

OFFICE OF THE MAYOR

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27 May 2024

Telephone

(08) 8935 9969

Email

mayor@palmerston.nt.gov.au

Address

Civic Plaza
1 Chung Wah Terrace
Palmerston NT 0830

PO Box 1

Palmerston NT 0831

ABN 42 050 176 900

palmerston.nt.gov.au

Committee Secretary

House of Representatives Standing Committee on Regional Development,
Infrastructure and Transport

PO Box 6021

Parliament House

Canberra ACT 2600

By email: rdit.reps@aph.gov.au

Dear Committee Secretary

City of Palmerston Submission – Inquiry into Local Government Sustainability

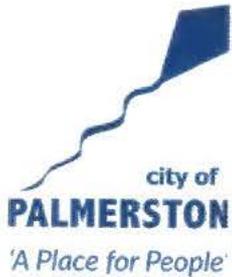
Thank you for your email dated 22 March 2024 regarding the Inquiry into local government sustainability. I write to you on behalf of the Council (Elected Members) of the City of Palmerston, Northern Territory. This response is in addition to the submission made by Council's CEO, Luccio Cercarelli and focuses on the political impediments to Local Government Sustainability.

The financial sustainability and funding of local government

We acknowledge and concur with our CEO's comments on the reliance of, and decline in, Financial Assistance Grants, the pressure on Council to replace or renew aging infrastructure, as well as deliver significant new infrastructure to support growing community.

The City of Palmerston currently has a depreciation shortfall of approx. \$35M over the next 10 years, despite planning to invest over \$110M in asset replacement during this time. This shortfall places pressure on the renewal of all our community infrastructure and we rely on grant opportunities to close the financial gap. While Financial Assistance Grants are greatly appreciated, they fall short of what we require to ensure that we can service the community appropriately into the future. We appreciate the recent announcement of increased Roads to Recovery funding over the next 5 years, however, we have other assets aside from roads that will require renewal.

In addition, I would like to raise political issues which are cyclical, such as the decision of the current Commonwealth government to move City of Palmerston's classification from a regional council to an urban council, despite



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our relative remoteness to the metropolitan capitals of Sydney, Melbourne and Perth, the significantly higher costs of freight, difficulty in attracting skilled workers, and the remoteness of the general region in the Top End.

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This has placed the City of Palmerston into a position where we will now have to compete with significantly larger Councils in larger population centres for Commonwealth Infrastructure Grants; metropolitan areas that have significantly lower construction and freight costs and significantly higher access to skilled workers and contractors to deliver infrastructure.

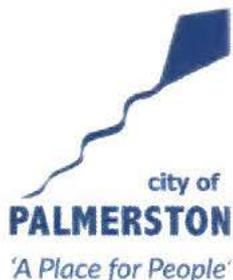
In addition to this, we are now finding that our requests for Commonwealth grant funding are significantly below the levels being considered by the Commonwealth. As an example, many of the renewal projects in our forward plans, lie within the vicinity of \$5-10M. A significant burden to the City of Palmerston, but well below the hundreds of millions or billions of dollars considered by Commonwealth grants programs.

We ask the committee to

- consider whether regional centres should be better classified to reflect the geographical region within which they sit, instead of relying of other classifications, and.
- Offering different classes of grant opportunities for Councils requiring small injections of assistance for community infrastructure renewal, and
- Providing more Financial Assistance Grants to councils to manage their infrastructure renewal using these untied grants.

Housing pressures and increasing properties owned or managed by Community Housing Providers (CHPs) is increasing pressure on local government in the Northern Territory. The Northern Territory has homeless rates 12 times higher than other jurisdictions, we are seeing new development applications for supported accommodation, and the NT Government's Key Service Worker Affordable Housing Scheme offers subsidised housing to the lowest 30% of income earners. The Council argues strongly that provides a swath of exemptions to 30% of the population, was never the intention of taxation exemptions for Public Benevolent Institutions whose original purpose was to provide for the destitute.

Unlike other jurisdictions, some councils in the NT have up to 40% of their rateable properties under CHP management or ownership. The City of Palmerston has 16% public or CHP housing, and this will increase with the Commonwealth Government's initiatives to increase affordable housing.



