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Dear Committee Members

The City of Darwin appreciates the opportunity to provide this submission to the House of Representatives Standing Committee's inquiry into local government sustainability. City of Darwin is the largest local government in the Northern Territory, administering the capital city of the Northern Territory, including both the Central Business District and surrounding suburban areas across a 111km<sup>2</sup> area. City of Darwin has approximately 400 staff delivering an annual budget of \$139 million to service a strategically vital community of 85,000 residents and a \$1.25 billion infrastructure base.

City of Darwin also strongly recommends to the Committee that public hearings be held in Darwin, to give local government and relevant stakeholder associations the opportunity to engage directly with Committee and the Committee the opportunity to experience our challenges in person.

Whilst this submission is made on behalf of City of Darwin, the issues covered here also impact surrounding local governments and communities, and references to Darwin can often be taken to include the metropolitan area that City of Darwin supports, that extends outside the City of Darwin local government area boundaries.

This submission considers several issues including:

- Workforce attraction and retention
- Cost and responsibility alignment for community infrastructure and services
- Impacts of climate change and subtropical environment
- Resilience



## Workforce attraction and retention

It is widely recognised that with unemployment at sustained low levels trending below 4% nationally for two years<sup>1</sup>, workforce attraction and retention is challenging across many industries and communities in Australia. However, the challenge in the Northern Territory is unique.

The City of Darwin, and the Northern Territory more broadly, can struggle to attract and retain staff, particularly in the fields of finance, human resources, ICT project delivery, and specialised roles such as risk management, emergency management and town planning. This is due to a remoteness, perception and cost of living challenges.

When looking at the ability of the local workforce to sustain itself, this also presents challenges. The Northern Territory has both the highest participation rate and the highest unemployment rate<sup>2</sup> indicating limited capacity in the employment market. This leads to consistent movement of existing employees amongst the same employers, often Federal, Territory and local government. This constant change affects the retention of corporate knowledge and experience, training and development of retained staff, succession planning and timely delivery of infrastructure and services to community. It also increases cost of service delivery and infrastructure provision. The Community Development Program (CDP), which is proposed to continue to 30 June 2025, reinforces obstacles to market participation for First Nations people, further contributing to both a skills shortage and urban labour market suffocation. Training pathways and private/public sector employment partnerships (which results in wages as opposed to income support) need significant investment and a transition away from CDP.

The Federal Government has a number of mechanisms available to assist in addressing this issue. For example, superannuation policy can be used to attract people, through increased Concessional Contributions Caps for designated regional and remote areas which would be supported by commonly offered co-contribution schemes, where employers match additional superannuation contributions made by staff up to certain percentage. Other forms of assistance may include financial support to local governments to assist in matching the parental leave benefits offered to Federal and Territory employees. Further reviewing and increasing current remote tax incentives, like zone rebates.

Other mechanisms could include extending Fringe Benefit Tax exemptions currently enjoyed by public benevolent institutions (PBIs) and not-for-profit organisations, such as remote area accommodation, remote area residential fuel, and remote area holiday transport. These mechanisms would assist in reducing the competitive disadvantage of living in remote and regional areas caused by the lack of availability and diversity of housing, remoteness, costs of travel, climate and costs of living eg. fuel and groceries. Not for profit organisations work alongside local government in remote

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<sup>1</sup> Australian Bureau of Statistics February 2024 Labour Force, Australia, ABS website, accessed 14 April 2024.

<sup>2</sup> *ibid*





and regional communities delivering analogous services and infrastructure with the same challenges. However, despite local government having greater levels of accountability and expectation, they do not receive the same support.

City of Darwin notes that the regional migration scheme does not support Darwin in attracting migrants to live and work. Isolated regional centres such as Darwin are competing with places such as the Gold Coast, Sunshine Coast, Adelaide, Canberra, and Geelong for migrants willing to live and work in regional areas. These areas have stronger and cheaper connectivity (eg. air travel), greater diversity of employment, housing and education options, greater amenity and lifestyle options, are closer to other centres (often within driving distance) and do not face the same perception challenges as Darwin. City of Darwin recommends that the definition of regional centre be reviewed as a matter of urgency, particularly as this does not have the same cost impact as some other recommendations in this submission. This would also help alleviate the housing challenges in some of the previously mentioned locations.

