

Joint Media Release

Consumer and Business Affairs, Dept of Justice Health and Community Services

9 December 2004

REPORT ON CARPENTARIA DISABILITY SERVICES

Consumer and Business Affairs commissioner Richard O’Sullivan has appointed a statutory manager to Carpentaria Disability Services.

Former NT Auditor-General Iain Summers will replace the CDS Board and assume the management roles defined under the CDS constitution.

Mr O’Sullivan said Mr Summers is a logical appointment, given his recent report about CDS governance and certain business dealings.

“Iain is a respected and independent management specialist and his appointment will go a long way towards helping CDS with their current governance and financial difficulties,” Mr O’Sullivan said.

Health and Community Services CEO Robert Griew reiterated his department’s commitment to the funding of the services offered by Carpentaria.

“This is a commitment to members, families, clients and staff of Carpentaria – the support and help you rely upon will continue,” Mr Griew said.

“The report is a tough report and it needed to be. But the overall services offered by Carpentaria will continue through the period of statutory management and beyond.”

The commissioner initiated the investigation into CDS’ operations after six of the eight life members of CDS petitioned for an inquiry into governance and service delivery issues.

Key findings in Mr Summers’ report include:

- The CDS Board displayed a culture of allowing members to provide commercial services to the association. This compromised the independence of Board when the quality or independence of the services being provided by Board members needed questioning.
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- Conflicts of interest held by Board members were not regularly disclosed at Board meetings and were not disclosed at the 30 June 2003 AGM or the 30 June 2004 adjourned AGM.
- There is currently only one validly appointed and active Board member.
- \$632,955 of CDS funds were outlaid in pursuing the retirement village proposal because the Board allowed CDS funds to underwrite the commercial risk of the project.
- The retirement village project was abandoned when the Board concluded that a financing barrier had been identified which could not be overcome. The advisory services obtained by the CDS Board had not identified this potential project risk. The CDS Board, although including two members directly providing marketing or project management and feasibility services, had also not been able to identify this risk and its consequences at an earlier time.
- The resulting decision making process by the Board was then compromised by the advice being sourced from the Board member who clearly stood to gain from exclusive rights granted to him to provide that advice. In this way, the Board appeared to be taking an easy option for themselves, rather than recognizing their duties to place the best interests of the Association and its objectives as a priority ahead of their own interests.

“It’s important to note that the appointment of a statutory manager doesn’t mean a halt in CDS services and provides for its ongoing operation,” Mr O’Sullivan said.

“This is a serious step of course but it is one aimed at healing the association.”

Public forums on improving disability services will be held in Darwin and Palmerston on 14 and 16 December respectively. A public hotline has also been set up. The number is 8922-7215.

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