood question. Like his long-time ministerial colleagues, he had always acknowledged statehood as the ultimate constitutional objective of the Territory but had never vigorously or consistently pushed it. As he recalled:

I know that I raised it probably two or three times and I was motivated by the event of the day (whatever that was) to raise it. But I was never committed to it to the degree that I wanted to raise it often or pursue it with other people or lobby for it.(69)

However, the events of 1983-4 and his expectation of what might occur in 1985 convinced him that a declaration for statehood was necessary. His view, even in early-1985, was:

we could stand around and continue to take this pummelling as often as people want to dish it out or we can start to move in the direction of statehood and get ourselves on to a better footing in the long term. My experience also in the move to self-government showed that once the commitment and the acknowledgement to constitutional reform was made, a whole range of things that governments would have done or contemplated in the Northern Territory were stopped in their tracks simply because we were changing our constitutional base.(70)

Initiating a formal bid for statehood was, to Tuxworth, as much a defensive strategy as a commitment to constitutional progress. Not everyone agreed with Tuxworth. For example, Everingham believed Tuxworth was much more interested in personal aggrandisement and establishing a clear break with earlier policy while Collins contended that Tuxworth’s basic motive was political, to embarrass the Labor Party in the Territory.(71)

Whatever Tuxworth’s motives, he moved quickly to prepare the groundwork for a statehood policy. In February, he initiated the formation of a Steering Committee responsible for developing a substantive case and advising on strategy. It operated intensively in the following months.(72) Tuxworth gave a clear indication of the direction of his thinking when, in addressing the current position of Territory finances in March, he pointed out:

if the Commonwealth determines that the arrangements are to change in a manner which will be detrimental to the Territory, then we will have no option but to give early consideration to the development of further constitutional change.(73)

The rising tempo of the debate on statehood, although primarily orchestrated by Tuxworth, was complemented by other contributions. In the federal parliament, Senator Kilgariff tabled (and spoke to) an informative booklet which he had had prepared on statehood issues.(74) Everingham frequently commented on the need to ensure that the Territory did not become ‘a Clayton’s State’ and on the indispensability of equal status.
Plate 79:
Ian Tuxworth,
Chief Minister in late 1984
(NT News)

Plate 80:
Bob Collins,
Labor Parliamentary Leader in
the NT after 1981
(NT News)
(74) From the Labor camp, Reeves was arguing a similar line and Collins, at an ALP conference, strongly urged his party to consider support for statehood.(76) In response to the federal Treasurer's announcement at the May Premiers' Conference that the Commonwealth would treat the Territory, for funding purposes, as a State from 1988, Tuxworth publicly acknowledged his intention of seeking statehood by 1988. He predicted, however, 'a tough road ahead.'(77) His choice of 1988 was based largely upon the symbolism of that year - Australia's Bicentennial and the tenth anniversary of Territory self-government. Most observers thought it unattainable; Everingham believed '[p]eople who think it is achievable by 1988 except in some Clayton's way of calling self-government statehood are loopy'.(78) But, privately, Tuxworth noted:

*I am of the view that constitutional reform takes a long time and it is the sort of journey that we should start and deliberately spend a lot of time on and achieve the results as they come. I never had any ambition to achieve it in my time or to achieve it in a particular way ---.*(79)

Differences of opinion within the CLP over elements of statehood policy emerged starkly at the party's annual conference in Katherine in early-August. It was expected that an endorsed position would have been established but serious dispute erupted between Tuxworth and Everingham. Although both agreed that the new State should have constitutional parity in terms of powers and functions, their position on Senate representation clashed. To Everingham, immediate Senate equality was essential; without it, the Territory as a State would be grievously disadvantaged. No compromise was acceptable. To Tuxworth, while immediate equality was a desired objective, intransigence would make the attainment of other benefits contingent on statehood difficult and protracted. Thus, he was prepared to consider negotiation on a phased increase of representation. Other disagreements arose on the status of the Memorandum - Everingham argued that it was still substantially intact - and on whether a Territory referendum was appropriate. Tuxworth's position was that such a testing of local opinion on a draft constitution was a reasonable strategy while Everingham, in recognition of the problem that could present, questioned its efficacy. In his view, the 1977 precedent, when self-government was an issue at a general election, should be followed. As no amicable reconciliation appeared possible, the conference decided to defer the determination of party-policy until a special meeting was held in Darwin within ninety days. From the side-lines, Collins, on behalf of the ALP, revelled in the apparent disarray. Except on the question of the referendum, he threw his considerable oratorical skills behind Everingham's position.

