



Regional Governance Update

Welcome to the first of our updates on the Review of Regional Governance in the Northern Territory.

I would first like to acknowledge the hard work and dedication of the councillors, local board members and the management and staff of the eight large shire councils since the establishment of the new local government system in the Northern Territory in 2008. We have come a long way and we want to build further on the achievements and address some of the issues which have arisen.

The amendments to the *Local Government Act*, in relation to the regional councils and local authorities, commenced on 8 November 2013. It is anticipated that the instruments changing the eight large shire councils into regional councils, and by extension, the areas of those councils from shires into regions, will come into effect on 1 January 2014. New Ministerial Guidelines will also come into effect on the same day.

This will bring a number of changes to the administration of local government in remote parts of the Territory and we trust will reinforce the good practices that have been developing across the Territory over the last five years. Our objective is to have all Local Authorities up and running effectively by 1 July 2014.

The purpose of these newsletters will be to keep Regional Councillors, Local Authority members, the management and staff of councils and our community stakeholders up to date with the activities to be carried out, the issues to be addressed and the administrative and financial support that is available through the Department of Local Government and Regions. Our regional staff will play a key role in supporting the shires in their transition to regional councils and will be the main point of contact with the department.

While Local Authority members will not be formally appointed until the new year, we will provide an indicative timetable of activities, for both the local authorities and the regional councils, which clearly outlines the link between the local planning and regional budgeting and planning cycles. The transition, including capacity development for Local Authority members, will be backed by dedicated staff from the Department's Support Unit.

Where new Councils are created, there will be a transitional process of six months. A transition committee will work through the number of steps involved including employment contracts, assets, existing service contracts (including those with Governments), establishing offices and election of members.

Local Government sustainability is also being examined. The Deloitte report and other evaluation material is being reviewed and the results will form part of a report to the Minister in mid-December. The report will cover a number of issues that have been discussed over the years including the unfunded costs of delivering services for other levels of government, limitations on self-generated revenue and base operational funding.

I look forward to providing regular updates during the reform and welcome your comments and feedback.

New Council for Victoria-Daly region

On Monday 4 November 2013, the Minister for Local Government and Regions announced that there would be a new council established centred on the Daly region within the existing Victoria - Daly Shire Council boundaries. The exact timing and processes to establish the new council are currently being considered and a transition committee will be established by the 1 January 2014 whose role will be to provide guidance and assistance in establishing a new council within a reasonable time-frame. I met with staff of the affected Victoria – Daly Shire Council on Wednesday 6 November and committed to providing timely and regular updates to the Shire and then provided further information on the 15 November 2013.

Sustainability

As part of the review of Local Government, Charles Darwin University has been engaged to provide a report on sustainability in the context of the operating environment of the Northern Territory's eight large shire councils. In broad terms the report will cover:

1. A realistic and practical definition of financial viability and sustainability in the context of the current financial and demographic environment of the Territory's eight large shire councils.
2. The process and cost factors associated with the establishment of a new council created from the de-amalgamation of an existing council including:
 - Identifying both the one-off establishment costs and the additional ongoing operational costs that would be required to support both the new and the residual council
 - An assessment of the financial viability and sustainability of any new and residual councils based on the criteria developed in (1) above.

The Department is also continuing to work to address the remedial actions recommended in the 2012 Deloitte's report titled "Review of Councils Financial

Sustainability". The Department has drafted support material regarding better financial practices and procedures which will soon be made available through the Department's website.

Rebadging and support for establishment of local authorities

The Department will provide support to regional councils for rebadging and the establishment of local authorities. In December 2013 a grant to contribute towards rebadging shire councils to regional councils will be offered. The total funding pool for all current shire councils will be \$1.3 million. A letter of offer and a draft acquittal form with the amount that each council will receive will be sent out soon.

Regional councils will also be offered support for the establishment of local authorities following the relevant Gazette notices and the making of the Ministerial guidelines. This support will take the form of the provision of information and support to regional councils from the Department's regional staff and an offer of \$10 000 per local authority to regional councils. A letter of offer will be sent to each regional council.

Progress of Legislation

The *Local Government Amendment Act 2013* commenced on 8 November 2013. The Act strengthens local governance arrangements in regional and remote areas by:

- introducing regional councils as a new category of local government councils (in addition to municipal and shire councils)
- introducing local authorities whose primary role is to improve and enhance community involvement in local governance including involvement in council planning and budgeting
- providing that the Minister may identify, through a Gazette notice, a regional council that must have a local authority and that the regional council must then establish that local authority as set out in Ministerial Guidelines
- providing that local authorities will consist of members of the regional council who represent the ward within which the local authority is situated and such other members of the community or communities within the local authority's area who are appointed by the council according to Ministerial Guidelines
- enabling the Minister to gazette core services for regional and shire councils
- abolishing Regional Management Plans
- repealing Schedule 1 of the Act, which divides the Northern Territory into three regions.

Note that regional councils are not created automatically on commencement of the Act. Shire councils will be converted into regional councils on 1 January 2014 by the Minister by Gazette notice.

Councils will receive letters on the implementation process. The Minister will also formally establish the guidelines on regional councils and local authorities on 1 January 2014.