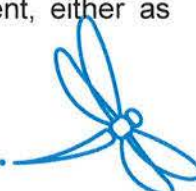
City of Darwin welcomes the recent Federal Government increased funding commitment, and commensurate Northern Territory Government (NTG) commitment, to ensure all public schools receive 100% of the Schooling Resource Standard by 2029. However, City of Darwin notes that recent analysis indicates that there is still a shortfall in funding for non-government schools. City of Darwin encourages Federal and Territory governments along with stakeholder organisations and schools in the non-government education sector to work together to match resourcing for all education types in other states. This will assist in eliminating the perception of education as a disadvantage to living and working in the Northern Territory by providing an appropriate diversity and supply of education options for families.

### **Cost and responsibility alignment for community infrastructure and services**

Local government faces the challenge of meeting increasing community expectation and service responsibilities against a reduction in overall revenue share in Australia. In 2023-24, Australian local governments received \$3.1 billion in Federal Government Financial Assistance Grants, which is approximately 0.5% of Federal Government taxation revenue. This ratio has declined from 1% in 1996, accelerated by the freezing of indexation in Financial Assistance Grants between 2014/15 and 2017/18. City of Darwin supports the Australian Local Government Associations' 2024/25 pre-Budget submission calling for:

- the Federal Government to restore Financial Assistance Grants to at least 1% of Federal taxation revenue; and
- provide local governments with an additional once-off payment of \$3 billion to address the practice of bringing forward Financial Assistance Grants payments.

As an alternative to the national one-off payment, consideration should be given to one-off payments for Northern Territory local governments. City of Darwin notes additional payments that have been made to the NTG in respect of roads funding and GST share in recognition of unique challenges faced in service and infrastructure delivery in the Northern Territory. City of Darwin believes that similar payments based on a similar rationale should be made to local government, either as





additional funds, or as an apportionment of additional funds provided to the NTG. The latter would also equalise the fact that as a result of planning responsibility not sitting with local government in the Northern Territory, revenue stream is reduced, and local government is specifically prohibited by NTG Planning Regulations from seeking contributions from developers for social or green infrastructure. The onus would then be placed onto the NTG to collect appropriate revenue from development to offset their costs of infrastructure provision.

Despite this reduction, local governments continue to expand their service, including into economic development and stimulus, delivery of infrastructure and services typically undertaken by State and Territory governments, and increased regulatory functions. For example, in the Northern Territory, the NTG has a stated policy objective to transfer up to 50% of social housing to community housing providers. Currently the NTG pays rates on all social housing, however social housing providers are seeking to have those rates exempted<sup>3</sup>, effectively shifting some of the cost of social housing to local governments. If replicated across the local government sector in the Northern Territory, this would see approximately 5,200<sup>4</sup> dwellings rate free, reducing local government's ability to provide services and infrastructure by approximately \$7.8 million annually (based on a conservative assumption of \$1,500 annual rates per property).

Another example of the challenge faced by Northern Territory local governments is the impact of disaster evacuations. Residents from remote communities are evacuated to Darwin and Katherine each year due to weather events and no financial support or other resources are provided to local governments to assist in managing social impacts, including increased use of community assets and services, and anti-social behaviour. Similar to this, underinvestment in remote housing, especially for First Nations Australians, can result in greater levels of homelessness and anti-social behaviour in urban communities. This impacts perception of crime, liveability, and the cost of maintaining infrastructure and providing services.

The ability of local government to manage these challenges is further complicated by the fact that Federal assistance in the various grant and funding forms are not paid directly to local government. These are allocated at the subjective discretion of the Northern Territory Grants Commission appointed by the NTG who subjectively evaluate the cost of providing services and capacity of those local governing bodies to raise their own revenue. The Commission then makes recommendations to the Minister responsible for Local Government in the Northern Territory and then ultimately the final decision is made by the relevant Federal Minister. This opens the process to being impacted by political motivations in the Northern Territory. Similarly, there are grants programs where City of Darwin and other local governments find themselves competing with the NTG or requiring NTG

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<sup>3</sup> <https://www.ntnews.com.au/news/northern-territory/venture-housing-seeks-rates-exemption-for-125-social-housing-units-at-driver-johnston/news-story/6e9c2de648299647289ed096fd1c3bc3>.

