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# **Options for Regional Governance in the Northern Territory**

## **Consultation Paper**

Regional Governance Working Group

March 2013

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Regional Governance Working Group meeting 6 March 2013

# Definitions

This consultation paper uses the following terms:

## **Regional governance**

This term includes the current local government councils as well as the wider range of government service delivery and consultation in regional and remote Northern Territory.

## **Core services**

Core services for local government councils are set out in the NT local government framework (regional management plans). Core services include:

- maintaining council controlled parks, reserves and open spaces
- managing cemeteries
- lighting for public safety including street lighting
- constructing, maintaining and upgrading local roads
- managing waste
- controlling weeds and reducing fire hazards
- controlling dogs
- library and cultural services
- civic events
- local emergency services
- training and employing local people in council operations
- administering local laws (by-laws)
- managing customer relationships
- administering advisory boards and management committees
- representing communities on local and regional issues.

## **Non-core services**

A non-core council service is anything that is not specified as a core service in the NT local government framework (regional management plans). They can include:

- services that are provided for the Australian or Northern Territory government under a funding agreement or contract, such as aged care or public housing maintenance or tenancy management.
- commercial operations such as garages and stores.

## **Personal support services**

Personal support services include simple and low-level services to people who might otherwise experience hardship. Sometimes a fee would be charged. Personal support services include:

- assistance completing official forms
- assistance arranging travel bookings
- distribution of firewood to elderly or disabled residents.

## **Shire council**

Eleven shire councils were established in 2008 by the NT *Local Government Act*. In the context of this consultation paper, the term shire council refers only to the eight larger shire councils: MacDonnell, Central Desert, Barkly, Victoria Daly, Roper Gulf, East Arnhem, West Arnhem and Tiwi Islands shire councils.

## **Municipal council**

Five municipal councils were established in 2008 by the NT *Local Government Act*: Alice Springs Town Council, Katherine Town Council, Litchfield Council, City of Palmerston and City of Darwin.

### ***Regional Council***

In the context of this consultation paper a Regional Council is a new form of council that would be established under the NT *Local Government Act*.

### ***Local board***

The NT *Local Government Act* enables shire councils to establish local boards. They are advisory only and do not have any budgetary control or decision making authority. The Australian and the Northern Territory governments have established a range of committees (additional to local boards) to assist them to consult people in remote towns and communities.

### ***Local Authority***

The options described in this paper include Local Authorities. Each Regional Council or Regional Authority would use its Local Authorities to consult community members and assist it to develop a plan for delivering its services. The Regional Council or Regional Authority would set an annual budget for the plan, and remain accountable for the spending of the budget. The Regional Council or Regional Authority could delegate other tasks to the Local Authority, and allocate the required budget. The Australian and Northern Territory governments could also consult communities through the Local Authority.

Two or more communities may decide to join together to form a combined Local Authority. Communities may decide to combine into one Local Authority based on geography, language or cultural links.

### ***Regional Authority***

The term Regional Authority is used to describe a modified Regional Council. A Regional Authority would operate in line with an agreement or partnership with the Australian or Northern Territory governments, preferably both.

# Introduction

This options paper summarises the work of the Regional Governance Working Group, which was formed in November 2012 to advise the Minister for Local Government.

The Working Group consists of leaders from remote communities, elected local government councillors, representatives of Aboriginal land councils, industry representatives and a representative from Desert Knowledge Australia. The president of the Local Government Association of the NT, Alice Springs Mayor Damien Ryan, chairs the Working Group.

The Working Group's first task was to develop draft options for regional governance so the broader community could be consulted on possible future arrangements. The Working Group met on 30 November 2012, 13 December 2012, 24 January 2013 and 6 March 2013.

Starting by putting the community's needs and concerns at the top of the list of matters to be addressed, the Working Group considered a range of options for future regional governance. The Working Group settled on two options as the basis for public consultation. The Working Group now wants to hear the views and opinions of other community members.