The *Local Government Amendment (Restructuring) Act 2013* was passed during the December 2013 Sittings of the Legislative Assembly. The Act confers on the Minister for Local Government and Regions the power to make a range of orders which the Minister considers necessary or desirable to facilitate the restructuring of the local government system in the Northern Territory. These orders include the power to:

- constitute or abolish a local government area or council;
- establish a body corporate as the prospective council for a local government area to be constituted;
- suspend or terminate the term of office of a principal member, or any other member of a council;
- call, cancel, defer or suspend an election, or exclude a council from the ambit of a general election;
- appoint a person to a vacancy in the membership if a council including that of principal member;
- appoint a suitable person to manage the affairs of a council;
- assign a person to an office or position with a council or prospective council;
- transfer an employee (with the employee's consent) to employment with another council or a prospective council;
- make an apportionment or adjustment between councils, or between a council and a prospective council, of property, income, expenditure, rights or liabilities; and
- direct a council to take any action that the Minister considers appropriate within any timeframe that the Minister may specify.

These powers will enable structural changes to take place in response to the Regional Governance Review. They are modelled on those that were in place during the 2007-08 local government reforms.

At this stage, there are only three boundary changes being considered as part of that review and they relate to Groote Eylandt, Maningrida and the Daly area.

The process of moving from an existing structure to a new one will involve a transition period of 6 months or so with a transition committee drawn from stakeholders to advise and assist with those transitional arrangements.

Regional Authority model

The broad concept of a Regional Authority model was put to community consultation via the Regional Governance Working Group's Consultation Paper. It has always been a long term idea and discussions about the development of this concept are continuing with the Australian Government.

A briefing was held in October 2013 between the Minister for Local Government and Regions, the Australian Government Minister for Indigenous Affairs, relevant Ministerial staff and Departmental officials. Agreement was reached that the concept of a Regional Authority model should progress collaboratively, initially between the Australian and Northern Territory governments, and then prospective land councils and communities.

An early estimate of the time-frame required to agree on a preferred model, process the necessary legislative amendments, negotiate the terms of an overarching agreement and establish service delivery arrangements would take somewhere in the order of a 12 month period. The expanded functionality of a Regional Authority model would then likely follow incrementally.

Local Government boundaries consultation

In the March - June 2013 community consultation on the Options for Regional Governance in the NT there were some comments from remote community residents in relation to council boundaries. To progress the review of regional governance, the Department is currently preparing a report on the sustainability of alternative council boundaries and operational methods, including an assessment of the establishment costs and ongoing costs associated with the creation of new regional councils in selected regions, and giving consideration to the potential impact on existing Shire Council operations and long term viability. This report is due to be completed by mid-December 2013.

When developing the Options for Regional Governance, the Minister made it clear that returning to the pre 2008 local government system of over 60 NT local government councils was not an option, because it did not provide strong accountability for public funding. Through its regional office network, the Department is now undertaking further consultation with affected stakeholder groups in Maningrida and on Groote Eylandt to get an indication of community attitudes towards any possible boundary changes. Other areas are also being examined but at this point there doesn't appear to be strong community support and they are not expected to progress. The status of the unincorporated areas surrounding Darwin will also be examined.

Together with the sustainability assessment, the consultation feedback will inform NT Government deliberations on future council boundaries and operational methods.

Local Authorities

Local Authorities are the first step in providing a strong local voice. They have a legislated role to provide input into the development of Regional Council plans and budgets, to recommend priorities for local services and infrastructure, and to review Regional Council expenditure for their local area.

We are hoping that Local Authorities will be established in time to participate in the 2014/15 budget process.

The 63 Local Authorities include:

- | | |
|---------------------------|---------------------------|
| Barkly Region | Roper Gulf Region |
| • Ali Curung | • Barunga |
| • Arlparra | • Borroloola |
| • Alpururulam | • Bulman |
| • Ampilatwatja | • Jilkminggan |
| • Elliott | • Manyallaluk |
| • Tennant Creek | • Mataranka |
| • Wutunugurra | • Minyerri |
| | • Ngukurr |
| | • Numbulwar |
| | • Wugularr |
| Central Desert Region | Victoria Daly Region |
| • Anmatjere | • Daly River |
| • Atitjere | • Kalkaringi/
Dagaragu |
| • Engawala | • Palumpa |
| • Lajamanu | • Peppimenarti |
| • Laramba | • Pine Creek |
| • Nyirripi | • Timber Creek |
| • Willowra | • Wadey |
| • Yuelamu | • Yarralin |
| • Yuendumu | |
| East Arnhem Region | West Arnhem Region |
| • Angurugu | • Gunbalanya |
| • Galiwin'ku | • Maningrida |
| • Gapuwiyak | • Minjilang |
| • Gungahara | • Waruwi |
| • Milingimbi | |
| • Milyakburra | |
| • Ramingining | |
| • Umbakumba | |
| • Yirrkala | |
| MacDonnell Region | Tiwi Islands Region |
| • Amoonguna | • Milikapiti |
| • Apatula | • Pirlangimpi |
| • Areyonga | • Wurrumiyanga. |
| • Haasts Bluff (Ikuntji) | |
| • Imanpa | |
| • Kaltukatjara | |
| • Kintore (Walungurru) | |
| • Ltyentye Apurte | |
| • Mt Liebig (Amundurrngu) | |
| • Ntaria | |
| • Papunya | |
| • Titjikala | |
| • Wallace Rockhole | |

Warm regards,
Allan McGill