

## Inquiry: The Local government sustainability

Central Desert Regional Council (Council) is located in the central southern section of the Northern Territory, lying north of Alice Springs. Council is named to describe its location and geography in the central part of Australia and encompassing the Tanami Desert. The land area is 282,093km<sup>2</sup> and CDRC manages 1,769 kilometres of roads.

The total estimated resident population in the Central Desert Region is 4,124. The original inhabitants of the Council area were the Anmatjere, Arrernte and Warlpiri Aboriginal people. The population of the Council area increased during the early 1990s, rising from about 4,000 in 1991 to nearly 5,000 in 1996. The population then gradually declined to a steady average of 4,200 since 2016.

The communities in the Central Desert are Lajamanu, Anmatjere (Ti Tree), Wilora, Nturiya, Pmara Jutunta, Willowra, Laramba, Nyirripi, Yuelamu, Atitjere, Engawala and Yuendumu. There are also several homelands and outstations.

### Workforce skills shortages

Council experiences skills shortages particularly in certain trades and skills that range from Aged Care workers, Childcare workers, Planners and Engineers. This shortage is faced nationally across the local government sector however in remote it is exacerbated by the lack of willingness of people to work remote and more often than not there are no incentives available for people to take up employment with regional/remote councils and the salaries are less than those offered in metropolitan centres.

### Proposed solution

Council would like the panel to consider:

- ☐ The provision of incentives for recent graduates to work remote and receive a reduction in their HELP/study debt if they work in remote for minimum 2 years
- ☐ Work with the RTOs/universities to develop customised training courses for remote that are flexible particularly for people who English is not the first language and increase focus on practical assessments as a part of the qualification
- ☐ Explore the review of traineeships particularly for some trades that require supervised work for over 12 months for a person to become qualified – this could be made more flexible particularly in remote indigenous communities where residents/students drop out regularly because the course is not flexible in line with their cultural and family duties.
- ☐ Creation of industry in remote communities e.g. there are currently a limited number of jobs available in remote and Council is by far the largest employer. Creation of hubs or community precincts is critical to developing a local workforce where residents have a broad spectrum of jobs to choose from – this could be as simple as investment incentives for big corporations such as Woolworth, Coles, Kmart or similar to open shops in bigger communities (which are hubs for surrounding communities) and this will reduce urban drift as residents travel to Alice Springs to buy goods cheaper and to have a larger variety for their family members.
- ☐ Invest in the development of regional precincts specific to remote funding for Central Australia which can see the construction of movie centres, aquatic centres/water parks and other recreational facilities and sporting precincts so as to entertain families and youth who move or leave remote communities so as to give their families access to a better lifestyle – this would create a local economy while building a remote workforce if families do not migrate to urban centres.

## Recruitment & retention

Council faces significant challenges in recruitment and retention particularly with respect to its ability to attract people to work remote as there is limited social infrastructure for families, youth and elderly. There is also an urban drift of residents which has increased the average age of our remote workforce to over 38 years of age – younger families are moving to bigger centres such as Alice Springs in search of better jobs, housing and lifestyle for their kids. Skills shortages occur for a variety of reasons including an inability to compete against the private sector, worker accommodation, support services for families, ageing of the workforce and geographic isolation.

## Proposed solution

- Offer young families and incentive particularly remote residents for taking up a job and holding it down access to housing through the construction of independent living units/houses that is made available to working residents and hopefully reduce urban drift for housing.
- Explore the review of the ATO for FBT concessions subject to capping to include regional & remote councils to get the same cap as public benevolent institutions of \$30,000 grossed up taxable value per employee, which equates to a cash value of \$16,050 each FBT year. Regional/remote councils have significant financial responsibility exacerbated by the sizeable geographic service delivery areas and aging network of local roads/infrastructure. Regional/remote councils have little capacity to raise revenue from rates, which is an average of 2-6% of the council's total revenue. Majority of other income is from operating grants which include Federal Assistance Grants and there are diminishing own source revenue resources to fund capital projects let alone service delivery. Regional/remote councils struggle to build a sustainable workforce due to the inability to attract suitable qualified and skilled individuals or pay competitive salaries to build its workforce.

It is therefore recommended that the panel advocate the Australian Government to review the Fringe Benefit Act, with respect to eligible organisations endorsed by the ATO for FBT concessions subject to capping to include regional & remote councils to get the same cap as public benevolent institutions of \$30,000 grossed up taxable value per employee which equates to a cash value of \$16,050 each FBT year so that the local government sector can address the skills shortage by attracting and retaining staff without overly relying on operating grants to cover the gaps for staff cost and consequent service delivery impact.