# Background

## Key areas for improvement

In July 2008, eight shire councils were formed from over 50 local government bodies that had previously operated in regional and remote Northern Territory. The Regional Governance Working Group's first meeting on 30 November 2012, looked at what was missing and what was not working well under the current model. The Working Group identified the following as main issues:

- Many local communities felt they were not being listened to and were not receiving enough information about what was happening in their community and the work the local government shire council was doing.
- Minor repairs and maintenance of public housing and local roads were taking too long and appeared to be managed by someone with little local knowledge. (NT Housing contracts shire councils to provide the public housing repairs and maintenance program).
- In many towns and communities the Australian and Northern Territory governments had set up additional consultation groups and committees. This often caused confusion and exhaustion, and also undermined the shire councils' local boards.
- Councils had stopped providing help with personal support services such as assistance with completing official forms, travel bookings or collecting firewood for elderly residents.
- Local shire councils had often been poorly resourced.
- Some residents of outstations and homelands currently receive services from local government councils while others receive these services from an outstation service provider. All residents within the council boundary are eligible to vote in the council elections regardless of the service provider. This situation increases confusion over issues such as responsibility for road access and increases the probability of administrative and cost inefficiencies.

## How local government works in regional and remote NT

The current NT *Local Government Act* has created two forms of local government councils: shire councils and municipal councils.

The legislation requires shire councils to deliver 'core' local government services such as removing rubbish, maintaining local roads and managing dogs.

Then there are 'non-core' local government services. For example, the Australian and the Northern Territory governments may pay the shire council to deliver services like aged care, community safety patrols or public housing maintenance. Some shire councils also have commercial operations (for example, supermarkets and garages) and provide other services to their communities.

Regional and remote shire councils deliver many more non-core services than is the case for the Northern Territory's municipal councils.

## Local government income and spending

The biggest part (76%) of shire council income and spending is on non-core services. Only a quarter (24%) of shire council income and spending is on core services. In 2012–13, it is predicted that the eight larger shire councils will spend \$63 million on core local government services, and \$200 million on non-core services.

Shire council income for delivery of core local government services mainly comes from:

- rates paid on land
- charges for waste management
- government grants.

### Rates paid on land

Land rates are paid by public housing, private housing and commercial businesses such as pastoral and mining operations. In 2012–13, shire councils are expected to raise the following income through land rates:

Public and private housing	\$6.1 million
Commercial properties	\$0.7 million
Pastoral properties	\$0.3 million
Mines	\$0.1 million
<b>TOTAL RATES</b>	<b>\$7.2 million</b>

### Charges for waste management

Public housing, private housing and commercial businesses also pay a rubbish removal charge to the local government shire council. They will pay an estimated \$4.1 million for rubbish removal and waste removal in 2012–13.

<b>TOTAL WASTE SERVICE CHARGES</b>	<b>\$4.1 million</b>
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### Government grants

The Australian and the Northern Territory governments provide grants to shire councils to deliver core local government services. In 2012–13, the eight larger shire councils will receive the following:

NT Government operational subsidy (to offset low rating capacity)	\$20.5 million
NT Government jobs package (for Indigenous employment initiatives)	\$ 8.4 million
NT Government other	\$ 0.3 million
NT Government specific purposes (for specific initiatives nominated by councils)	\$ 3.1 million
Australian Government financial assistance (shire councils' part) (The Commonwealth supports both municipal and shire councils)	\$19.5 million
<b>TOTAL GOVERNMENT GRANTS</b>	<b>\$51.8 million</b>

### Rates and charges revenue compared to operating expenses

Rates and charges income for local government councils is described as 'own source revenue'. On average, the Northern Territory's eight larger shire councils generate just 18% of their core-services expenditure from own source revenue. This compares with a benchmark of 40% as an indicator of a council's ongoing financial sustainability. The 40% benchmark is based on studies of over 100 councils around Australia.

The following table shows rates and annual charges as a percentage of total operating expenses for Northern Territory shire and municipal councils in 2011–12. This information is based on councils annual financial statements. The table also shows rates and annual charges as a percentage of core services operating expenses for Northern Territory shire councils in 2010–11. This information is from the 2012 (Deloitte) review of shire council sustainability.

