



# Submission

## Inquiry into Australia's Local Government Sustainability

The Municipal Council of Alice Springs welcomes the opportunity to make a submission for the Federal Government's Inquiry into Australia's Local Government Sustainability, providing insight into Council's position and unique challenges faced within the Central Australia Region. On behalf of the Mayor, Councillors and Chief Executive Officer, we extend an invite to the Committee for an official visit to Alice Springs Town Council as part of the Inquiry.

### About Alice Springs Town Council

Alice Springs Town Council (Council) covers a total area of 328.3 square kilometers and is situated 1500km south of Darwin and 1500km north of Adelaide. Council provides facilities, amenities and services for approximately 29,213<sup>1</sup> people dispersed across 20 suburbs<sup>2</sup> and employs approximately 200 staff members. Alice Springs is home to the Traditional Owners, the Arrernte People and is surrounded by the MacDonnell Regional Council and the adjoining Central Desert Regional Council areas. Commonly referred to as a central hub, Alice Springs is the third largest Municipality in the Northern Territory and Council assists residents from border communities in South Australia, Western Australia and Queensland totaling approximately 41,000 people<sup>3</sup>, utilising our services and town amenities, yet do not significantly contribute to our revenue.

Alice Springs Town Council experiences rising difficulties in balancing the current budget to community expectation and reliance on Local Government in sustaining services as a broader provider. Limitations are prominent in the ability to meet these expectations, based on opportunities in generating consistent levels of income to fund a sustainable future, servicing our community. Although Council receives funding towards developing new assets, the ability to accommodate the renewal, daily costs and maintenance to these facilities is a significant issue.

### Financial Sustainability & Funding of Local Government

Over a substantial period, Local Government has observed and adopted an increase in expectations around service delivery obligations and Council now accommodates a wider range of services other than rates, roads and rubbish, supporting our diverse population. A national survey<sup>4</sup> was conducted and one in seven Australians support Local Government's involvement in larger issues outside of the standard remit. This will only see public demand increase in promoting councils as they challenge

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<sup>1</sup> Australian Bureau of Statistics, Estimated Resident Population – 2023

<sup>2</sup> Suburbs include Araluen, Arumbera, Braitling, Ciccone, Connellan, Desert Springs, East Side, Flynn, Gillen, Ilparpa, Irlpme, Kilgariff, Larapinta, Mount Johns, Ross, Sadadeen, Stuart, The Gap, Undoolya and White Gums.

<sup>3</sup> Territory Resources – Central Australia [www.northernterritoryresources.com.au](http://www.northernterritoryresources.com.au)

<sup>4</sup> The Three Rs and Beyond: Public Perceptions on the Role of Australian Local Government Today, <https://mailchi.mp/anu/power-to-the-people-aussies-expect-more-from-their-local-leaders?e=9269ef51c2>



the hierarchy of Australian politics. Local Government is becoming a platform for shaping local identity, regulating disruptive behaviours, maintaining community cohesion and growing the local economy.

Alongside changing community expectations, the Federal and Territory Government are increasingly looking to Local Government as an 'outsourced' provider of community services ranging from childcare provision, youth services, rehabilitation of lands and the running of Government sponsored events and activities. For this change to be sustainable in today's economy, it is imperative funding increases in favour of Local Government to ensure our financial sustainability as we offer more diverse services to the community. The landscape surrounding Alice Springs is vast bordering three neighbouring states which provide facilities for those travelling intrastate, interstate, internationally and residents from Indigenous communities for supplies and services unavailable in their own council locations.

