



Mayor's Office

Ref: GE749/3

The Secretary
Standing committee on Economics, Finance and Public Administration
House of Representatives
Parliament House
CANBERRA ACT 2600

Dear Secretary,

RE: SUBMISSION TO INQUIRY INTO LOCAL GOVERNMENT AND COST SHIFTING

I am pleased to provide the attached submission to the "Inquiry Into Local Government and Cost Shifting" on behalf of the Alice Springs Town Council.

I also advise that the elected members would like to meet with the members of your Standing Committee when it convenes in Alice Springs.

I hope this will be possible.

Yours sincerely

Fran Kilgariff
MAYOR

25 July 2002

ALICE SPRINGS TOWN COUNCIL

INTERIM SUBMISSION TO THE HOUSE OF REPRESENTATIVES STANDING
COMMITTEE ON ECONOMICS, FINANCE AND PUBLIC ADMINISTRATION

INQUIRY INTO COST SHIFTING ONTO LOCAL GOVERNMENT AND THE
FINANCIAL POSITION OF LOCAL GOVERNMENT IN AUSTRALIA

JULY 2002

House of representatives Standing Committee on Economics, Finance and Public Administration	
Submission No:	129
Date Received:	26/7/02
Secretary:	Burdell

Introduction

In this interim submission Council will place before the Inquiry information pertaining to current funding arrangements from other levels of Government and in particular the submission will highlight shortcomings in the current system of Commonwealth Financial Assistance Grants allocations. The current funding arrangements have a profound impact on Council's capacity to provide civic services on the same basis as other interstate Councils of a similar size and complexity.

The submission will then look at some of the broadly based initiatives that might enhance service arrangements not only for the Alice Springs Town Council but also for the region. The key factors discussed in this section of the submission will be capacity building, resource sharing and partnerships.

We need to recognise that in many instances services are not delivered in isolation and a simple transfer of responsibility from one sphere of government to another will not achieve a rationalisation of services. Over the last 25 years there has been much evidence of responsibilities for services being transferred to Local Government without the resources required and the necessary input into policy and program development to effectively deliver the services at a local level.

We need to acknowledge the growing interdependence between the spheres of government, in the provision of services to local communities. We also need to recognise that the actions of each sphere of government have significant effects on the others, and that increasingly there are functions of government, which are performed by more than one sphere of government.

The challenge for this review is to develop a clearer understanding of the nature of the relationship that should exist between the three spheres of government in determining roles and responsibilities within functions of government.

It needs to be recognised that increasingly the core functions of Local Government include community planning, coordination and facilitation. For this to be sustained Local Government must play a more significant role in the development of national policy and national program objectives.

The final section will briefly examine some of the circumstances specific to Alice Springs Town Council in relation to the functions of government and cost shifting. While this submission raises concerns about some of the current arrangements it also identifies some of the opportunities which exist.

Funding Arrangements

The Alice Springs Town Council is very disadvantaged by the methodology used to distribute Commonwealth Financial Assistance Grants. This issue is being raised in this forum because the disadvantage relates specifically to the manner in which funding is distributed in the Northern Territory. Council's argument in terms of cost – shifting is that funding which in other States would go to Councils of similar size, complexity and capacity to raise revenue, in the Territory, is increasingly being allocated to Aboriginal Community Councils with obvious and profound resource problems.

If the recommendations of the recent review into the Commonwealth Grants Commission Review of the Local Government Financial Assistance Act 1995 were implemented in full the current situation would be further exacerbated for Alice Springs Town Council.

The FAGs allocation to the Territory on a per capita basis is simply not large enough to apply on a horizontal equalisation basis without there being some big losers. In the Territory that will be Darwin, Palmerston, Katherine and Alice Springs Councils. Subsequently there is no confidence in the current methodology used by the NT Grants Commission and huge concern among elected members in Municipal Councils that if equalisation principles are applied with even more rigor, that the above Councils will be further disadvantaged.

Our argument is that Alice Springs Town Council should be subject to the same conditions for funding purposes as other towns of similar size and complexity in regional Australia. Councils like Mt Isa, Broken Hill, Whyalla and Warnambool all receive hundreds of thousands of dollars more than Alice Springs in FAGs and this differential can not be attributed to relative disadvantage. Alice Springs has a large indigenous population (20%), and is the service centre for many remote communities in central Australia. Its significance as a regional service centre for thousands of Territory residents who are not rate payers is overlooked in the funding formula.