Based on the figures in the table, we can see that:

- Shire councils have comparatively low levels of own-source revenue (land rates and annual charges).
- Shire councils' operational expenditure is mainly linked to non-core services.
- Most shire councils are very dependent on government grants to maintain their core service operations.
- The Barkly Shire Council and the West Arnhem Shire Council are the only shire councils close to the 40% benchmark for own-source revenue.



Council	2011–12 Rates and charges % of total operating expenses	2010–11 Rates and charges % of core services operating expenses
Tiwi Islands Shire Council	4%	13%
Victoria Daly Shire Council	4%	13%
Roper Gulf Shire Council	2%	7%
Barkly Shire Council	9%	38%
MacDonnell Shire Council	2%	7%
Central Desert Shire Council	3%	6%
West Arnhem Shire Council	7%	31%
East Arnhem Shire Council	4%	19%
Alice Springs Town Council	58%	
Katherine Town Council	27%	
Litchfield Council	67% (2010–11)	
City of Palmerston	64%	
City of Darwin	63%	

## Council costs

On average, about 44% of the shire councils' total costs (core and non-core services) are for staff salaries and related costs. The related costs include superannuation, staff training costs, recruitment expenses and protective clothing.

About half (49%) of shire council costs come from operational expenses. Major items of expenditure include contracted services, insurance, power and water charges, fuel for plant and vehicles, information and computer technology services, travel and accommodation, freight charges and legal fees.

On average, about 7% of shire council costs are due to the depreciation cost for council assets such as buildings, infrastructure, plant and equipment.

The following table compares Northern Territory shire council costs with Australian local government averages (ABS 5512.0 2004-05). The low depreciation cost for shire councils is linked to the comparatively low level of shire council assets.

	Australian local government average	NT shire councils average
Employee costs	38%	44%
Operating costs	41%	49%
Depreciation	21%	7%

# Options for future regional governance

The Working Group considered a number of possible ways of delivering local government core services and other government services in regional and remote regions. This ranged from maintaining the current shire councils through to abolishing local government councils altogether and having the NT Government directly deliver all services in regional and remote areas.

The Working Group discussed whether each option provided a strong voice for local people that would be listened to respectfully by the local government council and by the Australian and Northern Territory governments.

Members were concerned that creating a lot of councils would increase the administration costs and thin out the government assistance to each council. The Minister for Local Government instructed the Working Group that a return to the pre-2008 local government framework (of over 50 local government councils) was not an option as it did not consistently provide strong accountability for public funds.

The Working Group settled on two options for the public to consider. The two options, called the Regional Council option and the Regional Authority option, are explained more in the next section of this consultation paper.

Members thought the Regional Council option could provide quick changes that would provide a strong local voice and strengthen local input to council decisions and community discussions with the Australian and Northern Territory governments.

Members thought the Regional Authority option was a strong option that would bring the Australian, the Northern Territory, local government and local communities together to deliver shared objectives. Members believed that this option was a long term objective that would need time to be properly developed and implemented. The Working Group considered that a Regional Council could be built on over time. It could take on more functions as the partnership and funding arrangements with the Australian and the Northern Territory governments are developed.

## Have your say

**The Regional Governance Working Group would like to hear people's views on the options outlined in the following pages. Are there other options that you would like to see the Working Group consider?**

# Option 1. Regional Council

the first step to strong local voice

## Overview

The Regional Council option is based on the current shire councils, with changes that strengthen local community roles and consultation. The Regional Council would be formed of elected councillors.

Each community or area serviced by the Regional Council would have its own Local Authority, or two or more communities could decide to form a combined Local Authority. The Local Authority would include the elected Regional Councillor (or councillors) responsible for that area and a representative group decided by community consensus or a process that is endorsed by the community.

The Local Authority may include specific representatives such as youth or the mining

industry or an economic development adviser. The Local Authority would have a role in discussing and supporting economic development in their area.

The Local Authority would be responsible for advising the Regional Council on the Council Plan for that area. The Council Plan would set out the priorities for each Local Authority and how they would be delivered.