- An alternative to FBT is to have a tax break for people working in remote say -2% or introduce a national remote allowance of \$700 per fortnight for those who work in very remote locations to address the skills gap and consequent pressures on service delivery.
- Our Council is working towards the creation of a remote learning hubs for youth where CDP, YSR and the schools to participate in structured programs held at a centre which includes:
  - VET or TAFE training focused on youth who want to learn hands on stuff such as tool handling, mechanical skills, engineering, solar or renewable energy, etc
  - Food cooking classes or food handling
  - Art
  - Sports excellence involving AFL NT
  - Understanding finances
  - Research particularly on local vegetation which is a Segway into CLC Rangers

The intent of the remote learning hubs is to give youth life skills, develop their skills or identify areas of interest for future employment or training – the intent is that this program will run 2-3hrs in the afternoon and be operated from a purpose built facility and will service more than one community in the long run however as a trial will initially be targeted for one community e.g. Yuendumu. We will be working with service providers such as Desert Knowledge Australia, Centre for Appropriate Technology, Batchelor Institute, AFL NT and YSR providers (if not us) to ensure that outcomes are more than just activity attendance.

Other benefits envisaged is that this will give youth and schools an alternative to boarding school for those that are not interested and help develop skills to navigate adult life. The remote learning hubs will leverage off the work that Council is doing with Department of Industry Tourism and Trade to develop a Central Australia Workforce Plan/Strategy to identify the skills or training required within our CA workforce particularly in remote to be able to service economic development for the region.

- Creation of industry in remote communities e.g. there are currently a limited number of jobs available in remote and Council is by far the largest employer. Creation of hubs or community precincts is critical to developing a local workforce where residents have a broad spectrum of jobs to choose from – these will be a hub for surrounding communities and this will reduce urban drift as residents travel to Alice Springs to buy goods cheaper and to have a larger variety for their family members – consequently reducing the poverty gap.

## Housing

In addition to the above there is also lack of sufficient housing stock available for young families and salaries paid are not as competitive with those paid in metropolitan centres. There is significant overcrowding in remote Central Australia where in some instances a house may have up to 14 persons staying in it with 3-4 family generations.

Proposed solution - In addition to the above proposed solution under Priority 2 the following are suggested:

- Federal Government to increase funding in housing for regional and remote (through its National Partnership Agreement with the Territory Government) as there is a large number of people on public housing waitlists and the rate at which new housing or room-to-breath is completed is slower than the rate the waitlist grows – there are families that have been on the waitlist for over 5 years.
- Increase homelands funding – Council is appreciative of the Federal Government's \$100m commitment to homelands in the Territory but this is nowhere enough as there are over 600 homelands and these residents move into community housing with family (contributing to the overcrowding) because their homelands are not fit for purpose, unliveable and do not have access to basic amenities such as power or drinking water.
- Council's has aging infrastructure which is over 30 years old and as articulated above Council does not have adequate additional resources to fund the repair or rebuild of this aged infrastructure. Investment in a grant to remote councils to repair or rebuild its staff housing or office facilities is critical, as it will contribute to attracting staff or people to work remote without expecting that potential workforce to compromise remoteness of location and then add onto this poor accommodation.

#### Limited own source revenue

Regional/remote councils have limited own source revenue with majority of our revenue coming from Federal assistance grants (FAGs) and NT operating grants – all other income is tied funding specific to the delivery of specific services such as aged care services or youth services. As mentioned above, rates are only 6% of our total revenue and Territory Government is our largest rate payer through public housing.

#### Proposed solution

- Increase in FAGs back to 1% of the Federal Government's tax revenue currently at 0.51% or alternatively review the distribution formula for the FAGs. FAGs are untied grants and allow Councils to do more and employ more local residents. Council's current employee costs are \$20m a financial year and there has been no indexation or increase in operating grants which is inconsistent with the inflationary trend in not just employee costs but the cost of delivering services in remote.

#### Road Infrastructure

Investment in roads infrastructure is essential - Regional and remote roads are often the last link of the transport network. The NT's road network spans 35,725 km made up of roads that are sealed, gravel, formed, and unformed. Access can be significantly affected by weather and other local conditions. The NT Government manages approximately 62% of the NT's road network. The remainder is managed by local government, which ultimately relies on the NT and Australian Governments for road funding because road costs far exceed what councils can raise from their small ratepayer base.