It could be argued that the resource needs of small aboriginal communities in central Australia need to be addressed outside or in addition to the FAGs process. The current administrative arrangements result in funding from the NT Grants Commission shifting from Municipal Councils to community government councils.

It could be argued that the FAGs in the NT are used to supplement Commonwealth and Territory Government funding to remote communities at the expense of larger municipalities.

The quantum differential between what Alice Springs Town Council receives and what similar centres receive in other parts of Australia is very significant. In some cases more than a million dollars which represents a very large part of this Council's capital works budget.

The Roads to Recovery money is of critical importance to Alice Springs as it has meant that three very important capital works projects will now be funded over the term of the current contract. Council would not have been able to complete these projects if it had not have been for the Roads to Recovery Program. Council's capacity to undertake capital works is indeed very limited.

Another issue which impacts on Council's bottom line is the growing number of non-rateable properties. The estimated value of rate revenue not raised due to exceptions from the payment of rates is approximately \$1,194,000. In recent times there have been a growing number of Aboriginal organisations who run commercial operations on properties in Alice Springs who have been classified as public benevolent institutions by the tax department and are thereby exempt from paying rates. The value of rates not collected from Aboriginal organisations is now \$168, 000. Government owned properties account for approximately \$800,000 worth of potential rate revenue. Council's rate revenue for 2002/03 will be \$9,197,000. It is clear that the Alice Springs Town Council's

capacity to provide municipal services is hampered by what it does not receive in FAGs and forgone revenue from non-rateable properties.

Capacity Building

The cost of delivering basic services in Central Australia is significantly higher than in the capital cities. This is mainly due to the costs of materials and contract labour. Over time this has meant that rates charged by the Council are relatively high by Australian standards. This in turn contributes to the high cost of living in Alice Springs, relative to the salaries that can be earned, and works against the town attracting new residents with sought after skills.

Council is cognisant of this and has tried to minimise rate increases. In effect it has placed a cap on its revenue raising capacity through rates.

In order to develop increased capacity Council has sought to increase its resources by broadening its involvement in municipal works both in the town and in the region. For example, Council has built up considerable in house project and infrastructure management skills by undertaking project management jobs in-house rather than outsourcing. This year, Council provided an asset management service to Tennant Creek Council on a fee for service basis.

Council was awarded a grant of \$750,000 to undertake a roads upgrade project for the towns 18 town camps. This was project managed in-house and the person engaged to do this job was also used to manage a number of other small projects. An additional benefit to the community was that the town camp roads project created significant employment for Aboriginal people who live on the camps.

In an effort to build up its capacity to provide engineering services Council is seeking to have a greater involvement in the region. Council has already registered its interest in project managing infrastructure works through the National Aboriginal Health Strategy.

The Chief Executive Officer of the Alice Springs Town Council is also engaged in discussions with the Western MacDonnell group of Councils, to form a strategic alliance with a view to establishing an administrative service which would be of mutual benefit to both Councils. ATSIC and the NT Government have contributed funding to commence the next phase of this project, that is, to develop a governance and organisational structure with the Western MacDonells goup. It is envisaged that the Alice Springs Town Council may partner with the new Council to establish an administrative unit to provide a range of finance, administration and infrastructure services. This will be an opportunity for the Alice Springs Town Council to not only build up its infrastructure development capacity but to extend this to information technology, financial services, its policy and community development capacity. It will also strengthen its links with a number of remote communities and therefore its capacity to influence key social issues impacting on the town and region.

Specific Service Issues

Library Services

Over the last five years there has been a gradual decrease in Territory funding for public libraries while the funds allocated by the Alice Springs Town Council have increased quite significantly. Council's funding has been both for program improvements and infrastructure developments. Over five years Council has increased its technology capacity markedly and has established a strong community development program.

It is Local Government's view that the Territory Government has capacity to rationalise its role in public library services and in doing so there is considerable capacity to devolve **both** responsibility and the additional funding to libraries like Alice Springs to provide a broader regional service.