The Regional Council budget would include a budget for each Local Authority, to be spent in line with the Council Plan. The Local Authority budget would include an allocation for managing local repairs and maintenance and personal support services, if the Local Authority saw these as high priorities.



The Regional Governance Working Group is aware that there have been calls for additional councils to be created in some areas of the Northern Territory. The Working Group is concerned that increasing the number of councils also increases the amount of administration and will reduce the overall funds available for service on-the-ground.

One way to minimise the increased costs could be for a number of Regional Councils to have a shared service centre. The service centre could handle functions such as human resource management, payrolls, purchasing, accounts and financial management services. In some places these services could be shared with a municipal council to minimise costs.

## Regional Council functions

Regional Councils would be required to deliver specified local government (core) services including local road maintenance, garbage removal and dog control.

Regional Councils would also be able to provide contracted services for the Australian or Northern Territory governments, including aged care, community patrol, Centrelink, and sport and recreation programs on a fee for service basis.

Regional Councils would also be able to do commercial work – such as operate a garage or do road works for the NT Government – but would be strongly encouraged by the Minister not to compete with local private businesses.

## Consultation through the Local Authority

The Local Authority would provide advice to the Regional Council and the Australian and Northern Territory governments. It would become the only body to be used in community consultation by Australian or NT government agencies. This would remove the need for many local committees and reference groups that have been set up.

Government departments could be required to direct local consultation through the Local Authority.

The Local Authority would meet monthly to discuss Regional Council service delivery and to meet with other government agencies that are seeking input into government programs. The Local Authority would be able to question government agencies about local programs and development.

The Local Authority would have a budget allocation and delegation to match the responsibilities of delivering personal support services, and other functions that the Regional Council may determine.

This would depend on the budget capacity of the Regional Council and the priorities set by the Local Authority. The Regional Council's job would be overall budget management, raising the council's own-source revenue (land rates and service charges) and reporting on government grant spending.

## Regional Council elections

The Regional Council would be responsible for a large land area. The Regional Council area would be split into Local Authority areas. Regional Councillors would be elected from these Local Authority areas.

One or more Regional Councillors would also be members of each Local Authority and attend meetings of the Local Authority.

Regional Council elections would be held every four years.

## Strengths of the Regional Council option

- increased decision making at the community level
- could restore personal support services as a function of local government if funding is available
- some urgent minor repairs within budget could be managed at the local level
- would replace all reference and committee groups on the community with a single Local Authority

- increases the accountability of the Regional Council to their constituent communities.
- minimises additional administration costs to the NT Government and local government council
- a representative of outstation residents could be included in the Local Authority.

## Weaknesses of the Regional Council option

- increased administration, risk and cost at community level to support the Local Authority
- local expectations of the Local Authority may not be satisfied due to limitations of Regional Council budgets and resources
- may increase pressure on Regional Councils to balance the needs of strong financial management and financial accountability with community expectations for higher levels of service delivery
- may increase the Regional Council's legislative compliance costs depending on the level of delegation to Local Authorities
- will increase overall administration costs if extra Regional Councils are created.

## Some required changes to the *Local Government Act*

- requires the introduction of a new form of local government council in the Act
- change the *Local Government Act* to ensure Regional Councils set up Local Authorities to serve all towns and communities
- determine the role, function, composition and meeting procedures of a Local Authority
- provide capacity for the Regional Council to allocate a nominated budget to deliver priorities identified by the Local Authority and delegation to manage some local services
- provide a mechanism to ensure Regional Councillors provide regular feedback to each Local Authority.

# Option 2. Regional Authority

a long term goal for regional governance

## Overview

The Regional Authority option builds on the Regional Council option. It could be called a 'Stronger Regional Council' but to avoid confusion in this paper we have called it a Regional Authority.

The Regional Authority option includes the Australian and Northern Territory governments as partners. Other key stakeholders, for example, a land council, a mining operation, or a representative of the cattle industry or other sector, could also be partners. Formal membership would need to be prescribed. The Regional Partnership Agreement would bring the Australian, Northern Territory and major industry stakeholders together with the Regional Authority to clearly set out the roles and accountability of each party.

