



# PALMERSTON CITY COUNCIL

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114/1/2

The Secretary  
Standing Committee on Economics, Finance  
- Public Administration  
House of Representatives  
Parliament House  
CANBERA ACT 2600

House of representatives Standing Committee o Economics, Finance and Public Administration	
Submission No: .....	86
Date Received: .....	26/7/02
Secretary: .....	Burdell

### Enquiry into Local Government and Cost Shifting

Thank you for the opportunity to make a submission to the enquiry.

Attached is a copy of Council's submission.

This document has not yet been endorsed by the Council. It will be considered by Council at its meeting on July, 25<sup>th</sup> and I will advise you in the event that there are any changes.

Please note that the City of Palmerston is a member of LGANT and that LGANT will be making a submission on behalf of Palmerston and other Northern Territory Councils which will incorporate a financial analysis of the impact of cost sharing on local government. The purpose of this submission is to highlight information specific to Palmerston and anecdotal material in relation to some of the Terms of Reference.

Council agrees with the view expressed by Minister Tuckey that there is a general need to address the roles and responsibilities of Local Government including the current funding and other financial arrangements applying to the sector. Council notes that since the introduction of untied Federal financial assistance to local government in 1974 Commonwealth Grants have risen by around 10.8% pa whilst the average State Government contribution has only grown by 6.6% pa.

Council notes that the Northern Territory Government has not committed to passing onto local government a share of GST (or any other growth tax) notwithstanding the view of the Northern Territory Minister for Local Government, Mr John Ah Kit who said of Councils in the Northern Territory "none are self reliant financially or structurally and, as Government subsidies shrink or have been frozen, their capacity for self determination has withered".

### **First and Second Term of Reference**

Local Government's role within the Northern Territory is limited compared to elsewhere in Australia – particularly in relation to planning, development assessment and public and environmental health.

Given the Council's low rate base it would be difficult for Council to take on additional roles without additional resources.

Additionally, Council in common with other municipalities owns community assets with a value far in excess of its ability to adequately service such assets.

2001/2	
Fixed Assets excluding land	\$75.163m
Depreciation	\$3.694m
Operating Surplus before Depreciation (excluding developer contributions)	\$1.004m.
Operating Deficit after Depreciation (excluding developer contributions)	\$2.690m Deficit.

In real times this suggests that this Council, as with many other councils, is running operating losses in excess of \$2.5m per year on an accrual basis. This situation is unlikely to change in the foreseeable future unless some changes occur in the underlying financial framework. As Council takes on additional resources, and as grants and subsidies are eroded over time, Councils have little option but to balance the book by reducing the level of funding commitments to infrastructure maintenance and renewal.

In addition, as a young and fast growing community, this Council faces many demands on its low and inadequate rate base. For example the Council is committed to redevelop its Library (\$6 million). No capital subsidies are available from the NT Government to facilitate this project.

### **Fourth Term of Reference**

As an illustration of what can occur the Council notes that the NT Government is currently adopting mandatory fencing for swimming pools on private property. If these standards come into effect and enforcement is made the responsibility of local government NT Councils will be up for significant expenditure.

### **Fifth Term of Reference**

In addition to costs assigned to local government by legislation the Palmerston Council becomes involved in activities because of its accessibility to residents

and the difficulties experienced by some central agencies in providing a response within a realistic time frame. For example abandoned vehicles and rubbish dumped on crown land not under the care and control of the Council is often removed by council at its expense because of the unacceptable time lag experienced if matters are left to the relevant NT agency.

### **Sixth Term of Reference**

There is an inequity in the current system by which Financial Assistance Grants are allocated – at least in so far as it relates to the Northern Territory.

If two communities are compared\*

Broome in Western Australia – population 10,981

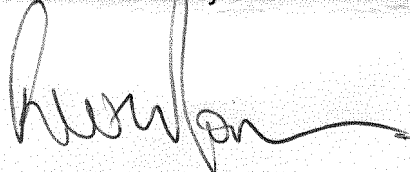
Palmerston in Northern Territory – population 19,324

It will be seen that Broome receives a FAGS grant equivalent to, \$168.99 per capita (\$1,855,660) whilst Palmerston receive a grant of \$41.06 per capita (\$805,088).

\*(Source: 2000-01 Report on the operations of the Local Government (Financial Assistance) Act – NOLG Canberra).

This is presumably because Broome is seen as disadvantaged compared to many other Western Australian jurisdictions (i.e. metropolitan Perth) while Palmerston is seen as advantaged compared to many other NT jurisdictions. From a national perspective this make no sense and it is obviously difficult for Palmerston to provide similar services to other regional cities in Australia based on the current funding regime.

Yours sincerely



**Rodney Donne**  
**Chief Executive Officer**

22<sup>nd</sup> July, 2002