Despite the inability of the CLP to settle policy, Tuxworth did launch the Territory's statehood claim formally in the Assembly on 20 August.(80) At the same time, he gave notice of the formation of a select committee on constitutional development and a purpose-dedicated advisory committee. Also tabled was a letter from Jim Robertson seeking an appointment as special minister on a full-time basis without other portfolio responsibilities. Whatever the political and personal reasons behind the proposal, Tuxworth took up Robertson's offer. The role of the new position, which was directly answerable to the Chief Minister, was to chair the select committee and to develop and organise the Territory's case for statehood locally and interstate. In due course, the government would invite delegates of Territory groups and communities to a conference 'so that [it] could receive the widest possible cross-section of advice and support ---'. As well as being involved in the information and promotion process, the select committee would have a particular role in preparing a draft constitution for the new State. It was officially established on 28 August and, in order to satisfy the need for bipartisanship which Collins and Robertson had firmly advocated, it comprised three members from each party.
As the statehood debate within the Territory was unfolding, the question of parliamentary representation for new States was being argued at the Brisbane meeting of the Australian Constitutional Convention (29 July to 1 August). There, an attempt was made to pass a motion, similar to proposals in earlier conventions, which in part would tie Senate representation to population size. Both Collins and Robertson, the Territory's delegates, vehemently opposed the proposition and their efforts contributed significantly to its eventual defeat. 

The representation question dominated discussion in the period leading up to the CLP's November conference. Tuxworth and Everingham in public stubbornly reiterated their divergent viewpoints. In the debate, Tuxworth's position was strengthened by support from federal Opposition spokesmen. For example, John Howard, then deputy leader but soon to become leader of the Liberals, firmly advocated the wisdom of a negotiated approach. But, behind the public disputation, moves were being made within the CLP to draft a form of words which might satisfy both sides of the debate. The resolution which was finally adopted by the conference read (in part):

*The CLP believes that the Government --- should forthwith commence all steps to achieve statehood on terms which ensure equality with other States --- [it] so far as it is constitutionally possible that equality should apply as on the date of the grant of statehood ---.*

Observers were quick to point out that the resolution, in terms of parliamentary representation, really solved nothing. As *The Northern Territory News* editorialised:

*[It] is clever enough but fails to mention timing and leaves the question wide open. It is designed only to paste over the differences between the two camps and present a united front. --- Not only has the CLP failed to heal the rift, it has left a time bomb ticking on the vital statehood issue. Both sides have taken the compromise as an endorsement of their views when it is essential for the Territory that there is a clear, unambiguous policy.*

Still, as a result of the resolution, Tuxworth could claim that he had maintained a wide scope for manoeuvre in his statehood strategy.

At the end of 1985, the Territory government had set itself to begin a campaign for statehood. But sizeable obstacles loomed in its path. Although Tuxworth may have secured support from the CLP on the broad objective, disunity on the central issue of representation remained. Notwithstanding the comments of Reeves and Collins, the bulk of the Territory ALP was suspicious of, not antagonistic to, statehood. The attitude of the CLP's federal counterparts and non-Labor State leaders, despite public support for the concept, was at best tepid, especially as it concerned the representation issue. Support by Territorians, as measured by a Morgan Gallup poll in November, was not high. Finally, the Labor government, the actions of which had precipitated the Territory's bid, gave virtually no recognition to the Territory government's initiative, a response however fully anticipated. As far back as April 1983, the Prime Minister has indicated that his government would react only in response to an official submission on statehood. Nevertheless, Tuxworth knew well that, beneath the almost studious indifference from the Commonwealth, there was a basic hostility to statehood and to the most important of its associated claims for functional and representational equality.
Endnotes


2. Ibid., 269.

3. Focus, Northern Territory, April 1983, 1. Focus is the CLP's occasional magazine.

4. Ibid., 2.

5. PR, 12, 16 March 1983, 23.

6. For details of developments up to 1983, see Hill 1984.

7. See Everingham's speech on a motion to call on the Commonwealth to honour its commitment, PR, 13, 24 May 1983, 305-11.