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While the Commonwealth seeks to construct 1.2M homes by 2029, CHPs in the NT are beginning to push for significant exemptions from paying council rates. City of Palmerston is currently in litigation with one CHP, who is seeking an exemption from rates, despite legislation in the NT placing certain restrictions on CHPs and Public Benevolent Institutions, and when they can claim an exemption.

Whilst this is not entirely a Commonwealth issue with the legislation relating to Local government laying entirely with the Northern Territory Government, the significant rise in CHP properties, the demand for accommodation, particularly for the homeless in the Northern Territory, will place all NT Councils in a dire position, if the current litigation goes against the City of Palmerston, and we and every other council in the Northern Territory are compelled to not charge CHPs council rates.

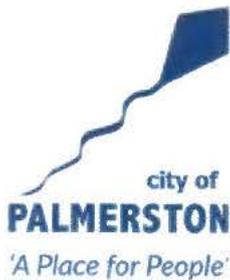
The shortfall in Council revenue of around 16%, would be picked up by other rate payers, council will be forced to reduce services and programs, or charge users of facilities. Currently, the City of Palmerston caters for the entire community by providing a vast range of services, many of which are catered towards the people who are in dire need of assistance and housing, such as providing laundry and showers for the homeless, free events and food to promote community cohesion and inclusion, locations of respite and comfort in library and recreations centre, supporting many youth activities and centres for youth who are at risk.

It is these services which would be reduced should our revenue be cut by 16% now, and then incrementally increase as new CHP housing comes online.

We ask the committee to

- Consider the long-term implications of affordable housing policy on local government.
- Recognise that the Northern Territory is unique in the challenges of homelessness it faces.
- Support local government in the Northern Territory to retain the collection of rates from CHPs and support council run programs to assist people at risk in our communities.

'Closing the Gap' programs and initiatives are of significance to all communities in the Northern Territory. Closing the Gap is important for the sustainability of local government in the northern territory, to ensure that all people have adequate housing, health services, education, and access to affordable food. When this does not occur in the Northern Territory, we find that people are often displaced, in order to receive services such as health care, some choose to move for education or a potentially better lifestyle.



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However, many will live rough (homeless), and this places greater burden on urban centres in the Northern Territory and the Councils to provide additional services.

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We ask the committee to

- Recognise that Closing the Gap is essential in the Northern Territory.
- Recognise that failures to deliver effective Closing the Gap measures in remote NT Communities has a significant impact on housing and council services in urban areas.
- Improve Closing the Gap initiatives for remote communities by providing additional funding for education, housing, and healthcare, and subsidising access to health food options equivalent to the prices available in urban centres, over and above improving infrastructure to actually reduce to price of healthy food.

The changing infrastructure and service delivery obligations of local government

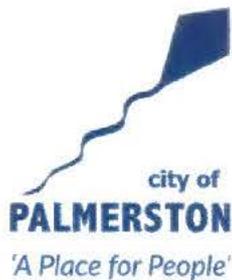
Although the City of Palmerston is relatively young, established only in the 1980s, we are finding that standards on infrastructure have changed significantly since that time, as have community expectations. While these standards are easy to address when we undertake a complete demolition and re-built of infrastructure, they are hard to retrofit into existing assets. An example is retrofitting a disability toilet and access into old Council infrastructure, when we do not intend to demolish and rebuild the entire structure. The same can be said of the incorporation of women's change rooms, family change rooms and Changing Places facilities.

Even the best laid out asset management plans do not consider these significant changes required to service changing community expectations and changing building standards. While targeted competitive grant programs offer an opportunity to retro fit existing community infrastructure, the competitive nature of the grants limits many councils' ability to access funds, when they require them.

We ask the committee to

- Providing more Financial Assistance Grants to councils to manage their infrastructure renewal and changing community expectations and requirements.

Changing service delivery obligations are also a significant impact to council sustainability, particularly where cost shifting occurs from other tiers of government. This is currently happening in the City of Palmerston and across



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councils, with other tiers of government expecting that Councils will provide services or infrastructure to deliver services from.

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The below example is not driven from the Commonwealth Government; however, it is an example of where local government has been impacted by the Northern Territory Government shifting the burden of responsibility.

