

A matter of trust: What happened to \$34 million from Aboriginal fund on Groote Eylandt?

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PHOTO: Rosalie Lalara, the former public officer at GEAT, is awaiting sentencing.

It was millions of dollars in mining royalties that was meant to be spent for the benefit of the Groote Eylandt community.

Instead, tens of millions were spent on 156 cars and boats, fridges, a barge, gambling at the casino and charter flights.

Key points:

- Groote Eylandt Aboriginal Trust earns millions each year from nearby South32 manganese mine.
- Total of \$34 million disappeared from GEAT coffers between 2010 and 2012
- Former public officer Rosalie Lalara pleads guilty to misappropriating almost \$500,000

The latest chapter in the extraordinary saga played out in the Darwin Supreme Court on Monday.

The former public officer of Groote Eylandt Aboriginal Trust (GEAT), Rosalie Lalara, had earlier pleaded guilty to misappropriating almost \$500,000.

Her bail was revoked and she is now behind bars awaiting sentencing.

A total of \$34 million disappeared from the GEAT coffers between 2010 and 2012, leaving just \$400,000 remaining in the account.

While Lalara has pleaded guilty to a fraction of the missing millions, exactly what happened to the rest remains a mystery.

But those involved in the case said little of it appeared to have been spent on housing, education or the needs of the community.

Jacqueline Lahne was brought in as the interim operations manager at GEAT when the trust was put into administration in 2012.

"My initial impression was that there was a group of people [on Groote Eylandt] who were literally living like rock stars," she said in an interview with the ABC.

"Chartered planes, vehicles waiting for them at airports, they owned multiple vehicles and boats themselves. They had access endlessly to cash for their lifestyles and then for their families."

Groote Eylandt, a remote island off Arnhem Land in the Northern Territory, regularly appears at the top of the Northern Territory's richest postcodes.

It earns millions each year in royalties from the nearby South32 manganese mine.

Since its inception in the early 1960s, the trust has earned more than \$200 million in royalties.

Lalara told the ABC she is not responsible for all the money that went missing.

"They accuse me of being a thief and I don't steal," Lalara said in an interview with the ABC.

Lalara was the community's go-to person on the trust and said not everyone was happy with the trust's rules on how royalty money should be spent.

"They say, 'Oh, it's our money, you should spend this money on us. Why you keeping the money, what for? It shouldn't be up there in the bank, it should be down here spent'," she said.

Court documents in a separate case allege Lalara was involved in the purchase of 156 cars and boats at a total cost of \$5 million.

A barge and real estate in Cairns were also bought with trust money.

The documents alleged cash cheques to a total value of \$3.5 million were written from the trust account and fraudulently recorded against funeral costs.

Millions remain unaccounted for due to poor record keeping

In court documents in civil proceedings against Darwin's Skycity casino, it is alleged Lalara gambled more than \$1 million of trust money.

"If I had a million dollars would I be gambling it? No, thank you. That is all bad," she said.

"We went and bought a whole heap of stuff ... maybe fridges, washing machines, even air conditioners, yeah, beddings, beds, mattresses, yep."

But what exactly has happened to the remaining \$33 million is unclear.

Ms Lahne said that many millions remain unaccounted for because GEAT kept poor records.

She believes non-Indigenous businesses who preyed on the trust received a large percentage of the missing millions.

"I guess we'd call them carpetbaggers wouldn't we?" she said.

"They're people, or sharks, that prey on vulnerable populations.

"They find that organisations are limited in their governance structures and capacity, they work their way in there."

Court documents alleged one operator who did business with the trust regularly charged 30 per cent commission to the trust.

"Vehicles that had been purchased by the trust weeks before for perhaps \$35,000, were sold on for \$5,000 or \$10,000 in cash," Ms Lahne said.

"So the trust automatically lost a portion of cash and the vehicle disappeared, plates were destroyed, it's gone."

Purchase of cars for teens triggered 'distrust' Not all of the community were benefiting from the largesse. It was the purchase of cars for kids barely in their teens that caused the community outrage and made them act.

"Thirteen-year-old girls getting bought a car and 15-year-old boys getting a boat," said Keith Hansen, who has lived on the island for 25 years.

"That's when the distrust really came into place, when they were buying for a birthday for a 13-year-old girl a flash Ford Falcon sedan."

Groote Eylandters told the ABC that 300 locals confronted Lalara about the trust's finances on the oval in the town of Anuragu in early 2012.

Punches were thrown, the police were called and there were multiple arrests.

On March 12, 2012 more than 500 locals signed a petition which was sent to the Northern Territory Attorney-General, saying "many millions of dollars have been wasted and corruption is rife ... no-one is game to do anything for fear of retribution".

The Government stepped in and a statutory manager was appointed.

Ms Lahne worked alongside the statutory manager and said she was "shocked" when she arrived on Groote Eylandt.

"I would have expected with all the years of royalties going into that island to see more supporting infrastructure, better local health services, better support agencies that the trust might be investing in but there was no evidence of that," she said.

But Lalara said she was put under great cultural pressure by beneficiaries to keep buying things for them with money from the trust.

"I reckon I was stuck with the two worlds. White-man world, white-man way and blackfella way. And what I was trying to do was to do it our way, and it's not written in the book," she said.

"We try to balance the both sides so it doesn't how you say ... ruin things. But it obviously ruined [things]."

Lalara is angry that the community has not defended her since charges were laid against her in 2013. "The community is the fault and I say they are gutless and they are coward and it's their fault all this happened," she said.

"Now everybody's ... happy sitting behind their cars and steering wheels and that they don't even want to help [me]."

Auditors under the microscope

In a separate case, three international companies employed to give financial and legal advice to GEAT's trustees are now being sued.

In a civil case in the Darwin Supreme Court, GEAT is alleging KPMG, Deloitte Touche Tohmatsu and Minter Ellison failed to detect numerous "irregularities" in the trust's operation in the 18 months that \$34 million was spent. Trust lawyers claim if the firms had performed their duties diligently they could have prevented tens of millions of dollars being misspent.

"The flag could have been raised years ago," Ms Lahne said.

The ABC approached KPMG, Deloitte and Minter Ellison, which have combined to fight the civil claims against them. They all declined to comment.

Despite \$200 million being paid in royalties to the trust over the past 50 years, Ms Lahne said there was little evidence on the island of the wealth received by the 1,800 Aboriginal beneficiaries of GEAT.

"I think they are a very strong community, they're on their land, they're on country and they're really quite traditional in my experience," Ms Lahne said.

"I think the lost opportunity is incalculable. I think generations to come will look back ... and say 'look what we could have had' you know from that money, had it been invested properly."

It was high drama in the Darwin Supreme Court earlier this week when Lalara sacked her lawyer and handed in an unsigned document that claimed judges appointed in Australia after 1901 did not have valid legal powers, and therefore no judge had the standing to decide her case.

Lalara's bail was revoked and she is now in custody. Her next court appearance is set down for December 21.