9. The study was never treated as a serious proposition and little, if any, work was done. Everingham pronounced it dead in early 1984, The Northern Territory News, 29 April 1984.

10. In October 1984, Everingham tabled two reports - by Canadian Pacific Consulting Services and by the Strategic and Defence Studies Centre of the Australian National University - which had been commissioned by the Territory Government, PR 4, 1176-80. The final report of the first was subsequently published in 1985 (see Canadian Pacific Consulting Services, Final Report: Review of the Economic Viability of the Extension of Standard Gauge Rail Service from Alice Springs to Darwin, September 1985) and the second was published as Ball, Langtry and Stevenson 1985. The Territory Government also compiled its own critique of the Hill Report. Another analysis can be found in Stanley 1984.

11. PR 8, 1484. See also his comments in The Northern Territory News 13 August 1985 and his Ministerial Statement, PR, 8, 29 August 1985, 1478-85.


13. The Fraser Government in early-1980 had set a date for the completion of a new terminal in 1985. However, no funding for construction had been made in either the 1981 or 1982 budgets.


15. ALP Platform, Items 54 and 63(d).


17. Ibid.
18. For an analysis of the election, see Loveday and Jaensch 1984.

19. Agreement with traditional owners on conditions for operating Koongarra and Jabiluka had been reached by 1983. From that time, affected Aborigines and their advocates pressed the Commonwealth to sanction new mines in the Territory.

20. Commonwealth Record, 8, 46 18 November 1983 and The Northern Territory News, 18 November 1983. Stage II was officially proclaimed on 28 February 1984 and, on 20 December 1985, it was incorporated with Stage I into one park and under one plan of management.


23. The Territory Government’s case was outlined in a pamphlet, Uluru - A National Park for All Australians or a National Tragedy, October 1985.

24. See, for example, the debates in federal Parliament on the enabling legislation in May and August 1985 and PR, 8, 21 August 1985, 1184-94 and 27 August 1985, 1309-230. See also Press Statement by the Queensland Premier, 17 October 1985. There was also considerable exposure of the issue in the national media. Some of it was highly critical of the Territory Government’s attitude. See, for example, The Age, 15 October 1985.


26. Ibid., 139.

27. See the formal Territory Government pamphlet response by the Department of the Chief Minister, 10 April 1984 and PR, 1, 1 March 1984, 138-9. See also Everingham’s comments in The Northern Territory News, 4 and 8 May 1984.


29. The letter (18 November 1983) is included in Commonwealth Record, 8, 46. For an account of the Criminal Code controversy, see PR, 2, 6 June 1984, 435 ff.


31. See Everingham’s comments in The Northern Territory News, 30 March 1984 and Dondas’s comments in ibid., 1 May 1984. In the 1984 MHR poll, the islanders favoured the ALP over the CLP by over three to one.

32. Everingham’s position was noted in ibid., 7 January 1984.

33. Comments in Commonwealth Record, 8, 48, 4 December 1983.

34. PR, 1, 28 February 1984, 17.

35. Transcript of interview in ibid., 29 February 1984, 60.

36. For an account of the casino issue, see Carment 1985.
37. Everingham received 51.4 per cent and Reeves 48.6. Cynics pointed to the 'donkey-vote' as providing the margin of Everingham's victory. After the election, Everingham, who had associated himself with the Liberal Party, was appointed to the Shadow Ministry as spokesman for local government and northern development. When John Howard replaced Andrew Peacock in September 1985, he was relegated to the backbenches.