<sup>4</sup> Territory Families, Housing and Communities Annual Report, Territory Families, TFHC website, accessed 15/04/2024.





approval for proposals to proceed, and again politically motivated decisions, or decisions in favour of NTG owned entities such as the Darwin Waterfront Corporation may be made.

City of Darwin is of the view that this process should be done directly with the Federal Government and not via the Northern Territory Government. The Committee should consider what mechanisms are available to implement this.

### **Impacts of climate change and subtropical environment**

City of Darwin recognises that the potential threats of climate change and being a tropical community are at the forefront of changing climates. City of Darwin has researched this issue extensively and has prepared strategies to respond including the *Climate Emergency Strategy*, a commitment to net zero by 2030, and investment in renewable energies. If current climate change predictions are correct, the broader Darwin community will face more significant challenges to our built and natural environments. These may include:

- extreme rainfall events
- increased level and severity of bushfires
- rising sea levels
- a greater proportion of cyclones
- an increase in average daily temperature maximums
- continued loss and risk to biodiversity
- risks of contamination to the water supply through saltwater intrusion into freshwater aquifers.

A continued presence in Darwin to support its strategic roles as an administrative centre, service centre, defence installation and tourist destination is the shared view of all levels of government. However, to support a continued presence, it needs to be recognised that there will be liveability challenges arising from climate change. Continued Federal Government support of climate mitigation projects through grants and programs, such as the CSIRO participation in the Darwin Living Lab, must continue.

City of Darwin also remains concerned about the Australian Defence Force's (ADF) position that it will reduce ADF contribution to disaster response. Darwin has a relatively small base of operational local government and NTG emergency services personnel. Similarly, Darwin also has a small private contractor base who already service multiple local governments, the NTG, and public utilities. Furthermore, unlike most other major centres such as Southeast Queensland, metropolitan Sydney and Melbourne etc, readily deployable resources are not located in nearby or connected communities. In fact, the closest community of a comparable size to Darwin is Dili, the capital of Timor-Leste. The closest similar sized cities to Darwin are on the east coast of Queensland over 2,000km away and are potentially inaccessible during a significant weather event due to loss of road







and rail access, and potentially use of Darwin International Airport. Another significant barrier to interstate support, especially from the private sector would be the cost to transfer personnel and equipment.

Local government has a vital role to play in disaster response and resilience. As the level of government closest to the community, local councils have a unique understanding of the specific needs and challenges faced by their residents, and they can respond quickly and effectively to the needs of their communities. To maximize the effectiveness of local government in disaster response, it is essential that councils have the necessary resources and support from higher levels of government, including ADF personnel and equipment, particularly where local capacity is limited.

## **Resilience**

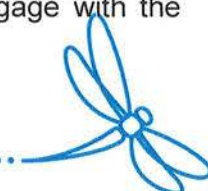
As a region subject to the extremes of climate activity, Darwin has evolved over time to be more resilient, however Darwin faces some unique challenges in asset and infrastructure management. Due to the climate challenges faced by Darwin, infrastructure deteriorates at a greater rate meaning that asset life is less. This places a financial burden on ratepayers. City of Darwin also has a significant group of assets that were replaced in the aftermath of Cyclone Tracy meaning that these will need replacement in a concentrated time period, rather than gradually allowing costs to be managed.

A significant vulnerability remains the overhead electricity network. City of Darwin notes that most of the power network is overhead, however the NTG has commenced a program of undergrounding power, with priority being given based on risk and potential impacts. City of Darwin supports the NTG in this program and any requests for funding from the Federal Government.

Within the National Land Transport Network, there are several highways vulnerable to flooding including the Stuart, Victoria and Barkly Highways in the Northern Territory, the Bruce Highway in Queensland and roads in Western Australia. Rail corridors can also be cut insignificant weather events. This results in restricted movement of people, groceries, essentials and freight as a result of weather, impacting health and quality of life in regional communities. Given the expense and responsibilities for these corridors, significant Federal Government investment is needed to complete the flood proofing of these networks, especially upgrading culverts, causeways and bridges.