The Alice Springs library service is outwardly looking and has already established an excellent service for its Indigenous users.

Council is concerned that the base level funding from the Territory Government for libraries will continue to contract rather than grow commensurate with the responsibilities Councils are assuming for this service.

Environmental Health

Alice Springs is the only Municipal Council which provides environmental health services in the Territory. The service is provided under contract to the Territory Health Service and has been the case since the mid 1980's.

While there is a good relationship with the equivalent service provided by the Territory Health Service to remote communities, there have been growing concerns about the terms of the agreement with the Territory. The fundamental concern is that under the agreement with Territory Health there is insufficient funding to pay staff at the same level as their counterparts working for the Territory Government. This makes it difficult for Council to recruit and retain appropriate people.

In recent times Council has been able to look at new resourcing arrangements which may be the way of the future. Council has the support of the Territory Government in this regard. Council is currently looking at engaging Aboriginal Environmental Health Workers on a training program to work with communities living on the 18 town camps as well as developing skills in various compliance and community education areas.

Links are also being established with remote communities and training providers of environmental health courses to use the Alice Springs Town Council as a host environment for work experience. The Council's Environmental Health Manager, who is a work place assessor will undertake assessments on communities on a contract basis to Territory Health.

There is clearly room for further rationalisation of this service but other Councils in the Territory will not get involved if it is simply seen as a cost shifting exercise on the part of the Territory Government.

Human Services

Councils in the Territory have not played a major role in the delivery of a broad range of human services as is the case in the States. This is largely due to the fact that Local Government is relatively new to the Territory and while Councils in the States were developing their capacity to undertake a range of human service roles, Councils in the Territory were still establishing their infrastructure capacity. Their narrow revenue raising base makes them reluctant to expand Council services even though they are well placed in the community to do so.

Councils have tended to put their limited resources into community organisations rather than establish services themselves.

There are limited opportunities to attract grants from Territory Government agencies which can be used to employ staff. One example is the sport and recreation grants which provide for up to \$25,000 for salaries. A number of Municipal Councils have entered into agreements with Sport and Recreation on this basis. Councils have to apply for the grant annually.

There is certainly scope for a major review of service arrangements in the human services area in the Territory. Local Government's role as a human service facilitator and coordinator in the Territory can only be enhanced through a better understanding of the intergovernmental relationships and funding arrangements which would lead to improved service outcomes.

The justice system and crime prevention is another area which is clearly not the sole responsibility of one sphere of government. A regional strategy is required and needs to be appropriately resourced.

There has been some suggestion that the Alice Springs Town Council take on an increased law enforcement role to deal with anti-social behaviour but this is neither practical or consistent with the current role it plays in by-laws compliance. It is more important to ensure that there is coordination of services rather than having the Council taking on enforcement for specific policing activities. Council has a good working relationship with the Department of Police, Fire and Emergency Services and this should be the basis for developing an integrated service.

Planning and Building Control

The Territory is the only jurisdiction where Local Government is not the lead authority for town planning. There are various views that can be expressed about the extent to which Local Government should be the controlling body. What is very clear is that the planning system in the Territory needs to be reformed to ensure that the key stakeholders are all contributing to the planning process in appropriate ways. The current system has many anomalies and local communities are not being well served.

Roads

There could be a case put for Council to take over the management of the small number of arterial roads in the municipality currently controlled by the Department of Infrastructure, Planning and Environment. This could lead to a greater economy of scale

for contracts and a more coordinated approach to the management of the municipalities road assets.

Vacant Crown Land

There are significant unresolved issues with the Territory Government regarding the management of crown land in relation to environmental issues, litter, illegal dumping, and camping. While the Territory is the responsible body a number of the issues that need to be managed are left to Local Government without the appropriate legislative authority or funding.

Economic and Regional Development

During the 1990's Council made a significant financial contribution to economic development initiatives. Council provided the administrative resources for a community based economic development committee. In 2000 the Government established the Central Australian Regional Economic Development Committee. Council is represented on this committee but it is no longer the lead agency. The regional committee has not been particularly active.

Again there is no doubt that both spheres of government have a role to play but with the demise of Council's advisory committee the impetus has been lost. Regional development in the Territory needs to be reviewed with a view to clearly articulating Local Government's role.