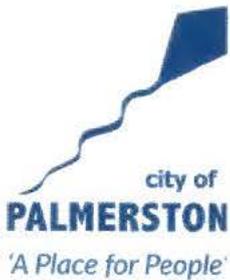
The Northern Territory Government is changing legislation to move the responsibility of keeping domestic livestock to councils. While predominately urban, approx. 300 blocks of land in Palmerston are zoned Rural Residential, with several of these keeping horses, cattle, and goats. The City of Palmerston is not currently responsible for dealing with the keeping of these animals in matters such as nuisance or animals at large and does not have the expertise or facilities to seize and impound domestic livestock. However, there is a real possibility that we will have to manage these issues in the near future and, at a minimum, find and pay for specialists in the area of handling livestock to assist council with this.

Examples of other cost shifting involving the Commonwealth in regional Northern Territory Councils is the expectation that Councils will find accommodation (both housing and a place to work) for Commonwealth staff. I saw this firsthand in Gunbalunya, West Arnhem Land, where Services Australia, bush courts, and other agencies attend these locations on occasions, but it is the council that is required to accommodate them. Minimal support or funding is provided for the councils to cover their costs in providing community halls and other infrastructure, costs such as administrative burden, power, water and provision of the infrastructure.

Any structural impediments to security for local government workers and infrastructure and service delivery

Our customer facing staff are often faced with harm to themselves or others, particularly in the public spaces of the library and recreation centre, where scenes of domestic violence, other assaults, antisocial behaviour, and public drinking occur. The City of Palmerston has invested heavily into providing security for our staff and members of the public in these buildings and the public open spaces around our city centre. City of Palmerston does not have carriage of the responsibility for these social issues; however, our staff and services are impacted by them. This can affect the attraction and retention of frontline staff, such as rangers, librarians, and Community Service staff, which make up approx. 60% of our workforce.

We ask the committee to:



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- Recognise that social problems and domestic violence can make it difficult for local government to recruit to customer facing positions.
- Work with the Northern Territory Government and City of Palmerston to address issues of violence, anti-social behaviour, and alcohol in the community.

Trends in the attraction and retention of a skilled workforce in the local government sector, including impacts of labour hire practices.

The attraction of skilled workers or pathways to local government jobs is currently a problem, in both infrastructure and service delivery. Local governments are in a competitive marketplace, alongside the private sector and other levels of government. There currently appears to be insufficient people with the requisite skill sets to fill the requirements of all sectors.

There appears to be a lack of industry-wide promotion of local government as an employee's choice, and lack of understanding of the job opportunities in local government.

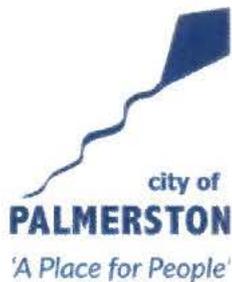
While the City of Palmerston has success in the attraction of staff, retention is an issue, as it is across many other sectors. The ABS Job Mobility data from February 2023 indicates that 53% of Australia's workforce are employed for less than 5 years in their current job. The Northern Territory has been traditionally recognised as a highly transient population.

Attraction and retention of staff could be assisted with more work on providing people with reasons to choose regional centres for long-term settlement and to improve the quality of life, attractiveness, and stickiness of populations in regional areas.

Targeted and tailored migration pathways, specifically for the Northern Territory, for both skilled workforces and through education to permanent migration pathways, would assist the Northern Territory generally, as well as the local government sector.

In this regard, the recent announcement to reduce international student numbers is a significant concern to the City of Palmerston and Northern Territory, where we have been seeking to increase student numbers, have employment opportunities and are not experiencing the same housing shortages that the other jurisdictions are currently facing.

We ask the committee to



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- Consider education and training pathways for local government jobs.
- Consider special visa categories for the Northern Territory, generally,
- Consider not capping or reducing international student numbers in the Northern Territory.

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Other relevant issues

Hand in hand with the sustainability of local government is the ability to attract and retain suitable candidates at election, the fair remuneration for the work that is required to effectively manage a local government council, and the provision of superannuation for all elected members of councils.

Attraction of suitable candidates

The attraction of suitable candidates to run for election is a significant issue and concern across the sector. Election as a councillor needs to be more attractive to people who have some level of skill and experience in the operation and oversight of organisations, such as board skills, risk, governance, and finance.