As it gains experience and capacity, the Regional Authority could deliver some of the services that are currently delivered by the Northern Territory Government.

The Regional Authority would be formed of elected councillors.

Similar to the Regional Council option, each community or area serviced by the Regional

Authority would have its own Local Authority. Two or more communities could decide to join together to form a combined Local Authority.

The Local Authority would include the elected Regional Authority Councillor (or councillors) responsible for that local area, together with a local representative group decided by community consensus or a process endorsed by the community.

The Local Authority may also include specific representatives such as youth or the mining industry or an economic development adviser.

The Local Authority would be responsible for advising the Regional Authority on the Council Plan for that area. The Council Plan (which could be called the Regional Authority Plan) would set out the priorities for each Local Authority and how they would be delivered.

The Regional Authority budget would include a specific budget for each Local Authority and the budget would be spent in line with the overall Regional Authority Plan. The local Authority budget would include an allocation for managing repairs and maintenance and personal support services if these items were among the highest priorities for the Local Authority.



## Regional Authority functions

A Regional Authority could deliver services in a similar way to a Regional Council but could have a stronger focus on economic and social development. Longer term, a Regional Authority could receive direct funding to deliver services that are currently the responsibility of the Northern Territory or Australian governments, such as health care and education.

A further possibility would be the inclusion of the land councils and their role in regional matters.

This option would need the Australian and Northern Territory governments to support a radical change to the way funding is currently allocated.

The Regional Authority would continue to be required to deliver specified local government (core) services functions such as local road maintenance, garbage removal and dog control.

The Regional Authority would also be able to provide services for the Australian or the Northern Territory governments under funding agreements or contracts, such as aged care, community patrol, Centrelink, and sport and recreation programs.

The Regional Authority would be able to do commercial work such as operate a garage, or do road works for the NT Government – but would be strongly encouraged by the Minister not to compete with local private businesses.

## Consultation through the Local Authority

The role of the Local Authority in consultation would be the same in each of the two options.

The Local Authority would provide advice to the Regional Authority, the Australian and the Northern Territory governments and become the only body to be used in community consultation by the Australian or NT Government agencies.

## Regional Authority elections

The Regional Authority would be elected in a similar way to the Regional Council described in Option 1, with the added possibility of having some appointed members, determined by the Minister for Local Government, to support economic development or other priorities.

## Strengths of the Regional Authority option

- increased decision making at the community level
- could restore personal support services as a function of local government if adequate funding is available
- provides for some urgent minor repairs within budget to be managed at the local level
- would replace all reference and committee groups on the community with a single Local Authority
- increases the accountability of the Regional Authority to their constituent communities
- a representative of outstation residents could be included in the Local Authority
- the Regional Authority could take on full responsibility for all government service delivery in the Regional Authority area
- could include the relevant land council
- provides a mechanism for greatly improved consultation and coordination between the three levels of government (Australian, NT and Regional Authority)
- could result in more efficient delivery of government services
- may lead to improved levels of funding at the regional level.

## Weaknesses of the Regional Authority option

- requires continuing agreement from the Australian and Northern Territory governments
- presents significant challenges to the current funding arrangements of the Australian and Northern Territory governments, as well as cost challenges
- the number of Regional Authorities required to reflect specific cultural affiliation in all areas of the Territory may be too many to be sustainable
- direct delivery of all government functions by Regional Authorities may be practically and financially unrealistic with such a small population in the Northern Territory
- local expectations may not be satisfied from available Regional Authority resources
- may increase pressure on Regional Authorities to balance the needs of strong financial management and financial accountability with community expectations for higher levels of service delivery
- requires major changes to the NT *Local Government Act*.

## Required changes to the NT Local Government Act

- requires the introduction of a new form of local government council in the Act and corresponding changes to the operating and accountability frameworks
- needs extensive recasting of the *Local Government Act* to ensure compatibility with Commonwealth legislation and other requirements.



Find out more and have your say.



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