40. In his work on the political economy of the Territory, Gerritsen has placed the federal funding aspect in a radical interpretative context. See Gerritsen 1984, 1985 and Geritsen and Jaensch 1986.

41. Reeves 1985, 30.

42. See, for example, PR, 13, 31 May 1983, 534-9, 14, 30 August 1983, 864 and 3, 30 August 1984, 1128-9.

43. Transcript quoted in PR, 13, 31 May 1983, 534.


46. PR, 1, 6 March 1984, 227.


49. CPD, S 108, 22 April 1985, 1279. See also comments on his 'Four Corners' interview on 23 April, The Northern Territory News, 24 April 1985. During that interview, he referred to the Territory as 'a fiscal monster' and the Territory having 'the most bloated and feather-bedded Public Service in the country'.

50. See, for example, comments by the Territory Under-Treasurer, Dr Richard Madden, in The Northern Territory News, various issues, March 1985.


53. CPD, S109, 27 May 1985, 2490.


55. See the Opposition's response to the mini-budget and the budget in June and August 1985 (PR, 7 and 8). Senator Robertson was, however, much more


57. For detail of that dispute, see PR, 15, 19 October 1983, 1318-21 and 20 October 1983, 1457. Also see Gerritsen 1985, 274-5.

58. PR, 7, 5 June 1985, 863.

59. Memorandum of Understanding, Clause 81.

60. Commonwealth Record, 8, 40, 5 October 1983.

61. Summary of report included in PR, 6, 18 April 1985, 641.

62. Walsh to Tuxworth, 4 April 1985, in ibid., 642.


64. Its report was presented on 8 May 1986. By majority, it did not find the October 1983 agreement binding and, therefore, the Commonwealth could legally determine it. See CPD, S114, 2632-3.


67. See, 1:31, EP, NTAS, for correspondence on the ACIR proposal.

68. Hawke to Everingham, 26 March 1984. The full correspondence in 1983-5 is contained in CM 85/57, NTAS.


70. Ibid.


72. Its major report, Northern Territory Statehood : Report of Working Party of Steering Committee, was presented on 26 June and a comprehensive brief from the Secretary of the Department of the Chief Minister on ministerial and bureaucratic organisation, consultants, lobbying, funding, public relations and methods of formulating a constitution was sent to Tuxworth on 23 July. See CM 85/72, NTAS. Consultants (Ian Barker, Daryl Lumb and Bob Ellicott) were secured. (Lumb submitted an opinion on new State parliamentary representation on 5 August). Various papers, principally by Graham Nicholson, were prepared and approaches were made to a public relations company.

73. PR, 5, 5 March 1985, 260.
74. The State of the Northern Territory, pamphlet by Senator B F Kilgariff, 23 April 1985. See also CPD, S109, 21 May 1985, 2283-4.

75. See, for example, his comments in The Northern Territory News, 13 May 1985.


80. PR, 8, 20 August 1985, 1049-52.


84. See, for example, comments by Ian Sinclair, The Northern Territory News, 10 August 1985, Joh Bjelke-Petersen, ibid., 7 November 1985 and John Spender and Neil Brown, ibid., 10 November 1985. Everingham considered that ‘we will have heavy weather’ with the Coalition parties on representation, particularly from the ‘wets’ — ‘wimps --- who had an arrogant, patronising attitude’ towards the Territory’, interview 1986. The viewpoint of Ian Wilson on Territory representation was a case in point. See his speech on 9 and 10 November 1983, CPD, R133, 2526, 2575-7. See also Report No. 1, Determining the Entitlement of Federal Territorians and New States to Representation in the Commonwealth Parliament, A Report from the Joint Select Committee on Electoral Reform, November 1985.

85. Only 38 per cent thought that statehood was ‘a good thing’, 35 per cent considered it ‘a bad thing’, 22 per cent believed it ‘wouldn’t matter’. The survey was conducted in urban areas and measured largely non-Aboriginal opinion. The Issue of Statehood for the Northern Territory, A Research Report, December 1985.