City of Darwin is committed to being a clean and environmentally responsible city and providing a sustainable waste management and resource recovery facility for Greater Darwin. The Shoal Bay Waste Management Facility (Shoal Bay) is the region's largest waste and resource recovery facility, which accepts around 200,000 tonnes of waste and recyclable material per year. Shoal Bay operates under an environmental protection licence and is the only Top End facility licenced to collect putrescible waste, consisting mainly of general household and business waste that contains organic matter. The licence also permits the receiving, processing and storage of commercial volumes of tyres, garden organics, inert waste (consisting primarily of construction and building waste) and asbestos.

This facility operates on a lease from the Department of Defence currently in place until 2034, with no long-term security of tenure over the land. City of Darwin staff continue to engage with the







Department of Defence to extend lease terms. This will ensure that City of Darwin is able to fulfil the cost modelling by maximizing the life of the facility, as well as meet its remediation obligations for existing and future waste cells.

There is an estimated 27 years of future life at Shoal Bay where additional best practice engineered landfill cells are designed and constructed to meet the future needs of community, while ensuring human health and environmental protection. Since 2016 more than \$40 million has been spent on capital upgrades at Shoal Bay to ensure a long term sustainable future for the facility including the construction of a leachate treatment plant (treating liquid waste generated in landfill), construction of covered storage ponds, gas collection systems, landfill capping and the construction of new cells. Fees and charges at Shoal Bay are calculated to cover the operational running costs and significant capital upgrades required for environmental compliance, recycling and ensuring the long term capacity at Shoal Bay. While tackling legacy issues and securing a long term sustainability for waste management for the Top End, Shoal Bay's fees and charges remain similar to, and in many cases less than, comparable interstate facilities. City of Darwin provide this context for the Committee's information and also to respond to inaccurate and misleading criticism received from time to time about its management of the facility.

In the event of an emergency, such as a cyclone, there is an increase in waste generation across all waste categories that are received at Shoal Bay. The NTG Draft Emergency Waste Management Plan estimates that a Category 5 cyclone for Greater Darwin would generate 14 times the average annual waste within the Top End region. Shoal Bay is not designed as an emergency waste management facility and in the event of an emergency would support the resilience of the Greater Darwin area through prioritising the receiving and effective storage of putrescible waste to protect human health and the environment.

The impacts received at Shoal Bay as a result of Cyclone Marcus in 2018 led to a series of events that put the long term sustainability of Shoal Bay at significant risk. During Marcus, Shoal Bay was greatly exposed to Greater Darwin's emergency waste liability, where the putrescible waste landfill cells were rapidly filled with materials best managed at emergency sites and diverted from landfill. The multimillion dollar environmental and financial impacts of Cyclone Marcus at Shoal Bay are still experienced today through the monitoring and management of subsurface landfill hotspots fuelled from legacy combusting mahogany trees that were brought in as emergency waste. Coordinated emergency waste management is a significant area of opportunity to strengthen the resilience of the Greater Darwin area.

Noting these challenges, City of Darwin is concerned with recent feedback received from the NTG in relation to the application of Disaster Funding Recovery Arrangements (DRFA) guidelines, including indications that subjective assessments of local government will be factored into NTG's reimbursement of local government during a disaster event. This would place an unreasonable and unfair burden on City of Darwin ratepayers who already subsidise Shoal Bay from general revenue, in addition to waste charges. City of Darwin request that the Committee consider removing the ability for State and Territory governments to apply discretion in the provision of DRFA support, with a mechanism for funds to be paid directly to affected local governments developed. This removes the administrative burden and politically motivated decision making.





There are many other opportunities in building further resilience into waste management and materials recovery systems for the Northern Territory which City of Darwin is keen to partner with Federal Government. The City of Darwin Waste and Resource Recovery Strategy 2030 outlines further actions for implementation at Shoal Bay to increase waste diversion from landfill and increase recycling to support the Northern Territory's transition to a Circular Economy. Current focus areas here include the expansion of the landfill gas to energy plant, the processing of tyres for reuse, developing a composting facility and additional pre-sorting and processing of building waste.

Thank you for the opportunity to provide a submission. City of Darwin would appreciate the opportunity to further participate including further submissions and committee appearances as appropriate. City of Darwin reiterates its request that public hearings with the full Committee be held in Darwin and looks forward to the opportunity to participate.

Yours sincerely



Simone Saunders

Chief Executive Officer

2 May 2024

Sent via email