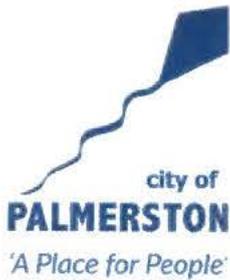
Public perceptions of councils are often a barrier to nomination, as are the requirements once members are elected, and the setoff or trade-off in losing other paid employment opportunities and superannuation.

Often, attraction to local government by unsuitable candidates serves to destabilise an otherwise effective and well-governed council, bringing the entire council into disrepute and significantly impacting the community through mismanagement of council funds and degraded reputation.

While City of Palmerston supports and encourages nominations from a broad cross section of the community, skills in corporate governance and oversight can no longer be brushed aside. We need to be encouraging younger people into local government, without them losing income and superannuation that they would achieve through other opportunities.

Many people who would be suitable to be on council, simply choose not to nominate, due to the lack of financial support and remuneration, lack of superannuation, and reputational risks. It is a fact that the time and effort that goes into Council is not fairly or adequately remunerated or recognised.

We ask the committee to:



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- Consider fair remuneration and sector-wide superannuation for all councillors.
- Ways to promote skilled candidates to nominate for local government.

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Fair remuneration for elected members of councils

Expectations, legislated requirements, regulations, and the responsibilities of local government councillors has significantly changed over the last few decades. The duties and responsibilities placed on local government councillors now bring significant time commitments, risks, and responsibilities. The role of the local councillor is no longer a part-time role, and these positions should not be viewed as a steppingstone to state/territory or Commonwealth representation but as a distinct role in providing for the community.

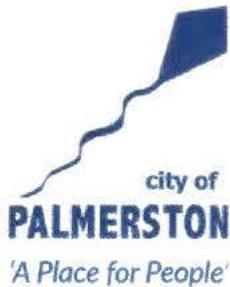
In order to meet all the requirements of Local Government Act, including budgets and planning, financial audits, risk and financial management oversight, community engagement, managing conflicts, preparation for meetings, and reading reports, councillors spend significant time on matters relating to local government, over and above other work, family commitments and volunteering.

In most jurisdictions, including the Northern Territory, the effort that is required to effectively plan for and oversee the operations of a local government council are not adequately remunerated. City of Palmerston has Council Meetings, Committee Meetings, and Workshops several nights per week, as well as attending community events and activities, engaging in discussions with community, researching key community issues, reading, and preparing. Councillors are paid around \$50 per day for this service. This level of remuneration is far below that of any other sector in the community for the level of expertise, risk, and skill that that is required.

While the setting of allowances for Councillors is not a Commonwealth issue, the Commonwealth has a role to play in valuing the work done by Councillors and supporting fair remuneration.

We ask the committee to:

- Support an inquiry into remunerating councillors for the work that they undertake, giving consideration to the risks, effort involved, and skills required.



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Superannuation

The City of Palmerston is the only council in the Northern Territory to pay Councillors superannuation, which required a unanimous resolution to be passed by the Council under the *Superannuation Guarantee (Administration) Act 1993 (Cth)*. The only reason that this was able to be achieved was because this Council recognises that the contribution made by councillors should not be seen as a civic role, but be in line with, and be remunerated similarly to, any other form of employment, including that of Members of the Legislative Assembly, Senators, and Members of Parliament.

While other jurisdictions are slowly bringing in legislation to pay councillors an allowance equivalent to the superannuation guarantee, the Northern Territory is reluctant to do so, and places this issue back to the Commonwealth.

It is highly unlikely that other Northern Territory councils would be successful in implementing the requirements under the *Superannuation Guarantee (Administration) Act 1993 (Cth)*, as conflicts within councils are a significant impediment to reaching a unanimous resolution.

We ask the committee to:

- amend the *Superannuation Guarantee (Administration) Act 1993 (Cth)* to remove the rule under sections 12(9)(b), 12(9A), 12(10), so that Councillors are automatically considered employees of the local government body for the purposes of superannuation.

Should you have any queries or concerns please contact me on mayor@palmerston.nt.gov.au or ([REDACTED] [REDACTED]).

Yours sincerely

[REDACTED]

Mayor Athina Pascoe-Bell

Telephone
(08) 8935 9969

Email
mayor@palmerston.nt.gov.au

Address
Civic Plaza
1 Chung Wah Terrace
Palmerston NT 0830

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