86. About the only comment came from John Kerin who simply admitted to grave doubts about the Territory’s ability to achieve statehood by 1988. See comments in The Northern Territory News, 7 November 1985.
EPilogue

By the end of 1985, the major features which were to characterise Territory politics and its political economy in the following years were either well-established or emergent. Economic conditions continued to deteriorate, at least until the end of 1988. A prime contributory factor was the severity of reductions to Commonwealth funding. The general climate of intergovernmental affairs remained tense and dispute over the traditional issues was little abated. There was, however, a perceptible decline in the consistency and intensity of conflict, particularly during the incumbency of Steve Hatton, Chief Minister from May 1986 to July 1988. Indeed, in 1988, there were indications that the Commonwealth had become more favourably disposed towards the Territory, an attitude no doubt influenced by the Labor victory in the MHR contest in July 1987 and the transference of Bob Collins’ impressive parliamentary talents to the Senate in that election.

An additional element, instability within the CLP, which had been developing since Everingham’s retirement as Chief Minister, gained prominence after 1985. Tuxworth, faced with new economic realities, the legacy of policies and expectations of the Everingham era and the hostility of important personalities in the CLP parliamentary and constituency wings, resigned in May 1986. His idiosyncratic leadership style and his ability to antagonise a wide spectrum of political interests contributed to his downfall. Although with a very different personality and approach, his replacement, Hatton, suffered similar problems. In July 1988, Marshall Perron assumed the Chief Ministership, a succession which, to many observers and participants, suggested an end to the period of instability. Despite the intra-party divisions, competition from a second ‘conservative’ party (the Territory Nationals) and pre-selection difficulties, the CLP did maintain its local electoral dominance in the March 1987 Assembly election.(1) Paul Everingham, always critical of Tuxworth’s leadership and sometimes a nuisance for Hatton, finally bowed out of his active role in Territory affairs, when he quit federal politics in July 1987.

The buoyant population increase and economic growth of the early years of self-government had gone by 1985. As the provisions of funds from the Commonwealth shrank, the public sector was unable to maintain its role as the ‘engine of development’. Funding of capital works was the worst casualty of the reduction in Commonwealth grants. As a consequence, employment levels contracted and population growth slowed dramatically. In the year to March 1988, no increase occurred, a situation which presaged a nett loss in 1988. Faced with budgetary problems, the Territory government was forced to cut its workforce, historically the largest component of the Territory’s employment,(2) reduced public service entitlements (to its electoral cost in July 1987) and steadily increased local revenue-raising. By 1988, state-type taxes and charges were at comparable levels with national averages; in the case of electricity rates, they were considerably greater. No longer could the Territory be classified, as it was in the early period of self-government, in a lower taxing (and charging) category. Excluding receipts from Territory authorities, the 1988-9 budget estimated that about 22 per cent of revenue would be raised from local sources.(3)

Territory Treasury calculations costed the reduction in Commonwealth grants between 1985 and 1988 at over $200M. In real terms, there was a decrease of three percent in 1986-7, ten per cent in 1987-8 and five per cent in 1988-89. Although they must be placed in the context of general cuts in funding to the States in that period, the cuts were proportionally more severe on the Territory. Another ‘negative special grant’ was imposed in 1987 in line with a Grants Commission finding in December 1986.(4) The reference to the Commission of the levels of assistance granted in 1983-4 and 1984-5 was
made unilaterally by the Commonwealth, a decision which was vehemently opposed by the Territory government. In March 1986, the Commonwealth again required the Commission to undertake a triennial per capita relativities' review. As before, it included a requirement to assess the Territory's needs as if it was a State and part of the common tax-sharing pool. The Territory government once more argued that, not being a State, it should remain outside.(5) In its report, the Commission made no recommendation on whether it was 'currently appropriate' to integrate the Territory into the general arrangements but noted that there had been insufficient opportunity for the Territory 'to comment in detail upon the Commission's methodology or on the validity of the very substantial reduction in its implied relative fiscal needs in 1987-8'. They entailed a cut of $44M. However, the Commission added that it had

reservations about the equity of imposing on the Territory, in the first year of application of any new relativities that might be based upon the --- assessments, the full effect of the adjustments implied ----.(6)

In the event, the Commonwealth did incorporate the Territory into the common pool but, at the same time, did not, at least for 1988-9, impose the actual new relativity.(7) It covered the reduction and the 1984-5 'special negative grant' by a special-purpose payment. Furthermore, at the urging of the Territory government, it agreed to a review of the Commission's assessment procedures. Whatever the outcome, by 1988, the special financial situation embraced by the Memorandum of Understanding had finished.

