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CABINET DECISION

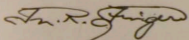
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Submission No.: 383

Title: ALLIGATOR RIVERS REGIONAL TOWN -  
PROGRESS REPORT

Cabinet noted the report and agreed that officer level discussions with the Commonwealth continue without any commitment.



(M.R. FINGER),  
Secretary to Cabinet.

5.10.78

## THE NORTHERN TERRITORY OF AUSTRALIA

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383

FOR CABINET

SUBMISSION No. \_\_\_\_\_

Title:	Alligator Rivers Regional Town - Progress Report
Cabinet Member	Mr. P.A.E. Everingham, Chief Minister
Purpose:	To inform Cabinet of progress in relation to the proposed new town in the Alligator Rivers Region.
Relation to existing policy:	Cabinet Decisions No. 342 of 5 July 1978 and No. 379 of 15 August 1978.
Timing/legislative priority:	N/A
Announcement of decision, tabling, etc.:	N/A
Action required before announcement:	N/A
Staffing implications, numbers and costs, etc.:	N/A
Total cost:	N/A

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C O N F I D E N T I A L

ALLIGATOR RIVERS REGIONAL TOWN  
PROGRESS REPORT - 29 SEPTEMBER 1978

Timing Requirements

Ranger Uranium Mines Pty. Ltd. have produced a construction program for the town which is tied to their requirements for housing arising out of their program for the mine and mill. This shows that Ranger needs housing to become available in mid 1980, and illustrates that after Ranger obtains the go-ahead the town construction should be treated with similar urgency to the mine and mill. The town can not be viewed as an after-thought in the developments and something to be undertaken at leisure.

Town Plan

2. The interim town plan described in Submission No. 326 is believed to have been developed further by the Director of National Parks and Wildlife and his consultants, but the latest version will not be available until the first week of October. Detailed consultation will then be necessary with the various concerned Northern Territory agencies and the mining companies before the final town plan can be expected.
  
3. One of the delays in developing the plan was due to consultation with the Northern Land Council in earmarking special Aboriginal residential areas, but agreement has now been reached.

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C O N F I D E N T I A L

4. The urgency for approving the final plan arises from the need to construct the main access road and construction village site as the first operation, but this cannot be done until their location is fixed on paper.

Construction Authority

5. Decision No. 379 endorsed the concept of a statutory authority under Northern Territory legislation to construct the town, and the Department of Law has commenced work on the necessary instructions. The Ranger joint venturers have accepted the concept, and have tentatively suggested 3 representatives from the Company and 3 from the Northern Territory Government to form the authority. It is to be hoped that the Government would have the controlling vote in the authority, but in any case it would be responsible to a Minister.

6. Funding policy for the authority is still being explored. The Company suggests that the authority - "should obtain all of the necessary finance at low interest rates, be responsible for the design and construction of the town and lease service blocks to users at the appropriate time after recovery of cost of development".

7. Some discussions were held with Commonwealth officials but little progress was made and further discussions are proposed early in October. Until agreement has been completed with the Commonwealth concerning cost sharing

arrangements, firm agreements can not be made with the companies and the financial basis for the authority remains unsettled.

8. The authority will need to make early decisions on the extent and scope of work, i.e. whether to build a town strictly for the Government and Ranger only or to build headworks and subdivisions to cater for expansion to allow for other mining companies. If the latter course is adopted, then funds have to be found pending entry of the other companies (the implications are set out at Attachment 'A'). It is possible that the cost sharing arrangements with the Commonwealth will encompass this problem.

Construction Management

9. The options for managing construction of the town seem to be -

the authority builds up its own design and supervision staff and handles the project 'in-house' (a variation on this would be to build up the staff of the Department of Transport and Works); or

the authority remains only a policy group and lets a contract for the whole town to an engineer - constructor on a package or turn-key basis; or

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the authority remains only a policy group and engages a consultant as project manager, who then prepares documentation (engaging other specialist consultants as necessary), calls tenders, and supervises construction.

10. This last approach is preferred. The authority retains responsibility for approval of tender documents, approval of tendering companies, letting of contracts, and oversight of programs.

11. If this approach is adopted then one of the first actions of the authority would be to call for submissions from a list of eligible consultants. The list would probably be quite short if the criteria for eligibility are considered to be -

capacity and experience to be project manager for a job of this magnitude in the time-span available.

not involved in other projects in the region, such as mines or mill, so that full capacity can be concentrated on the town.

independent and not affiliated to a construction company, ensuring best use of specialist firms and no conflict of interest.