The Roads FAGs are viewed as a positive contributor as it supports all Australian councils to deliver priority local road and community infrastructure projects in their region, creating jobs and long-lasting benefits for communities. Funding allocations for the Program and the extension are determined by formula and take into account road length and population. The challenge with the current formula is that councils with highest comparative disadvantage are generally rural and remote councils with:

- Small and declining populations
- Limited capacity to raise revenue
- Relative isolation

Looking at program funding since its inception and following the Grattan Institute review it has favoured councils with highly developed road networks and discriminated against those, which are not able to develop their roads adequately.

#### Proposed solution

- Adjustments need to be made to the funding allocation formula – move to a needs based funding model - to recognise the increased costs that arise from the type of road (generally unsealed), terrain, traffic, life cycle of roads and geographical isolation. Such costs include attracting staff/contractors to remote areas, travel and the supply of necessary construction and maintenance materials. With the frequency of severe weather, events in the Northern Territory adjustments need made for rainfall incidence on a council's road network.

- Increase road funding - Regional and remote communities have limited access to road infrastructure. This not only impedes the mobility of residents, but also limits their access to health, education and economic opportunities. Improved regional/remote infrastructure specifically roads, is key to community development. It is a crucial pathway to closing the gap and poverty alleviation as it provides access to safe mobility and connectivity. Regional/remote councils have significant financial responsibility for the sizeable networks of local roads/infrastructure and diminishing own source revenue resources to fund projects.

In addition to the above, CDRC manages approximately 1700km and these are often the last link of the transport network. Taking a lessons learnt perspective or observation from the recent weather event and current roads funding, Council would like to highlight the following:

The following main access/connector roads for our communities which are occasionally cut off after rain events are:

- ☐ Nyirripi Road
- ☐ Nturiya road (next to Ti Tree community does not have access to essential services such as schools, Police or clinics and Ti Tree community is the closest centre to access these services)
- ☐ Engawala main access road
- ☐ Yuelamu main access road
- ☐ Willowra road (to the community and the Conniston area is set for Heritage listing if successful this will be a significant milestone for sharing aboriginal history for the area and the likelihood of increased tourism to visit the massacre site in the near future)

Other minor roads of significance are airstrip access roads (less than 2km) which get cut-off due to floods and the following are key for Council:

- ☐ Nyirripi airstrip access road
- ☐ Yuelamu airstrip access road and
- ☐ Engawala airstrip access road.

Airstrip roads are critical as these roads are usually the only remaining link to emergency services when our community main access roads become impassable. In some instances our airstrips were still accessible but the airstrip road was not and this meant that the community became an isolated community due to that issue. Separate funding needs to be explored specific to airstrip road access so that they are formed, resheeted or improved to reduce the instances of community isolation and these roads are usually 1-2km in length.

The biggest challenge faced by Council is the length of time it takes to process disaster recovery funding and there are contributory factors from all sides of the fence which include lack of adequate evidence to support the claim, complexity of claim, staffing and availability of contractors to support DIPL in the process. Another key aspect that would benefit Councils in the event of disaster particularly floods is:

- ☐ Review of the DRFA funding guidelines to allow for the greater modification/improvement of roads (betterment funding) as there are roads such as the Nyirripi and Willowra road that have been claimed each 2<sup>nd</sup> year when a major weather event has occurred and millions have been spent time and time again only to conduct restorative work.
- ☐ Streamlining of the application process wrt evidence. An understanding needs to be reached that reduces the burden of evidence on Councils particularly when roads continue to deteriorate whilst approval is being sought
- ☐ Access to a pool of funds in DRFA for immediate remedial work not linked to a claim (current arrangements allow for grading and other immediate restorative work to be included in a claim. This puts Councils at risk of spending what they do not have if the claim is rejected). A consensus needs to be arrived noting that majority of NT remote unsealed, unformed roads

are below an acceptable criteria and will be affected when an adverse weather event such as floods hit and a pool of funds made available to re-establish access for communities

#### Cost Shifting

Cost shifting where local government is tasked with the delivery of state and federal government programs at a lower than market price for delivering the same services if any other provider was engaged to deliver the same services.

There are a few policy positions which impinge on Council's ability to be self-sufficient - councils are excluded from qualifying for some grant applications where we are the providers of last resort for the delivery and construction of the much needed community infrastructure identified by residents through our local authorities and in some instances we will have exhausted all avenues of advocacy for funding.