Despite the relative moderation of Canberra/Darwin discourse after 1985, dispute over land-rights (and Aboriginal-related issues generally) uranium mining and national parks remained a discordant feature in intergovernmental relationships. Accommodation of the divergent attitudes of the federal Labor and local CLP administrations proved as difficult and intractable as before. As they represented the significant functional areas of constitutional disadvantage, their devolution to Territory control became a central component of the statehood campaign of the Territory government. Aside from those specific fields, the Territory, increasingly incorporated into mainstream processes and practices, was involved in the normal tensions of federalism and particularly those stemming from the coincidence of governments of different party persuasions. Although the Territory government believed that it, and northern Australia generally, had been accorded a low priority by Canberra, where common interests existed, such as the enhancement of defence facilities or Aboriginal welfare, it welcomed Commonwealth activity and, of course, expenditure.

Under Tuxworth and Hatton, the statehood campaign was pursued in principle with urgency but, in practice, with mixed consistency, direction and purpose. While considerable progress was made in preparing the Territory's basic case for statehood, the promotional aspects was fitful and superficial. As a policy which has obvious divisive potential, it was virtually shelved during election periods. Given the political and economic uncertainty of the period and the consequential need to concentrate on other seemingly more pressing matters, statehood often was treated as a secondary consideration. By early 1987, Hatton had decided that, as an essential prerequisite for gaining any support from the Commonwealth, a referendum on the broad acceptability of statehood should be held. Planning thereafter centred on a programme to convince Territorians of the need for and advantages of constitutional advancement. Opinion polls and the emergency of opposition to all or parts of the government's policy starkly demonstrated the problems associated with securing sufficient support in that referendum, at least at an early stage.(8) Hatton's demise effectively ended the planning. Although there remains strong advocacy of the objective within the CLP, the resumption of a statehood bid, however organised, in the prevailing political circumstances, is likely to
await a change of administration in Canberra. Since 1986, the Hawke Government has given little sustenance to the belief that it would be sympathetic to Territory statehood. On the other hand, the Liberal and National Parties have frequently indicated its support. Whether in office that would continue and in what time-span and under what conditions statehood would emerge are matters for the future. What is certain, however, that with self-government in the 1970s and its evolution through the 1980s, statehood for the Territory will be above all determined by political circumstance.

Endnotes

1. See Jaensch and Loveday 1987 for an analysis of the election. The CLP won sixteen seats, the ALP six, and the Territory Nationals one. The other two were retained by disendorsed CLP members as Independents. Tuxworth, who was expelled from the CLP in December 1986, was the sole Nationals' representative. In September 1988, the Nationals won an Alice Springs seat in a by-election; it had been previously held by the CLP. After the resignation, through ill-health, of its sitting member, the CLP lost the Darwin seat of Wanguri to the ALP in August 1989.

2. In 1986-7, the public sector accounted for 42 per cent of the workforce: Territory Government 31 per cent, Commonwealth ten per cent and local government one per cent.

3. If authorities were included, the equivalent figure would be about 38 per cent.


7. The Territory’s assessed relativity in the pool was 5.042. The next highest, Tasmania, was 1.528.


9. Under Perron’s Chief Ministership, the Territory government continued its bid for functional parity. See Full Self-Government: The Further Transfer of Power to the Northern Territory, A Submission to the Commonwealth, June 1989. A target-date of 1 July, 1990 was suggested. The submission also argued for additional representations in Canberra (two extra Senators and one extra MHR).
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