As per Council's Long-Term Financial Plan, the revenue from rate payers comprises 75% of the total income with main expenditures focused on employment costs, asset maintenance and renewal and costs to the Regional Waste Management Facility. Across the financial year of 2023/24, Council commenced raising rate charges by 4.7% annually, seeing the revenue bringing in approximately \$25,460,966.<sup>5</sup> With a projected residential growth rate of 0.5% in 2025/26 and 1% thereafter per year, our revenue is likely gained by increasing rates, fees and charges from current residents and less likely through increased population or funds allocated from the Federal and Territory Governments. One of the challenges Council face is the misdirection and attrition of a number of Federal funding streams, as a lump sum of funding currently goes through several processes before it eventually reaches the end user, the community. The Territory Government receives said funding from the Federal Government and 10-15% is automatically deducted for administration purposes. Collectively, the Territory Government might find an alternative way in allocating a portion of the funds intended for councils and the remaining is divided into Local Government areas across the Northern Territory. We urge the Federal Government to ensure funding streams and formula for Local Government are not compromised at other levels of Government. Definitions for grant recipient status would also benefit from further tailoring as many grants classify Alice Springs as Regional, and in the same category as the Gold Coast or Newcastle.

### Remote Cost Disparity

The real dollar value in Central Australia does not replicate the same as capital cities due to a higher cost of living, freight, construction and travel expenses. Reports have indicated Alice Springs to be the second least affordable regional centre in the country<sup>6</sup> with Asphalt costs in Alice Springs priced at \$130 per square metre at 40mm, in comparison to a national average cost of \$25 and \$40 per

<sup>5</sup> ASTC Annual Report Plan 2022-23

<sup>6</sup> Northern Territory Council of Social Service <https://ntcoss.org.au/news/ntcoss-cost-of-living-update-shows-utilities-transport-and-housing-unaffordable-for-many-households/>



square metre. A local example is demonstrated within our waste management system as there is a lack of manufacturing resources required to accommodate modern circular economy practices. Council currently transports cardboard materials to Adelaide costing \$1650 per journey or the alternative is adding the cardboard to landfill. To meet the same green practices as the rest of the country along with expectations of our community, it is crucial the Federal and State Governments prioritise and consider the costs involved in meeting standard waste practices, as this is a contributing factor to liveability within the community.

In connection to remote cost disparity and employment wages, Council primarily look to our local community talent pool for recruitment. When vacant positions are unable to be filled locally, we are compelled to recruit outside of Alice Springs, incentivising the role as a package and paying staff a higher wage to accommodate for the higher cost of living. In comparison to larger cities with a greater revenue and lower wages, this results in less funding going back into our community.

### Recruitment, Staff Retention & Professional Development

By remote location, Alice Springs experiences significant challenges in recruitment and retention of skilled local staff and accessing training opportunities to enhance current workforce skills and capability. Surrounding towns and workplaces not only compete against each other for local employees, but Regional Council headquarters are also strategically placed within the central hub for access to skilled professionals creating a talent shortage for important roles. These resourcing gaps impact service and project delivery as well as the Councils ability to match the skills and expertise required within an increased complex environment.

One of the main expenditures for Council is employment costs. Council recruits interstate to support the future workforce for Alice Springs due to the local shortage. This creates unique challenges with access to affordable and quality housing options being limited. As studies reveal, a single person in Alice Springs receiving a job seeker payment would be paying more than 80% of their income to rent a one bedroom unit<sup>7</sup>. Council assists potential employees in relocating as part of the onboarding process; however, employees must take into consideration the high cost of living in Central Australia for their own finances, including general every day expenses. According to the Australian Bureau of Statistics, an average basket of groceries in the Northern Territory, is the most expensive in the nation<sup>8</sup>, and fuel costs in Alice Springs has increased 17.9% in the last year<sup>9</sup>. Another crucial issue Council face with staff retention and incentives is the extreme limitations to available child care facilities. Parents are forced to either stop work entirely or engage in part time employment due to no available child care resources and for those looking to move interstate, this has resulted in

<sup>7</sup> Northern Territory Council of Social Service <https://ntcoss.org.au/cost-of-living-reports/>

<sup>8</sup> Freight expenses, lack of competition hitting regional Australia hardest, cost-of-living inquiry hears- ABC <https://www.abc.net.au/news/2023-08-29/cost-of-living-crisis-regional-australia-inquiry/102784472>

<sup>9</sup> Cost of Living Reports, Northern Territory Council of Social service <https://ntcoss.org.au/news/ntcoss-cost-of-living-update-shows-utilities-transport-and-housing-unaffordable-for-many-households/>



successful applicants having to withdraw their offer of employment due to unreasonable waitlist time frames.