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Australian-owned, with experience and staff in the Territory ensuring maximum use of Territory resources.

12. Whichever arrangements are adopted for construction management, the Department of Transport and Works is seen to have a watching brief on design and construction on behalf of the Northern Territory Government.

Interim Arrangements

13. If Ranger receives the go-ahead in the near future it will be seeking early work on the access road and construction camp, at a time probably before the authority has been established and when interim arrangements will be necessary.

14. In the first instance it will be necessary to obtain the agreement of the Director of National Parks and Wildlife, since his plan of management for the Park, incorporating the town plan, will not have passed through the various formalities. In any case the head lease cannot be issued by the Director to the statutory authority until the latter is created. The situation has been discussed with the Director and he agrees in principle with an early start.

15. The interim arrangements could depend on who is advancing the funds (several hundred thousand dollars, for which there would have to be a settlement later). If the Northern Territory Government provides these funds, then local consultants and contractors could be engaged through

the Department of Transport and Works at fairly short notice. If Ranger provides these funds it would probably prefer to use the consultants and contractors which would be already engaged for initial works at the mine site.

Co-ordination

16. Liaison has continued with the Departments of Treasury, Law, Transport and Works, and others as necessary. Every appropriate department and authority will be afforded the opportunity to comment on the town plan before it is finally adopted.

Conclusion

17. At this date the position of the three mining projects affecting the town is:

- . Ranger - awaiting agreement between Commonwealth and Northern Land Council, and between Commonwealth and Joint Venturers.
  
- . Jabiluka - final Environmental Impact Statement in November, leading to negotiations on agreements with N.L.C. and Commonwealth.
  
- . Koongarra - draft Environmental Impact Statement in November; other agreements still some time off; foreign equity to be resolved.

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C O N F I D E N T I A L

7.

18. It is possible that Ranger could proceed at an early date. Hence, although no formal agreements or commitments for the town can be entered into at this stage, and no physical work can be carried out, it is considered essential that negotiations should continue particularly with the Commonwealth, but also with the Company, so that the town can proceed smoothly in conjunction with the mine.

Recommendation

19. It is recommended that Cabinet note the report and agree to officer-level discussions continuing with the Commonwealth, without any commitment.

(PAUL EVERINGHAM)

ATTACHMENT 'A'  
COST SHARING OF JABIRU TOWN ALLOWING FOR SEQUENTIAL DEVELOPMENT

Alternative 1 Full headworks  
for final population

(a) Initial development caters for 1400 population but majority of facilities cater for final population of 3500.

N.T. Government	\$36.4m
Ranger	<u>\$41.2m</u>
Total estimated cost	<u>\$77.6m</u>

(b) Increased town size to cater for inclusion of Pancontinental and a population of approximately 2700.

N.T. Government	\$30.3m
Ranger	\$29.0m
Pancontinental	<u>\$41.0m</u>
Total estimated cost	<u>\$100.3m</u>

(c) Increase town further to include Noranda and increase population to 3500.

N.T. Government	\$29.2m
Ranger	\$26.6m
Pancontinental	\$37.5m
Noranda	<u>\$15.1m</u>
Total estimated cost	<u>\$108.4m</u>

Alternative 2 - Initial headworks  
for initial population only

(a) Initial development caters for 1400 population with all facilities to cater for 1400 population only, and only Ranger Uranium Mines and N.T. Government participating.

N.T. Government	\$23.3m
Ranger	<u>\$31.7m</u>
Total estimated cost	<u>\$55.0m</u>

(b) To increase town to cater for inclusion of Pancontinental and a population of approximately 2700. Duplication of certain services and social infrastructure required.

N.T. Government	\$34.2m
Ranger	\$31.0m
Pancontinental	<u>\$43.8m</u>
Total estimated cost	<u>\$109.0m</u>

(c) To increase town further to include Noranda and a population of 3500. No further duplication of facilities required but total cost rises by inclusion of Noranda housing.

N.T. Government	\$33.0m
Ranger	\$28.2m
Pancontinental	\$39.8m
Noranda	<u>\$16.0m</u>
Total estimated cost	<u>\$117.0m</u>