Our council borders some of the most picturesque locations in the world with diversity and authenticity; however, cannot compete against the cost of living, the distance from other population centres and a largely monopolistic passenger air service which prices return flights from Alice Springs more expensive than international airfares. The Federal and Northern Territory Governments could assist Local Government by incentivising work in remote locations with a universal service obligation on airlines, assist with rental relief, subsidised electricity and assistance in training and professional development opportunities.

### Social Order

Another significant challenge in attracting and retaining staff as well as growing the local economy is demonstrated in addressing the safety and security needs for local residents and businesses. In the Northern Territory alone crime offenses are sitting at 411 reported cases per 10,000 people in comparison to ACT, which sits at 64 reported cases per 10,000 people<sup>10</sup>.

The importance of feeling safe within the Alice Springs Community is vital to the sustainability of our population and economic growth. According to the Social Indicator figures from the Regional Development Association, Alice Springs has recorded an overall safe rating of 1.8 in comparison to Greater Geelong where residents indicated a 7.1 rating with 10 rating<sup>11</sup>. (0 rated as least safe and 10 as most safe.) Crime and social disorder are directly impacting the image of Alice Springs, potential migrant opportunities and directly affect retaining our current residents.

Federal and Territory Governments need to review funding policy settings to focus on outcome delivery rather than bureaucratic processes. Consecutive reviews have provided a series of recommendations which have struggled to receive policy change or political attention. An example of local led policy which has been long requested, is to coincide social service and royalty payments on the day liquor stores are closed. This would improve disposable income, redirecting funds primarily to food, children's needs and other essentials.

### Asset Renewal

Depreciation and asset renewal continue to be an ongoing challenge and concern moving forward for Local Government. As reflected in audited financial statements Council has an asset base of \$291 million and an annual depreciation of \$9.3 million. Council has recently had a detailed look into funding depreciation and based on our current operating position and works scheduled in the Municipal Plan, we are unfunded by \$8,215,936 for 2024/25 financial year.

Like many Councils, Alice Springs Town Council has been the beneficiary of numerous public assets either built directly by Federal or Territory Governments or through received grants. These then require substantial annual operating expenses in addition to allocating future funds for the renewal and maintenance. Taking into consideration the four year election cycles and budget allocation,

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<sup>10</sup> Recorded Crime- Offenders (2022-23), Australian Bureau of Statistics Website, accessed 24 May 2024

<sup>11</sup> A Social and Economic Update – Northern Territory, ID The Population Experts



councils will often prioritise the operating costs and delay putting funds aside for operating costs. It is only when a major asset needs renewing, this short term thinking hits home. At a larger scale, this is directly reflected by the Queensland Audit office finding \$1.3 billion in roads, bridges and other assets discovered as unaccounted for in the past five years<sup>12</sup> and 48 of the states' 77 councils are financially unstable<sup>13</sup>. An example among many is demonstrated with the Alice Springs outdoor pool requiring an extensive renovation after 50 years of operation. Considering the assets Council have inherited over this large period and prioritising other assets for renewals and maintenance, this will require prudent financial consideration and extensive funding allocation in a way Council is unable to accommodate in a short period of time.

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<sup>12</sup> Queensland councils discover \$1.3 billion in assets they didn't know they owned - [www.abc.net.au/news/2023-11-15/queensland-audit-office-forgotten-roads-councils-found-assets/103101914](http://www.abc.net.au/news/2023-11-15/queensland-audit-office-forgotten-roads-councils-found-assets/103101914)

<sup>13</sup> Audit finds more Queensland councils struggling financially, <https://www.governmentnews.com.au/audit-finds-more-queensland-councils-struggling-financially/>